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# THE STATE OF SMALL BUSINESS REPORT

FALL 2024



 IOU Financial

[www.ioufinancial.com](http://www.ioufinancial.com)

# SURVEY SUMMARY

IOU Financial surveys Small Business owners each Spring and Fall to hear directly from entrepreneurs regarding the state of their business, and to detect trends in sentiment and future-planning based on how micro and macro-economic factors influence their businesses.

We ask about:

- 🕒 Current state of their small business
- 🕒 Future state of their small business
- 🕒 Business growth plans

**This edition highlighted the difficult road Small Businesses navigated during the latter half of 2024. Responses showed a slight decline in positivity regarding business performance during the last half of 2024, but it also showed signs of optimism as we welcome 2025.**

**Most respondents believe the current election results will have a positive impact on their businesses moving forward, and more than 75% plan to invest in their business within the first six months of 2025.**

**TIMING:** Nov. 15-Dec. 2, 2024

**RESPONDENTS:** 125

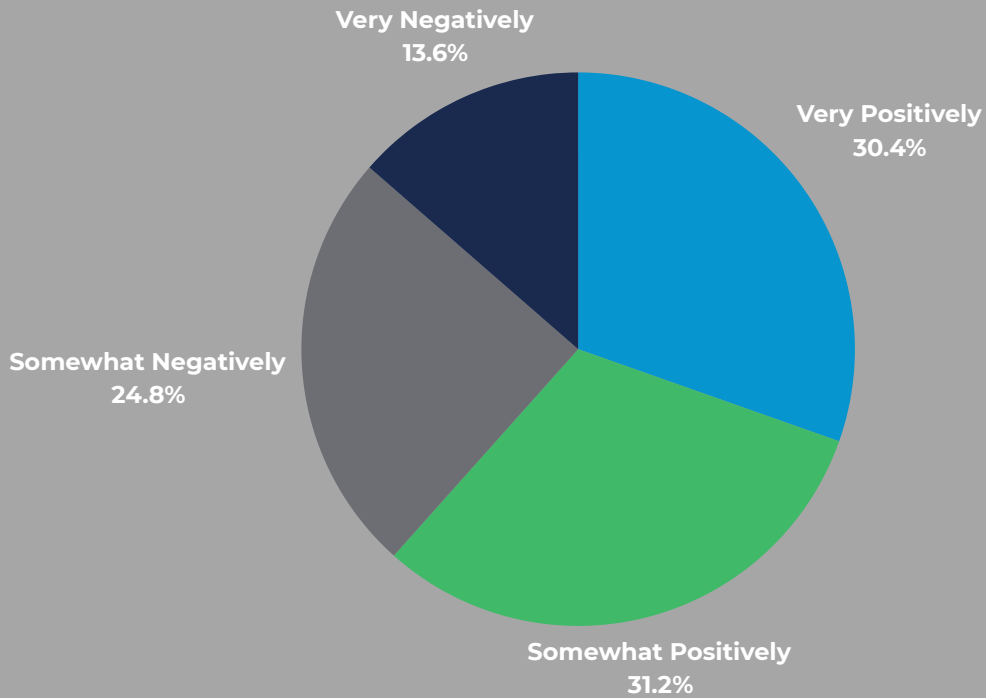
**MARGIN OF ERROR:** 9% with 95% confidence level



**Fueling the Growth of Small Business.**

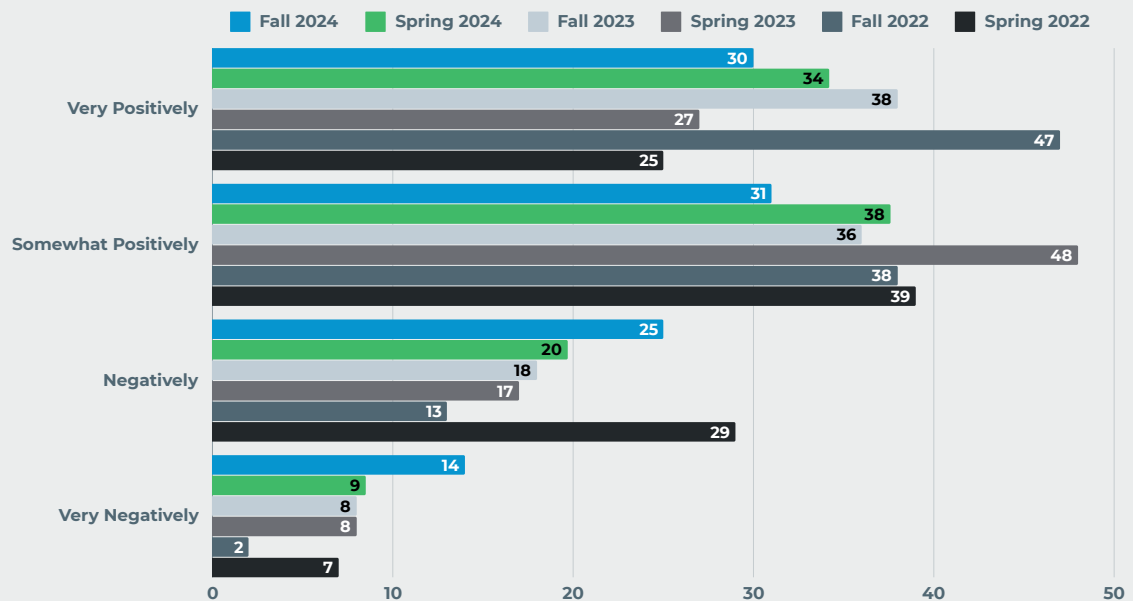
# CURRENT STATE OF BUSINESS

Overall, 61% of Small Business owners rate the current state of their Small Business **positively**, with 30% feeling very positive. That rate is down from 72% (34% feeling very positively) from Spring 2024, highlighting the struggles Small Businesses felt during the second half of 2024.



## TREND ALERT: TAKING A LOOK BACK

Entrepreneurs feel **less positively** about the current state of their business than they have since the Spring of 2023. This is likely a reflection of the toll that high inflation rates and costs of goods during 2023 and 2024 had on their ability to run a profitable business.

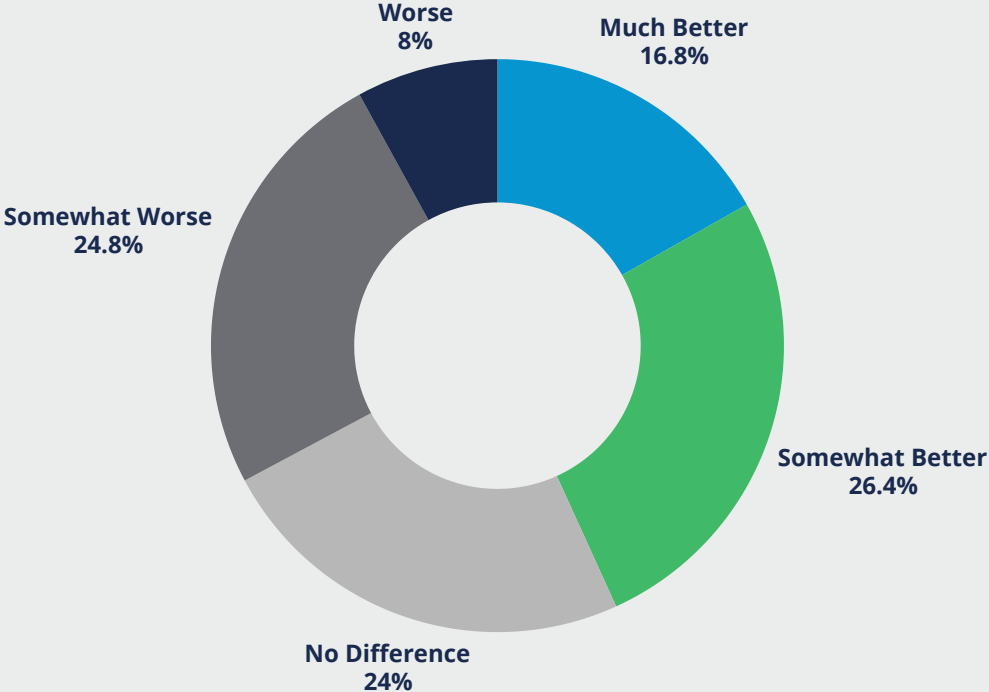


# FIRST HALF OF 2024 VS SECOND HALF PERFORMANCE

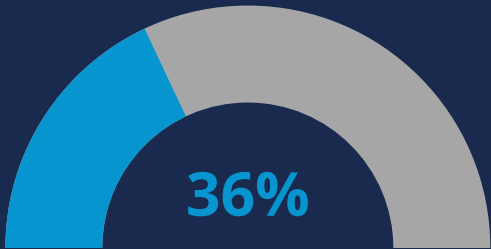
Less than half (43%) of Small Business owners feel their business performed better during the second half of 2024 when compared to the first half.

This is in contrast to results from Spring 2024, when 69% expected their business to perform better during the second half of the year.

We saw factors such as continued inflation, tight credit conditions, as well as economic and political uncertainty negatively impacting Small Business performance during this time period.



## ACTUAL VS. PROJECTED SECOND HALF PERFORMANCE



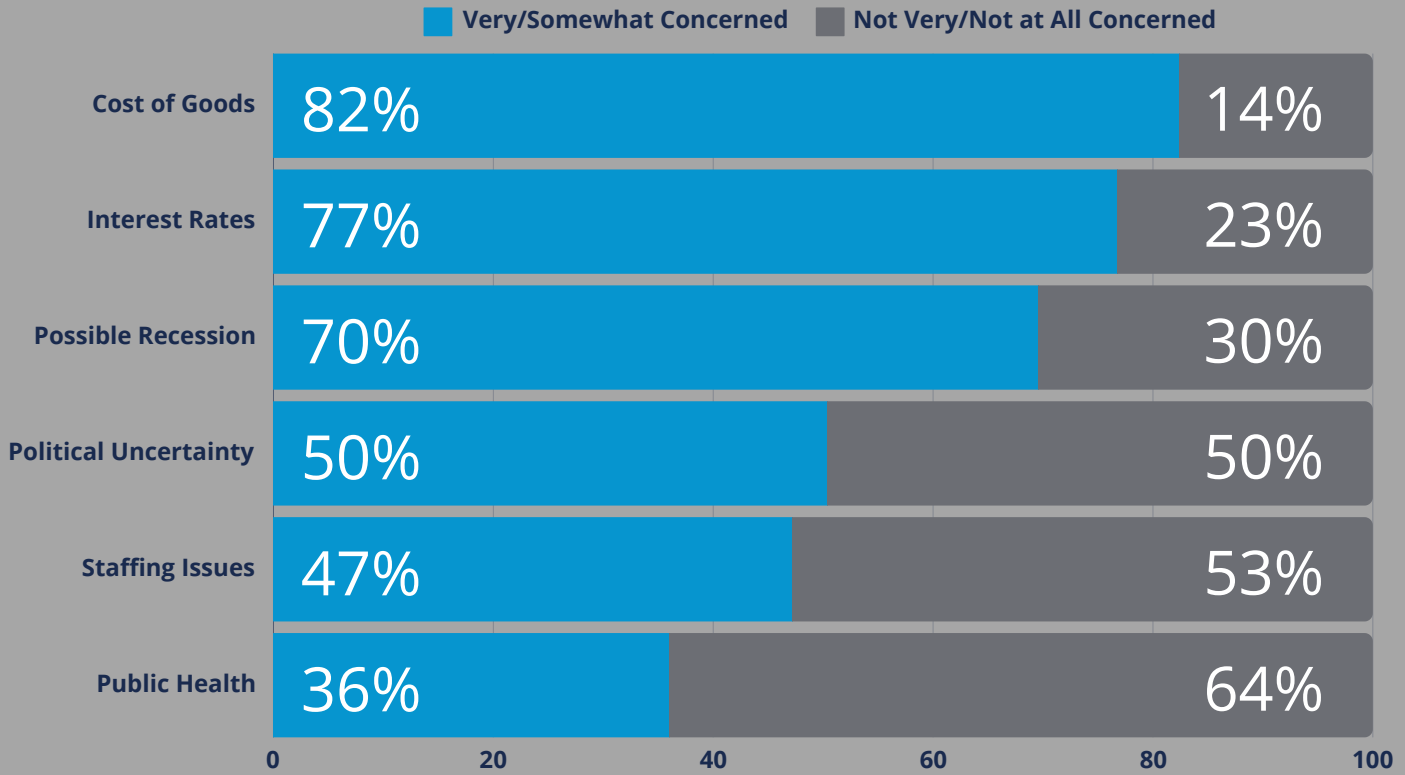
Only 36% of respondents claim their business actually performed better during the second half of 2024 versus their projected performance for the same time.

“High inflation drove up costs for materials, labor, and operations, while elevated interest rates made borrowing more expensive.”

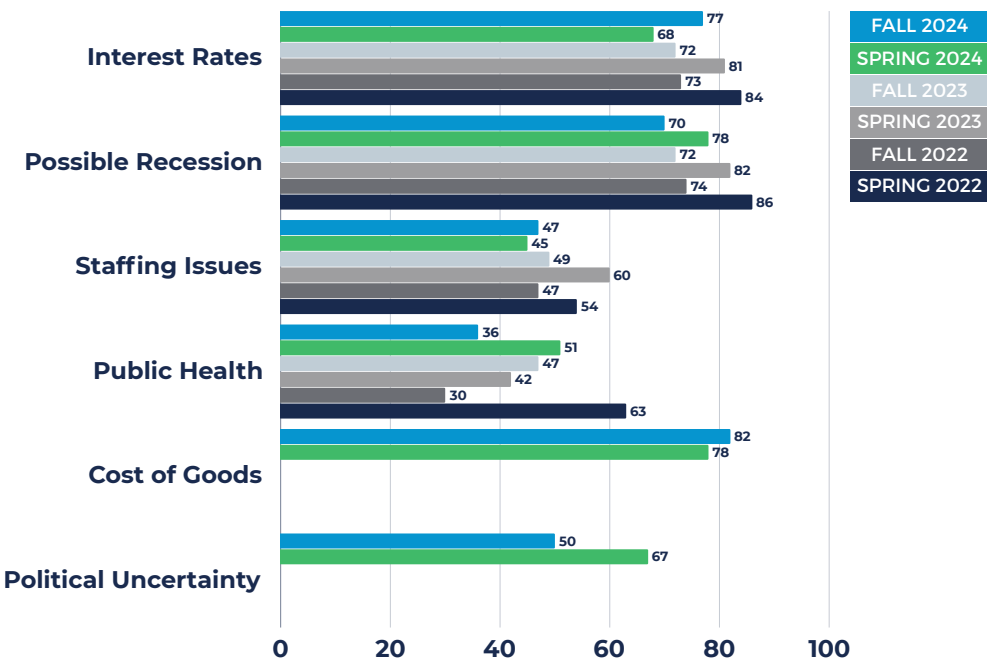
U.S. Chamber of Commerce

# AREAS OF CONCERN

The top issue of concern continues to be the **rising cost of goods/inflation**. This is followed closely by **high interest rates**, with a **possible recession** coming in third. The concern level over cost of goods and interest rates have slightly increased from the Spring, while worries about a possible recession have decreased significantly. Concerns over political uncertainty and public health have decreased, but staffing issue concerns bumped up just a bit.



## TREND ALERT: HOW DOES THIS COMPARE?



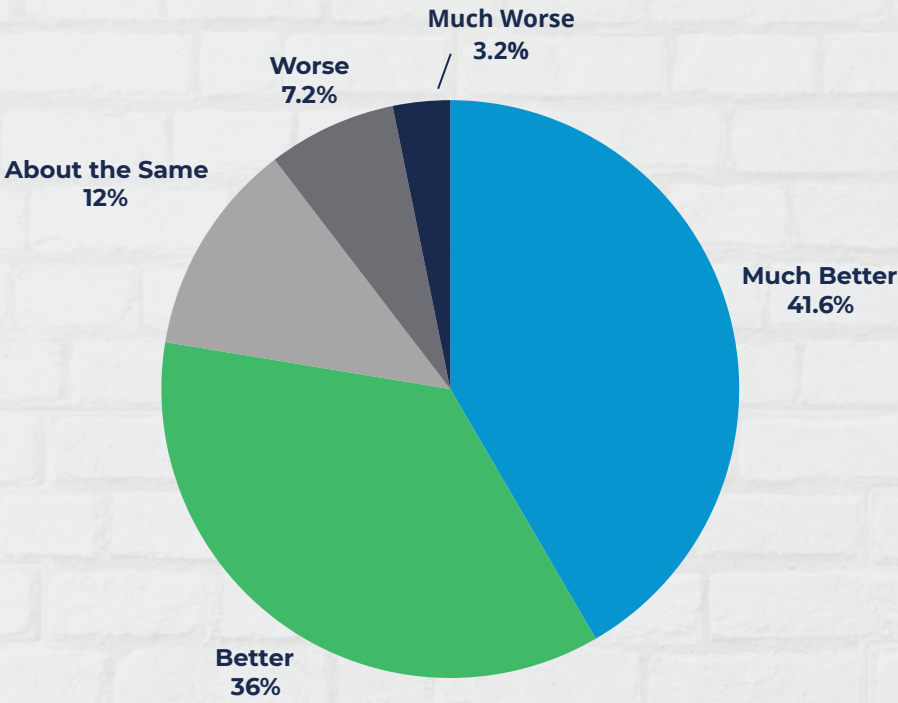
Concerns regarding the cost of goods rose by 5% from Spring 2024.

While still a top three concern, worries for a possible recession are at their lowest at 70%.

Concerns about interest rates and staffing remain steady, but fears about political uncertainty and public health are down significantly since early 2024.

# LOOKING TOWARD THE FUTURE

## HOW DO YOU EXPECT YOUR BUSINESS TO PERFORM IN 2025?



In spite of any difficulties Small Business owners experienced in 2024, they are more optimistic going into 2025. More than **75%** expect their businesses to **do better in the coming year**, with **42%** expecting to do **much better**.

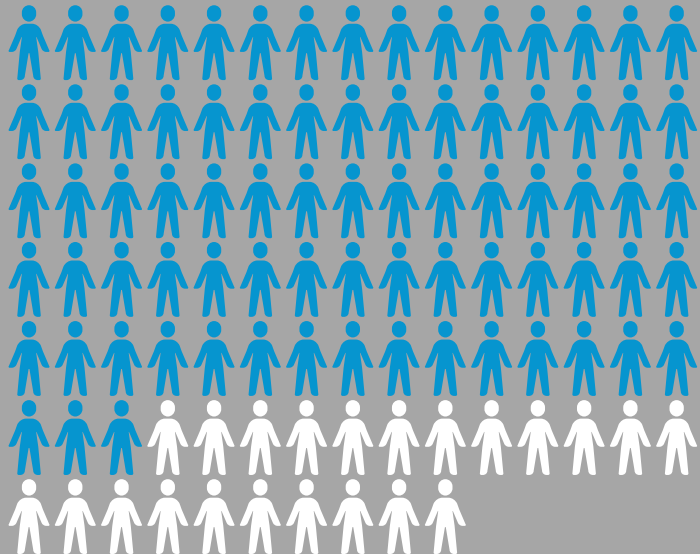
This is in step with the sentiment of **53%** of respondents who believe the **recent election results will help their business moving forward**.

## 3/4 SMALL BUSINESS OWNERS PLAN TO INVEST IN THEIR GROWTH IN THE FIRST HALF OF 2025

More than **three-fourths (77%)** of the Small Business owners we surveyed plan to invest in their business within the next six months. This has remained above 75% since Spring 2023\*.

The most common areas for investment plans are:

- Expansion
- Equipment
- Inventory



\*Spring 2024: 78% | Fall 2023: 80% | Spring 2023: 61%



## WHO IS IOU FINANCIAL?

IOU Financial works with broker partners to provide successful small businesses access to the capital they need to seize growth opportunities quickly. In a unique approach to lending, the advanced, automated application and approval system accurately assesses applicants' financial realities, with an emphasis on day-to-day cash flow. It makes loans of up to \$1,500,000 to qualified applicants within 24 hours in most cases.

Since 2009, IOU has initiated more than \$1.5 billion in financing, comprising more than 12,000 loans to small businesses (SMBs) throughout North America.



**33.3M**

Small Businesses across the country, employing more than 61.6 million people, as of 2023\*.



**63,000+**

Applications received by IOU Financial each year from Small Businesses looking to invest in their growth.



**\$170,000**

The average financing amount that IOU Financial approves to support the growth of Small Businesses.

\*According to Census.gov.