

25 Small business facts to make you think

Description

Starting and running a small business is both exciting and challenging. While millions of entrepreneurs dive into their dreams each year, the road to success is far from easy.

From survival rates and profitability to ownership trends and work habits, these small business facts and business statistics reveal **powerful insights** into what it really takes to thrive. Whether youâ??re a new founder, an aspiring entrepreneur, or simply curious, these 25 small business facts will give you a clearer picture of the current landscapeâ??and maybe even inspire your next move.

25 Interesting Small Business Facts

1. Approximately 20% of small businesses fail within the first year, and 50% of small businesses fail within the first five years.
2. The majority of small businesses in the United States are owned by sole proprietors, and only **40% of small businesses are profitable**. Women own around 42% of small businesses in the United States, and the average lifespan of a small business is seven years.
3. Around **69% of U.S. entrepreneurs start their businesses at home**, and small businesses created 1.9 million net jobs in 2017. The average small business owner works 52 hours per week, and approximately 33% of small businesses use social media as their primary marketing tool.
4. Small businesses with websites generate more than 50% more revenue than those without, and small businesses make up more than 99% of all businesses in the United States.
5. Only 22% of small businesses use an outside accountant or accounting firm, and **82% of small business owners polled said they would start their businesses all over again**.
6. Only 2% of small businesses are financed by venture capital, and around 64% of small businesses start with $10,000 or less in startup capital.

7. Only 40% of businesses have a defined business plan, and the most common reason for small business failure is a lack of cash flow.To avoid this, you can pick a business that naturally makes a lot of profit. For example, some of the most profitable sectors in 2024 include tax preparation software (with a 54.3% profit margin) and domestic services like maids and gardeners (with a 51.7% profit margin).
8. Small businesses with diversity perform 35% better than those without, and in 2016, the top five industries for small businesses were healthcare, professional, scientific, and technical services, construction, retail trade, and accommodation and food services. Small businesses owned by minorities employ approximately 5.9 million people in the United States.
9. Approximately 60% of small businesses last six years or longer, and small businesses are responsible for employing 47.5% of the total workforce in the United States.
10. Approximately 20% of small businesses fail within their first year. (tip: a business plan helps reduce risk)
11. 50% of small businesses will fail within their first five years.
12. The majority of small businesses in the United States are owned by sole proprietors.
13. Only 40% of small businesses are profitable.
14. Women own around 42% of small businesses in the United States.
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19. Small businesses with websites generate more than 50% more revenue than those without.
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21. Only **22% of small businesses use an outside accountant** or accounting firm.
22. **82%** of small business owners polled said they would start their businesses all over again.
23. Only 2% of small businesses are financed by venture capital.
24. Around **64% of small businesses start with $10,000 or less** in startup capital.
25. Only 40% of businesses have a defined business plan.
26. The most common reason for small business failure is lack of cash flow.
27. Small businesses with diversity perform 35% better than those without.
28. In 2016, the top industries for small businesses were health care, professional, scientific, and technical services, construction, retail trade, and accommodation and food services.
29. Small businesses owned by minorities employ approximately 5.9 million people in the United States.
30. Approximately 60% of small businesses last six years or longer.
31. Small businesses are responsible for **employing 47.5% of the total workforce in the United States**.
32. The average cost to start a small business is $30,000.
33. Small businesses contribute more than $5 trillion to the U.S. economy.
34. According to a study by the Kauffman Foundation, the average age of entrepreneurs when they started their companies was **40 years**.

However, itâ??s important to note that successful entrepreneurs come from a wide range of ages and backgrounds. According to recent research, some of the most popular types of businesses to start include consulting, online retail, food and beverage, and personal services such as childcare or home cleaning.

For example, in the healthcare sector, experienced professionals may reach a stage where they reassess ownership goals, such as deciding when to sell your veterinary practice and pursue a new venture.

Conclusion

However, the success of a business ultimately depends on various factors, so itâ??s important to thoroughly research and plan before starting any business.

In conclusion, while these facts highlight both the challenges and opportunities small businesses face, they also underscore the **importance of preparation**, resilience, and informed decision-making. Success isnâ??t guaranteed, but with the right planning, dedication, and adaptability, many entrepreneurs find rewarding and sustainable paths.

*Whether youâ??re just starting or looking to grow, understanding these realities can help you **build a stronger foundation** for your business journey.*

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