



How US entrepreneurs are navigating the economy and pursuing growth

EY Entrepreneur Ecosystem
Barometer – Fall 2024



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Shape the future
with confidence

It's clear that entrepreneurs are primed to pursue growth, even in an uncertain economic environment. According to the first edition of the EY Entrepreneur Ecosystem Barometer, a majority of entrepreneurs are preparing for a stronger market next year, and we see them shaping the future of their businesses amid five prominent trends.

In September 2024, the EY Entrepreneur Ecosystem Barometer surveyed 500 established entrepreneurs with companies making more than US\$1m in annual revenue. They told us that they are optimistic following a year of strong growth, and they are leveraging that success to invest in business drivers such as artificial intelligence (AI), product development and talent. They approach their businesses and personal wellbeing with intentionality, and they have their eye on future paths with plans that include fundraising and strategic transactions.

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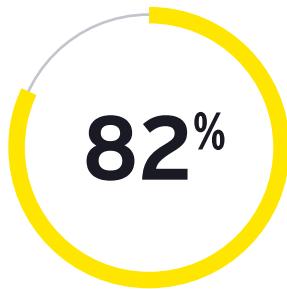
Despite weathering a high interest rate environment and geopolitical unrest, these entrepreneurs are positioning themselves for future success. Entrepreneurs are the backbone of the US economy, and their optimism serves as a barometer for growth and innovation. By better understanding their outlook, we can gain valuable insights on what we may see in the business landscape in 2025.

Andrew Jordan

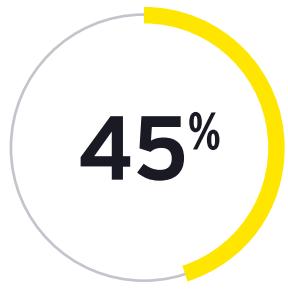
EY Americas Entrepreneur Of The Year™ Director

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Driving growth with an optimistic outlook



of entrepreneurs believe the market will be stronger in 2025



of women entrepreneurs predict the economy will be much better this time next year

Over the years, we have seen entrepreneurs exhibit a growth mindset even in challenging economic times, and 2024 has been no different. Despite the higher interest rates and stubborn inflation of recent years, 76% of the entrepreneurs we surveyed saw revenue growth in 2024, with 20% experiencing more than 20% growth. This performance was relatively consistent across industries.

With growth comes confidence, as 82% of entrepreneurs believe the market will be stronger in 2025. Notably, this confidence exceeds that of chief executive officers (CEOs) of large corporate companies, with 68% of our September 2024 CEO Outlook Pulse Survey respondents saying they are optimistic about the outlook for the US over the next 12 months.

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Entrepreneurs are continuous risk-takers who swim upstream, powered by optimism and a heavy dose of grit. They move quickly and react in real time to changing market forces. Their agility and ability to pivot are key to moving innovation forward and driving growth.

Anna Horndahl

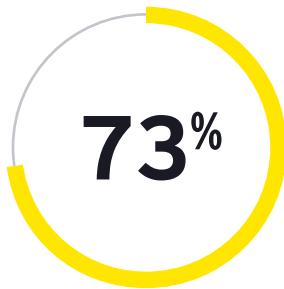
EY Americas Entrepreneur Of The Year™
Deputy Director

Growth insights for entrepreneurs

With the Federal Reserve's September 2024 rate cut in the rearview mirror, the US economy appears poised for a soft landing. Restrictive monetary policy and elevated costs are likely to continue to curb private sector activity, but less expensive borrowing costs should make it easier to refinance existing debt and invest in business priorities. It's also an ideal time to refresh strategies to adapt to the changing economic landscape, with a focus on making talent, technology and supply chain more agile and resilient. [Explore tactics](#) to thrive in this new market dynamic.

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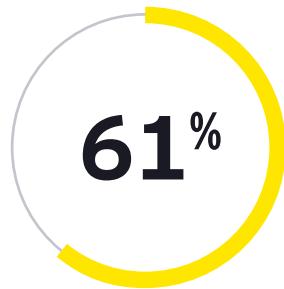
Investing in AI and talent



are optimistic
about AI



say tech, including
AI, is a top
investment priority



cite productivity
as a top reason
for implementing AI

Entrepreneurs' optimism is in overdrive when it comes to AI. Nearly three-quarters (73%) of the entrepreneurs surveyed are optimistic about AI and believe it will bring benefits to their business or that AI positives outweigh the negatives. This enthusiasm is not just theoretical; it translates into action. A remarkable 94% of entrepreneurs report that they are past the consideration phase when it comes to implementing AI, indicating that their technology investments are designed to further their lead rather than to catch up.

Women entrepreneurs are leading the way, with nearly half (45%) saying they have established AI systems and that their teams are fluent in their use. This is notably higher than the total average of 36%. Interestingly, if given an extra hour in the day, 50% of women entrepreneurs would spend it learning about new technologies, such as AI or machine learning, compared with 41% of the total respondents. This may suggest a strong inclination among women entrepreneurs to stay ahead of technological trends and leverage them for business growth.

The commitment to AI is part of a broader investment strategy, with talent as a key beneficiary. Sixty percent of entrepreneurs say that technology, including AI and machine learning, is a top three investment priority over the next year. The primary driver for this investment is improving employee productivity, with 61% of entrepreneurs citing it as a top three reason for their AI spending. Additionally, over the next year, entrepreneurs plan to invest their budget in talent identification and recruitment (37%) and reskilling and training programs for existing employees (36%) as a top three priority.

Prioritized investment insights for entrepreneurs

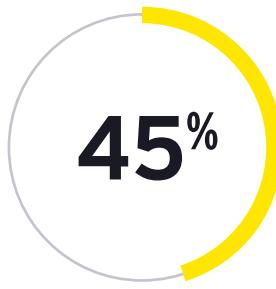
As entrepreneurs actively invest in AI and integrate it into their business strategies, they need to make sure their employees aren't left behind. Future-proofing the workforce by investing in upskilling and growth opportunities can yield significant benefits. It's key to reinforcing a culture that welcomes innovation and creative thinking, which can drive future growth and productivity. [Explore the intersection](#) of AI and talent.

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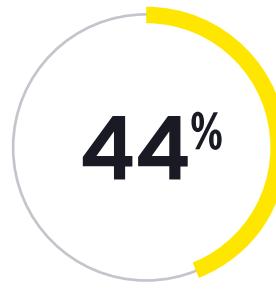
Fundraising for the future



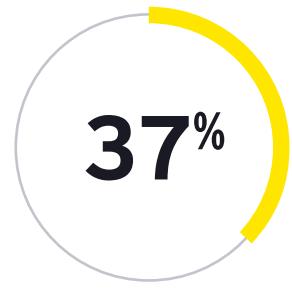
of entrepreneurs plan to fundraise over the next 18 to 24 months



are pursuing loans from financial institutions



are seeking private equity investment



are targeting venture capital investment

After years of a constrained fundraising environment, entrepreneurs now find themselves in need of capital to fuel their growth. An overwhelming 91% of entrepreneurs are planning to fundraise over the next 18 to 24 months, with 30% aiming to raise more than US\$10m.

Entrepreneurs are exploring a variety of funding sources to meet their capital needs. Self-funding remains the most popular option, with 53% of entrepreneurs planning to invest their own money into their businesses. Loans from financial institutions are also a significant source of capital, with 45% of entrepreneurs considering this route. Private equity and venture capital are other key sources, with 44% and 37% of entrepreneurs, respectively, planning to tap into these funds.

The amount of capital sought varies among different groups of entrepreneurs. A majority (57%) of entrepreneurs whose company revenue exceeds US\$5m are hoping to fundraise more than \$10m next year compared with 10% of those whose revenue is



less than US\$5m. Women entrepreneurs are notably eager to fundraise, with 37% aiming to raise US\$10m or more regardless of their current revenue. Just under one-third (30%) of Black or Hispanic entrepreneurs are also looking to raise capital in that range.

Fundraising insights for entrepreneurs

This renewed focus on capital is driven by the need to sustain and accelerate business growth, especially as economic conditions begin to stabilize. However, profitability remains important, and entrepreneurs should focus on financial discipline to capitalize on financing options as they arise. Opportunities for raising funds are expected to increase, and those seeking capital should secure funding when available – even if valuations are lower than expected. [Explore tips](#) for navigating shifting capital markets to better prepare for successful capital-raising and pave the way for future growth.

4

Preparing for a strategic transaction



Strengthening optimism around the economy may be driving entrepreneurs to pursue deals to accelerate their growth. A majority (72%) of all respondents confirmed they are considering a strategic transaction within the next 18 months. This figure jumps to 91% for entrepreneurs with US\$5m or more in revenue, indicating a strong appetite for market moves among bigger businesses. This enthusiasm is similar to that of large corporate CEOs in the US – according to the CEO Outlook Pulse Survey from September 2024, 98% of CEOs expect to pursue strategic transactions in the coming year.

Some entrepreneurial dealmaking is already underway. Of those considering a deal, 39% reported that they are actively planning for a strategic transaction, including 51% of women entrepreneurs and 55% of entrepreneurs with US\$5m or more in revenues. This proactive approach highlights the urgency and readiness among entrepreneurs to capitalize on favorable market conditions.

Overall, mergers and acquisitions are the leading target (75%), followed by private sales (58%) and IPOs (39%). This robust pipeline of deals suggests that entrepreneurs are keen to leverage strategic transactions to drive growth and scale their businesses.

Certain demographics stand out in their eagerness to pursue strategic transactions. Women entrepreneurs are particularly active, with 81% planning for a strategic transaction vs. 72% of all respondents. Similarly, entrepreneurs in the industrials and energy sectors show a high level of interest, with 95% considering a strategic transaction compared with 72% overall.

Transaction insights for entrepreneurs

The entrepreneurial community is poised for a wave of strategic transactions, driven by optimism and a favorable market environment. As more entrepreneurs and established CEOs alike prepare for these moves, the landscape is set for significant activity in the coming months. The broader market outlook is also encouraging. IPO proceeds over the first three quarters of 2024 have outpaced the full-year levels of 2023, and deal volume has more than doubled compared with 2023, according to the EY Q3 US IPO trends report. A healthy public market is likely to have a cascading effect on the broader appetite for strategic transactions, further fueling entrepreneurial optimism for 2025 and beyond.

5

Showing up with intentionality – and prioritizing wellbeing



work less than 50 hours a week



get at least seven hours of sleep each night

Entrepreneurs are focused on productivity while prioritizing their own wellbeing. Nearly three-fourths (72%) are in the office three days a week or more, yet fewer than 15% work more than 50 hours a week, demonstrating an intentional balance between business priorities and quality of life. Even more remarkable is the fact that 69% report getting seven or more hours of sleep each night. And although 70% of entrepreneurs work more than 40 hours per week, it's clear that many are still prioritizing personal wellbeing and work-life balance to avoid burnout.

Entrepreneurs and their teams are committed to in-office work, with 72% of employees going into the office three days a week or more. This number is even higher among Black and Hispanic entrepreneurs, with 87% of their employees in the office compared with 74% for women entrepreneurs and 68% for non-Black, non-Hispanic male entrepreneurs.

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Contrary to conventional belief, entrepreneurs don't need to burn the midnight oil to be successful. They are approaching their businesses with a productive and intentional mindset, allowing them to be fully present when at work and honed in on innovation.

Andrew Jordan

EY Americas Entrepreneur Of The Year™ Director

Wellbeing insights for entrepreneurs

Intentionally integrating work and personal lives can lead to better time management and purposeful wellbeing practices. When entrepreneurs make time to focus on work, they increase productivity and reduce stress. To prioritize focus, entrepreneurs should plan dedicated blocks of time for deep work, use technology to limit distractions and concentrate on controllable tasks. This approach can also help teams achieve better quality work, enhanced productivity and a sustainable work-life balance. [Explore trends](#) in workplace wellbeing.



Summary

Entrepreneurs are optimistic about growth despite economic uncertainties. The EY Entrepreneur Ecosystem Barometer highlights that many entrepreneurs experienced revenue growth in 2024 and expect a stronger market next year. They are investing in AI and talent to drive their businesses forward. Fundraising is a key focus, with many planning to raise significant capital to fuel growth. Strategic transactions, such as mergers and acquisitions, are also on the agenda. Entrepreneurs are balancing productivity with wellbeing, maintaining a strong in-office presence while ensuring they set aside personal time and get adequate rest to avoid burnout.

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