



How US entrepreneurs' challenges and confidence go hand in hand

EY Entrepreneur Ecosystem
Barometer – Spring 2025



The better the question. The better the answer.
The better the world works.



EY

Shape the future
with confidence

Confidence remains high among entrepreneurs, according to the second edition of the EY Entrepreneur Ecosystem Barometer. In an April 2025 survey – our first since the 2024 US presidential election – nearly every entrepreneur (95%) told us they expect continued business success across multiple dimensions, whether profitability, market share growth or increased revenue. More than three-quarters (77%) also believe the US economy will be better one year from now.

However, that confidence belies the fact that nearly half of the entrepreneurs surveyed (43%) say the current economic environment is having a negative impact on their business. Their primary concerns stem from fluctuating interest rates, persistent inflation and potential tariffs, all contributing to a climate of unpredictability. Additionally, concerns about new regulations or policy changes contribute to uncertainty, with 38% of entrepreneurs identifying these factors as significant contributors to their apprehension regarding business success in the coming year. These worries mirror those of US CEOs more broadly – 38% of them cited geopolitical, macroeconomic and trade uncertainty as the primary risk to achieving growth in the March-April 2025 **EY-Parthenon CEO Outlook Survey**.

Across our survey of 500 established entrepreneurs with companies making more than US\$1 million in annual revenue, respondents described dealing with uncertainty by building resilience across their businesses. Entrepreneurs are leaning into growth trends and finding new revenue streams, prioritizing fundraising, and shifting investments to focus on talent and company culture.

“

Entrepreneurs' optimism offers a powerful signal about what's ahead for 2026. Based on our survey, despite economic uncertainty, entrepreneurs are forging ahead, remain resilient and continue to drive growth.

Anna Horndahl

EY Entrepreneur Of The Year™ Americas Co-Director
Ernst & Young LLP

1

Facing uncertainty and navigating threats

As entrepreneurs reflect on a robust 2024 marked by significant momentum, they are now imbued with a sense of cautious optimism. A remarkable 76% of entrepreneurs reported year-over-year growth in 2024, and 73% have already seen revenue increases in the early months of 2025. However, this positive trajectory is overshadowed by the looming specter of multiple macroeconomic factors which pose a serious threat to hard-won gains.

Entrepreneurs told us they are most concerned about supply chain disruptions and a potential economic slowdown or recession, closely followed by changes in consumer spending. In response to these challenges, entrepreneurs are not standing still. They are taking decisive action to fortify their positions, including enhancing employee retention strategies to maintain a stable workforce (35%), developing contingency plans to navigate potential disruptions (32%) and focusing on strengthening their cash reserves for financial flexibility (32%). By proactively addressing these threats, entrepreneurs are demonstrating resilience and a commitment to sustaining growth.

Entrepreneurs report the following macroeconomic factors pose the biggest threat to their businesses.

Supply chain disruptions

37%

Risk of an economic slowdown or recession

35%

Consumer demand/spending trends

34%

Regulatory changes

34%

Interest rates and access to business funding or investment

33%

Labor shortages and hiring challenges

31%

Tariffs and trade policies

28%

Inflation

27%

None of these

3%

How to adapt to uncertainty

In the face of evolving geopolitical trends, business leaders should position their companies to adapt to shifting market dynamics and government policies, including tariffs. By staying informed, entrepreneurs can adjust to strategically navigate economic uncertainty, regulatory changes and supply chain volatility. Entrepreneurs also note that governments can play a pivotal role by minimizing excessive regulations, ensuring monetary stability and creating accessible funding opportunities. [Learn more.](#)

2

Growing the business strategically

In the face of economic uncertainty, entrepreneurs are not only maintaining their momentum but are also strategically positioning their businesses for continued growth. With nearly three-fourths of entrepreneurs reporting revenue growth year over year, an impressive 29% have seen growth of more than 20%. This robust performance underscores their ability to capitalize on emerging opportunities amid challenges.

Interestingly, as their businesses grow, 63% of entrepreneurs have found it easier to locate qualified talent, a crucial factor in sustaining success. However, the landscape is not without challenges. A significant number (36%) of entrepreneurs are concerned about a lack of demand or differentiation from competitors, which could hinder their long-term potential. In response, 39% are prioritizing investments to create new revenue streams over the next year, recognizing the need to innovate and diversify their offerings to stay competitive.

This sentiment is particularly pronounced among women entrepreneurs, with nearly half (47%) citing a lack of differentiation as a major concern affecting their confidence in the success of their businesses. By focusing on strategic growth initiatives and addressing these challenges head-on, entrepreneurs are demonstrating a proactive approach to not only survive but thrive in an ever-evolving marketplace.

Entrepreneurs are building resilience into their business through a variety of methods.

Investing in automation or artificial intelligence (AI)

40%

Enhancing employee retention strategies

35%

Developing contingency plans

32%

Strengthening cash reserves

32%

Building stronger supplier relationships

31%

Diversifying revenue streams (e.g., adding new products, services, lines)

31%

Reducing operational costs

30%

Expanding into new geographies

30%

How to pursue growth

Creating new revenue streams in today's competitive landscape requires entrepreneurs to intentionally balance demand, community engagement and operational readiness. As you look to evolve your business for long-term growth, consider the importance of understanding local needs, building relationships and ensuring innovation aligns with core business values. A careful assessment of potential risks and rewards can help you make informed decisions to foster sustainable growth. [Learn more.](#)

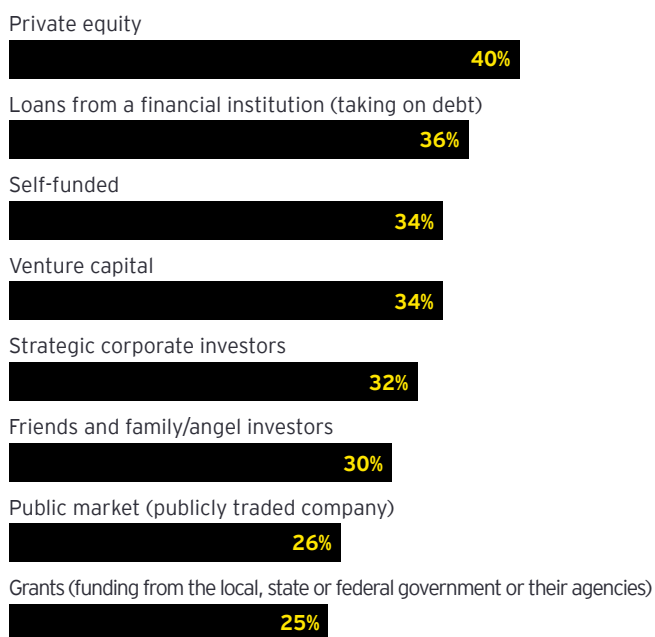
3

Focusing on fundraising

As entrepreneurs look to the future, almost all (95%) plan to engage in fundraising activities over the next 18 to 24 months, a slight increase from 91% in 2024. However, their expectations regarding the scale of fundraising have tempered. Just under one-fifth (19%) of entrepreneurs now aim to raise US\$10 million or more, a notable decline from the nearly one-third (30%) who set similar ambitious targets last year. This shift reflects a more cautious approach as they navigate the current economic and capital landscape.

In terms of funding sources, there has been a significant shift in how entrepreneurs are financing their ventures. Only one-third are relying on self-funding, a decrease from 53% last year, indicating a growing need for external capital. Additionally, the number of entrepreneurs counting on grants has also declined, from 31% in 2024 to just 25% this year. This trend underscores the evolving landscape of fundraising, as entrepreneurs adapt to changing market conditions and seek multiple avenues for capital to support their growth ambitions.

Entrepreneurs obtain funding from a variety of sources.



How to seek capital

While capital can be difficult to obtain, it is available. Entrepreneurs need to be nimble and explore a range of options. To secure capital for your business, focus on profitability, be realistic about valuations and build relationships. [Learn more.](#)

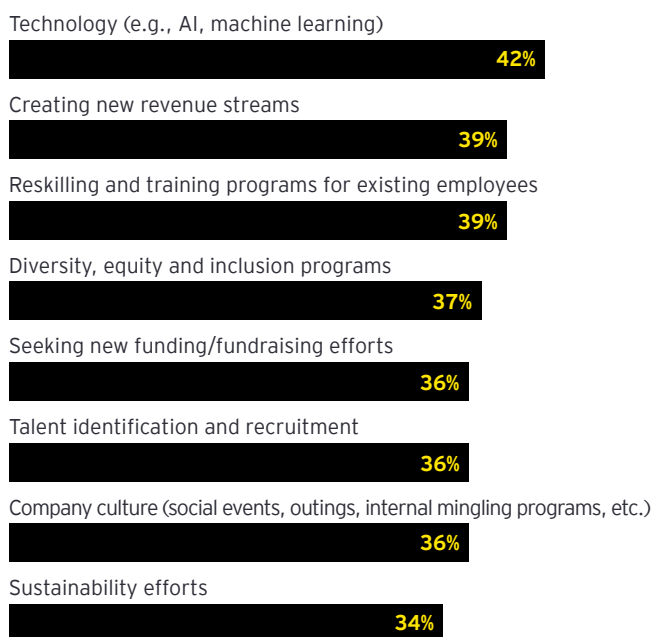
4

Investing to drive workforce resilience

In a rapidly evolving business landscape, entrepreneurs are increasingly using AI and automation to build resilience within their organizations. Technology, particularly in the realms of AI and machine learning, remains the top area for investment, with 42% of entrepreneurs ranking it among their top three priorities.

In terms of workforce strategy, AI is being used in a variety of ways: 34% are leveraging it to assist in finding and hiring talent, while 13% are using it to reduce headcount. Notably, 28% are employing AI for both purposes, and 22% are focusing on boosting productivity without altering their workforce size. This push and pull reveals that entrepreneurs are still finding their way in the world of AI. At present, many are using it as a productivity aid rather than as a tool to reimagine new ways of working.

Entrepreneurs share the top three priorities they will invest budget in over the next year.



How to rethink AI uses

Leading organizations are shifting their AI focus from incremental productivity gains to unlocking human potential. Consider hiring for durable human skills like critical thinking, creativity and communication so employees can use your AI investment to reimagine process and products. Additionally, AI-assisted learning can help professionals refine their technical capabilities. These strategies can help to define future roles instead of waiting for industry norms to evolve.

5

Growing the talent pipeline

In an era where talent acquisition and retention are paramount, entrepreneurs are proactively cultivating a robust talent pipeline. A notable 35% of entrepreneurs are enhancing employee retention strategies as a means of building resilience within their organizations. This focus on retention is critical, especially as 30% of entrepreneurs express difficulty in finding qualified talent, which contributes to their uncertainty about business success over the next year.

The challenge of sourcing qualified talent has intensified, with 25% of entrepreneurs reporting that it has become harder to find suitable candidates. In response, 39% of entrepreneurs are prioritizing reskilling and training programs as one of their top three investment areas for the coming year. This investment not only addresses skill gaps but also fosters a culture of continuous learning and development.

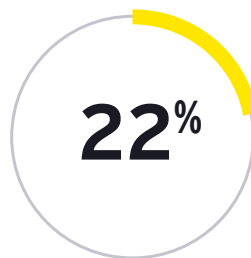
Women entrepreneurs, in particular, are placing a strong emphasis on reskilling and training, with nearly half (47%) identifying it as a key focus for their investments in the coming year. Additionally, 40% of these entrepreneurs are prioritizing talent identification and recruitment, compared to 36% overall, recognizing that a strategic approach to attracting and nurturing talent is essential for long-term success.



of entrepreneurs express difficulty in finding qualified talent



of entrepreneurs report it has become harder to find qualified talent in the past year



of entrepreneurs ranked talent identification and recruitment or reskilling and training programs for existing employees as their top investment priority over the next year

How to retain talent

Through targeted investments in recruitment and training, entrepreneurs are positioning themselves to thrive in a competitive landscape. Their commitment to talent development can enhance organizational resilience, especially when paired with a focus on employee wellbeing. By adopting healthier work practices, organizations can develop a more engaged and innovative workforce that delivers better business performance. [Learn more.](#)

Summary

The April 2025 EY Entrepreneur Ecosystem Barometer highlights robust confidence among entrepreneurs, with 95% expecting ongoing success despite economic challenges. While they navigate uncertainty, many are strategically enhancing their businesses through innovation and investment in technology. As they prioritize fundraising, a shift toward external capital is evident. Additionally, entrepreneurs are focusing on workforce resilience by investing in employee training and retention strategies, addressing the ongoing challenges of talent acquisition. This proactive mindset underscores their commitment to adaptability and sustained growth in a fluctuating economic landscape.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2026 Ernst & Young LLP.
All Rights Reserved.

US SCORE no. 29562-261US
2511-11722-CS
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

ey.com