NORTH CAROLINA DEPARTMENT OF THE SECRETARY OF STATE

NEWS

August 6, 2024 **Elaine F. Marshall, Secretary of State**

For Immediate Release

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NC Secretary of State Releases New Research Showing Small Gains in Business Self-Sufficiency Would Mean Big Gains in Job Growth

RALEIGH – North Carolina Secretary of State Elaine F. Marshall announced today that tens of thousands of jobs will be created with even a small increase in the rate of North Carolina businesses reaching self-sufficiency. These new jobs would add an estimated $1.5 to $ 2 billion to North Carolina's economy each year, according to new research conducted in a first-of-its-kind collaboration between the North Carolina Department of the Secretary of State and Fayetteville State University faculty.

"North Carolina's economy is one of the strongest in the United States, but not everyone is sharing in that success," said Secretary Marshall. "Our historical data shows we have a small window of time to help our new business creators, so it's crucial we take steps early to help assure they are connected to the business resources giving them the best opportunities for success."

According to the research, most companies claim self-sufficiency when they generate annual revenues of $50,000 or more. Below $50,000 in revenue, most entrepreneurs do not work full-time in the business. As part of the research, 37% of businesses identified as "self-sufficient", while 45% identified as "aspirational", meaning they do not yet meet the self-sufficient threshold, but expect to do so. Self-sufficient businesses report that they employ an average of 9.04 employees. Businesses not yet self-sufficient but identified as aspirational employ an average of 2.66 employees.

The report concludes that adopting policies and initiatives to help just 5% of "aspirational" businesses to become self-sufficient will create 24,550 new jobs annually. At a salary of $40,000 annually, those jobs would generate $980 million in new wages. When considering an economic multiplier effect, an increase in consumer spending, and an increase in tax revenues, the overall economic boost would range from $1.5 billion to $2 billion each year.

The report shows a short window of time to help these businesses reach self-sufficiency. About 25% of North Carolina businesses cease to operate within three years, compared to the national closure rate of 33%. Within seven years, 50.2% of North Carolina businesses cease to operate, compared to the national rate of 52.9%.

Entrepreneurs reported access to capital, current economic conditions, taxes, and insufficient assistance as the greatest challenges to self-sufficiency. The study suggests that helping entrepreneurs develop a credit history demonstrating credit readiness would substantially help these new business owners obtain needed capital. The report also suggests a comprehensive online searchable directory where entrepreneurs can identify existing resources that support their success in a single, easily navigated location.

"The Secretary of State's Office is one of the first stops new businesses make in their entrepreneurial journey. This office is uniquely positioned to help our entrepreneurs make the important connections that will increase their chances for success," Secretary Marshall added.

The NC Secretary of State's Office has already started down this path as part of an initiative Secretary Marshall previously announced called Rural RISE NC. RISE stands for Resources for Innovators, Start-ups, and Entrepreneurs. Rural RISE NC helps connect newly formed businesses to important local, state, and federal business resources that can elevate their opportunities for success. This is primarily done in two ways. Businesses are sent information about Rural RISE NC at the time of their creation with the agency, and businesses can also find a searchable database of resources at sosnc.gov/RISE.

North Carolina has experienced a surge in new business formation since 2019. North Carolina's formation rates exceed the national average. In 2019, North Carolina saw 100,300 new businesses created compared to 171,700 in 2023, a 71.1% increase.

FSU researchers surveyed North Carolina corporations, limited liability companies, and similar limited liability formations active as of May 20, 2023, and formed between July 1, 2015 and June 30, 2022. The results include a statistically significant 6,546 responses.

Governor Cooper's Office of Strategic Partnerships introduced the North Carolina Department of the Secretary of State to researchers at Fayetteville State University. The NC Office of Strategic Partnerships develops, launches, and enhances partnerships between state government and North Carolina's research and philanthropic sectors.

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Report Attached

The Potential & Success of North Carolina

Startup Businesses:

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June 28, 2024

Listening to Our Entrepreneurs

The North Carolina Department of Secretary of State (NCSOS) engaged researchers at Fayetteville State University (FSU) to survey active registered businesses formed in the seven years between July 1, 2015, and June 30, 2022. NCSOS observed a substantial increase in new business formation since 2019. NCSOS separately discerned that about 25% of new businesses close in the third year after formation, and roughly 50% will have closed by the seventh year after formation. Because new businesses are a substantial contributor to the North Carolina economy, the purpose of the research was to identify those elements that operating firms attributed to their self-sufficiency, barriers to that success those firms perceived; how business needs change depending upon firm age; and other data that could inform policy actions that could be taken to improve the likelihood of firm success.

This research shows that increasing businesses survival and self-sufficiency rates by 5% each year can create approximately 24,550 more jobs in North Carolina annually. Assuming an average $40,000 annual wages for each new job, the economic impact to North Carolina of such targeted policy changes could be as much as $1.5 to $2 billion ($980 million in new wages and salaries, plus increased consumer spending, economic multiplier effect, and increased tax revenues).

Key Demographic Findings

Business Formation & Survival - North Carolina business formation has been growing at a faster rate than the national average, as measured by federal EIN requests. See Figure 1 (Business Formation Growth Rates). North Carolina businesses have a higher average survival rate than the federal average, as determined by reference to the federal Bureau of Labor Statistics. See Figure 2 (Average Survival Rates by Year Formed).

Motivation - Eighty percent of entrepreneurs founded their businesses because of perceived opportunity, not out of a necessity such as a job loss. Sixty percent are first-time entrepreneurs, with the remainder having formed at least one business previously.

Firm Age - Achieving business self-sufficiency is correlated to years in operation. Nearly 50% of emerging businesses (1-4 years old) were aspirational (not yet able to support their household but hoping to be able to soon) compared to 32% of mature businesses. By the fifth year of operation, 48.59% reported self-sufficiency (ability to support household), compared to 33.37% of new businesses. See Table 1 (Sufficiency versus Stage).

Revenues - Companies reporting more than $200,000 in revenues represented 19.61% of emerging and 36.56% of mature companies. Operating revenues of $50,000 or less characterized emerging companies in 57.20% of cases, while 33.38% of mature companies earned $50,000 or less per year. See Table 2 (Revenue versus Stage).

Entrepreneur Age - Most North Carolina entrepreneurs are middle aged or older. Only 8.59% of self-sufficient entrepreneurs were under 36, and 11.79% of aspirational entrepreneurs fit this age category. Among self-sufficient entrepreneurs, 51.41% were between 37 and 56, and the remaining 39.42% were over 56. The age demographic among aspirational entrepreneurs was similar: 59.60% were between 37 and 56 and 27.73% over 56. See Table 3 (Entrepreneur Age).

Employees - Businesses reporting self-sufficiency described employing an average of 9.04 employees (not including the respondent). Aspirational businesses reported an average of 2.66 employees. Whether a business is emerging or mature is less likely to affect the number of workers a business is likely to employ, as mature businesses employ an average of 6.07 workers compared to 4.78 workers for emerging companies. A significant finding is that promoting policies that help 5% more aspirational businesses reach their self-sufficiency goals would have resulted in the creation of 24,550 more North Carolina employment opportunities annually. See Table 4 (Number of Employees).

Gender & Race - Male and White entrepreneurs are more likely to report self-sufficiency than female or Black entrepreneurs. Women comprise only 35.8% of self-sufficient entrepreneurs; 62.6% were male. Women represent 52.8% of aspirational entrepreneurs, with 43.9% aspirational entrepreneurs being men. While Black people comprise 20.5% of the North Carolina population, only 13.0% of self-sufficient entrepreneurs were Black. Another 79.1% were White. Black entrepreneurs over-represent the aspirational group at 37.3%. White entrepreneurs represent 54.2% of the group aspiring to self-sufficiency.

Location - Whether a business has an urban, suburban, or rural location, as identified by county, does not seem to have a significant influence on the number of full-time employees, operating revenues, or self-sufficiency of a business.

Military Affiliation - About 24% of respondents are veterans/military-affiliated. The national rate of veterans in the adult United States population is 6%.

Principal Barriers and Boosters to Self-Sufficiency

Primary Barriers - Aspirational and emerging firms rate access to capital as a primary challenge to success. Access to capital is less important as a challenge to self-sufficient and mature firms (over four years), ranking fourth after taxes, problems finding good employees, and current economic conditions. Aspirational entrepreneurs cite fear of failure and the lack of organizations to assist entrepreneurs, formal networks to help start a business, and business mentors as other challenges while self-sufficient ones do not share these concerns. See Table 5 (Challenges to Achieving Business Goals) for additional details.

Other Barriers - At least 25% of aspirational entrepreneurs report their challenges to achieving self-sufficiency include lack of entrepreneurship, business, ownership, and/or management and accounting experience; lack of knowledge of the business world and the market; lack of available assistance in assessing business viability; lack of relationships with other entrepreneurs; legal fees; and lack of legal assistance or counseling. See Table 5 (Challenges to Achieving Business Goals).

Access to Debt Financing - Whether a firm successfully obtains credit varies by firm stage. Of self-sufficient respondents, 25.0% received all the capital they requested, but only 14.8% of aspirational respondents report complete success. Self-sufficient and aspirational entrepreneurs requested credit in the year immediately preceding the survey at similar rates - 45.72% and 44.21%, respectively. A similar number of emerging firms also sought credit (42.25%), with only 18.58% receiving the amount sought. By comparison, only 35.25% of mature firms sought credit in the year immediately preceding the survey. See Table 6 (Access to Capital).

Credit Rejection - Sources of capital may be adequately funded but are nonetheless less accessible to aspirational and emerging entrepreneurs than to mature and self-sufficient businesses. The reasons for credit rejection differ by the status and age of the firm. The principal barriers to access reported are credit score requirements (39.75% for aspirational and 38.52% for emerging entrepreneurs), insufficient credit history (31.14% and 32.17%, respectively), and collateral requirements (25.57% and 23.16%, respectively). After that, inability to repay and amount of debt follow in importance. See Table 7 (Challenges to Capital Access).

Race & Gender & Credit Rejection - Self-sufficient female entrepreneurs are more likely than males to report a lack of credit history as the reason insufficient credit was obtained. The absence of credit history does not seem to affect aspirational women at levels that are statistically distinct from the levels reported by men. Black and American Indian entrepreneurs are more likely than White and Asian entrepreneurs to cite the lack of credit history as a barrier to obtaining the credit necessary to achieve self-sufficiency. Personal credit cards prevail as early sources of capital, with business credit cards and other external sources starting to emerge in year three.

Resources - Training, business counseling, and networking were the resources most accessed by entrepreneurs in 2022. See Table 8 (Entrepreneurial Resources Used). The North Carolina Secretary of State (18.36%) and Department of Revenue (10.6%) are the most cited government resources used, while the Small Business Technology and Development Centers (6.47%) and the Small Business Center Network (4.51%) are the most cited other entrepreneurial support resources. Respondents expressed challenges in locating resources and accessing them. Entrepreneurs learned about resources differently as their firms matured, with word-of-mouth and the internet as the prevailing sources. See Table 9 (Entrepreneurial Support Organizations Accessed).

Context

North Carolina has seen a surge in new business formation since 2019 and these formation rates exceed national rates. At the state level, 126,624 new businesses registered in 2020 as compared to 100,338 in 2019, a 26.2% increase. Registrations increased in 2021 to 178,291 (40.8% increase), then eased slightly in 2022 to 171,376 (3.9% decrease), staying flat in 2023 with a nearly identical 171,700 registrations. National level data mirrors North Carolina's business formation experience during the same period, but at reduced rates. There was a spike in IRS Employer Identification Number (EIN) applications (a federal companion step to new business formation) during the COVID-19 pandemic, with a jump of approximately 900,000 to 4.35 million in 2020 (24.4% increase), 5.38 million in 2021 (23.7% increase), followed by 5.04 million in 2022 (6.2% decrease). Figure 1 contrasts North Carolina business formation rates with national EIN filing rates.

NCSOS data indicates that the survival rate of North Carolina businesses also exceeds national rates. About 25% of North Carolina businesses closed in year three, compared to a national closure rate of 33%. By year seven, 50.2% of North Carolina businesses closed, compared to a national rate of 52.9%. By year ten, 57.9% of North Carolina businesses will have closed, compared to a national rate of 62.2%. See Figure 2. Academic literature reports that despite the job loss that follows business closure, and even though most startups tend to be small, new business formation results in a net increase in job creation, and new business formation may also contribute to improved productivity (Decker et al., 2014).

As of May 2023, almost 888,000 for-profit companies were registered and active with NCSOS. Of these, nearly 460,000 were formed between July 1, 2015 and June 30, 2022.

Methodology

FSU researchers emailed survey links under NCSOS letterhead to 177,715 organizations (North Carolina corporations, limited liability companies, and similar limited liability formations) active in the NCSOS business registration database as of May 20, 2023, formed between July 1, 2015, and June 30, 2022, and for which NCSOS had email addresses. The result was a statistically significant sample of 6,546 responses that analysis subsequently determined was representative of the North Carolina population.

Researchers applied multiple standard analytical methods to prepare and evaluate the data, including data exploration, cleaning, summarization, and visualization. Descriptive statistics (such as mean, median, and mode) and frequency distributions were used to understand the prevalence of various responses. Researchers then applied advanced techniques such as association analysis, correspondence analysis, regression analysis, and machine learning models (such as decision trees, bootstrap forest, K-nearest neighbors, logistics regression) to determine the factors reported by respondents to affect firm survival and success (as measured by self-reported self-sufficiency), to identify key predictors leading to self-sufficiency, and to assess the impact of these factors on organizational outcomes.

The study also included a systematic review and meta-analysis of the literature on policy, financing, education, training, and other entrepreneurial support factors related to business survival, closure, and success.

General Observations

Respondents fall into one of three self-reported categories – 37.2% are self-sufficient (earn enough from their businesses to support their families); 45% are aspirational (do not yet meet the self-sufficient threshold but expect to do so); and 16% are lifestyle (no expectation of meeting self-sufficiency threshold). Earning $50,000 or more seems to be the point at which most entrepreneurs (76.69%) declare themselves to be self-sufficient. Sixty-eight percent of aspirational entrepreneurs report revenues below $50,000.

Being willing and able to invest their own time matters to entrepreneurial self-sufficiency. Reaching $50,000 and above in income/revenues is an inflection point permitting North Carolina entrepreneurs to move from aspirational to self-sufficiency. Below the $50,000 revenue level, entrepreneurs do not or are not able to devote themselves full-time to the business.

The analysis also shows that firm needs and challenges differ generally between emerging firms (operating between 0 and 4 years) and mature firms (operating between 5 to 7 years).

External factors are reported as the primary challenge to firm success, with access to capital the primary challenge for aspirational and emerging firms. All categories report taxes; the current economic situation; lack of access to capital; state, federal, and local regulations, and policies; and startup paperwork and bureaucracy among the primary obstacles to continued success.

Notable are the barriers that were not deemed important by at least 25% of any respondent category: excessive risk; inability to devote enough time to the business; lack of support from people around them; family or personal problems; childcare struggles; personal health issues; lack of resources for patent/copyright/trademark; and lack of physical office space.

These findings suggest actionable opportunities for entrepreneurs, entrepreneurial support organizations, providers of capital, governments, and academics alike. The research provides the opportunity to identify immediate and longer-term policy actions likely to increase rates of firm survival and success, as well as areas warranting further inquiry. These areas are discussed below by stakeholder group.

Entrepreneurs: Entrepreneurs have control over many factors necessary for success. For example, they select markets and industries and decide how much effort to expend and when and who to hire. Their demographics are relatively fixed, though. Individual founders/managers may define the specific measures of self-sufficiency success.

This research shows, however, that accessing certain resources increases the likelihood of survival and success. Aspiring entrepreneurs with access to these success elements are more likely to achieve self-sufficiency success: financial capital, full-time employees, networks, mentors, support organizations, and time to devote to the business. They cannot always do this on their own. For example, an entrepreneur with either no credit or poor credit can benefit from credit readiness education and training. Overall, entrepreneurs with ample support can move the levers that they control to build survival and success.

Aspiring entrepreneurs report they must also respond to regulatory, tax, and economic challenges. The exact boundaries of what about each of these factors was a challenge could not be determined from the survey responses.

Entrepreneurial Support Organizations (ESOs): ESOs are not-for-profit, governmental, quasi-governmental, or for-profit entities with a mission to support entrepreneurial survival and success. ESOs can strategically support the formation and activities of formal startup networks and add emphasis on assessment of business viability and finding quality employees and mentors. While there is evidence that accessing ESO services helps aspirational entrepreneurs become self-sufficient, the research shows that ESO services are not widely accessed.

The specific products and services delivered by individual ESOs and that support entrepreneurial success should be defined more precisely and revised as appropriate. Relating back to what entrepreneurs require, and operating within their unique missions, ESOs may promote and deliver credit readiness services such as, credit building, budgeting, and financial literacy for entrepreneurs, as well as credit counseling, debt renegotiation and consolidation, to support increased access to capital.

ESOs must also work to increase the usage of their services. This might include targeted marketing campaigns using Secretary of State new business registration information. While ESOs frequently exist for such services, entrepreneurs will not access services of which they are unaware or that they do not trust. It is vital that effective, multifaceted marketing and outreach strategies be developed, funded, and implemented.

Providers of entrepreneurial capital: Lack of access to capital does arise as a key challenge to entrepreneurial survival and success. However, other than it potentially being embedded in economic conditions issues, the challenges do not present themselves as lack of funding sources or shortages of capital pools. Rather, for those who did not receive any or all the capital requested, many issues involved not meeting credit or collateral requirements for lenders. This is not to suggest that lenders loosen their risk tolerance. Rather, the barrier to capital access appears in many instances to be primarily insufficient credit readiness and only to a lesser extent credit worthiness.

Improving credit readiness offers considerable opportunities to support business survival and success. Clearly, required credit scores and credit history are factors used by individual lenders according to their risk management policies and are vital to the long-term viability of the lending organizations. Yet, lenders such as U.S. Treasury certified community development financial institutions (CDFIs) frequently accept higher credit risk levels and/or alternative credit scoring methods (McCall and Hoyman, 2021). These organizations may partially fill the credit readiness void if entrepreneurs are aware of their existence, trust their legitimacy, and know how to access these sources. CDFIs could benefit from strong referral networks (particularly from other financial institutions and ESOs) and capacity for credit readiness preparation or collaborations. This is a longer-term opportunity as building and repairing credit are not quick processes (Mariia, 2023). Most providers of financial capital, other than CDFIs, simply are not able to directly provide credit readiness support. Collaboration among capital providers and credit readiness programs and organizations in conjunction with adequately staffed and funded marketing and outreach can drive positive change.

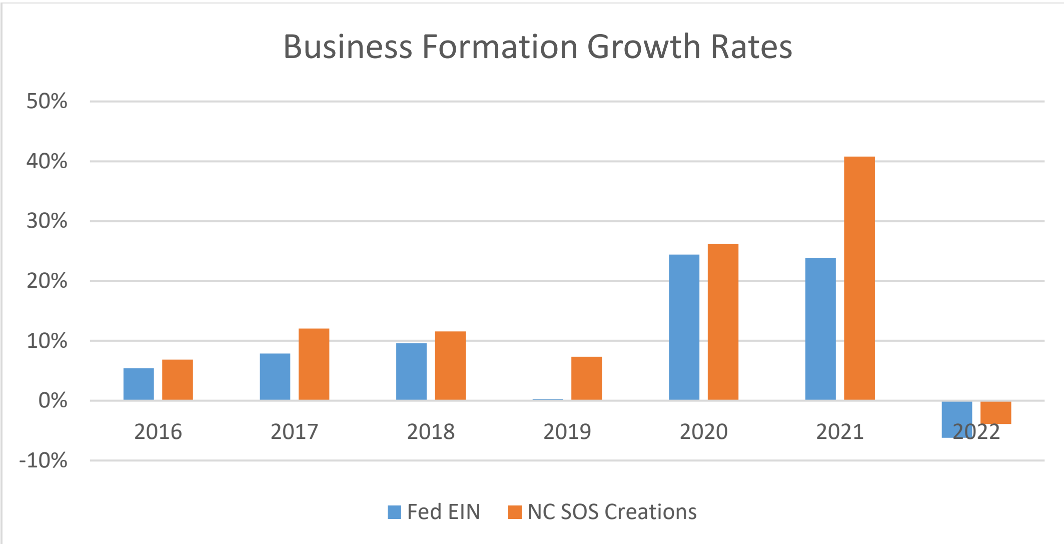
Governments: At the present time, federal, state, and local governments all provide support to entrepreneurs typically through Entrepreneurial Support Organizations, capital suppliers, and internal efforts. This support is fragmented and varies widely from jurisdiction to jurisdiction, and from agency to agency. The research also suggests that governments can present hurdles to entrepreneurial survival and success. The research poses the potential for multiple policy and program changes and supports that could substantially improve entrepreneurial survival and success. Some of these changes may be possible in the short run while others may require long-term implementation strategies.

In the short run, government agencies and policy makers can examine the challenges identified by entrepreneurs to clarify root causes (problems rather than symptoms) and modify policies and procedures that can reduce obstacles to entrepreneurial success. Certainly, entrepreneurs will benefit from a comprehensive online searchable directory where they can identify existing resources such as training, coaching, networking, financing, and rules and regulations, that support entrepreneurial success in a single, easily navigated location. Such a directory, along with adequately resources, effective promotional campaigns, should drive traffic to and increase the use of programs that focus on improving the likelihood of entrepreneurial success.

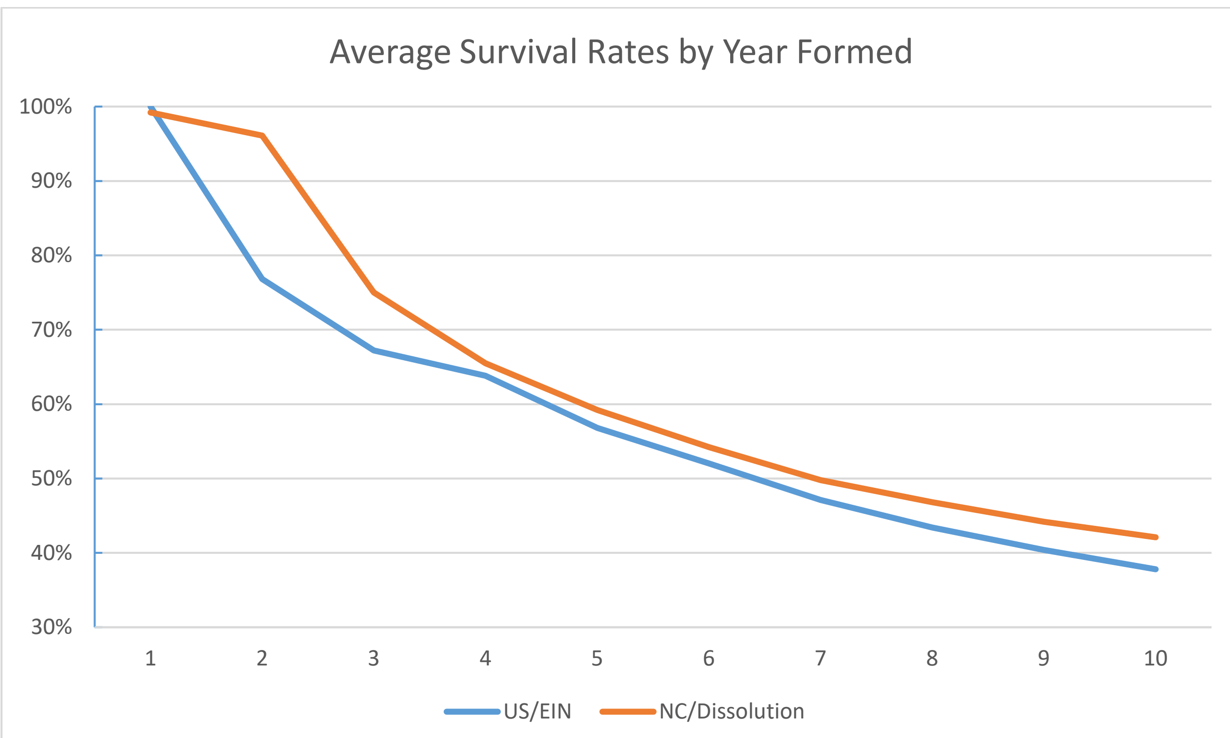
In the longer term, multiple options are possible. Using well-designed, valid, and reliable research to secure a better understanding of some findings of this research and expanding to broader ecosystem assessment could be add substantially to overall entrepreneurial success rates. For example, better understanding the specific, measurable entrepreneurial challenges associated with broad categories of policy topics such as taxes, regulations, and economic conditions could yield additional actionable findings. Assessing the breadth and depth of existing products and services for entrepreneurs and aspiring businesses along accessibility, quality, impact, and overall value could identify asset gaps and redundancies. With better information, resources could be allocated more effectively with the goals of increasing the rate and number of businesses achieving self-sufficiency, and thereby increasing North Carolina employment opportunities and economic strength.

Figures

1: Business formation



2: Business survival



Tables

Table 1: Sufficiency versus Stage

	Aspirational			Self sufficient			Lifestyle			Not Specified			All
Company Maturity	N	Column %	Row %	N	Column %	Row %	N	Column %	Row %	N	Column %	Row %	
Emerging	1051	80.85%	49.83%	697	64.78%	33.05%	321	69.63%	15.22%	40	76.92%	1.90%	2109
Mature	249	19.15%	31.92%	379	35.22%	48.59%	140	30.37%	17.95%	12	23.08%	1.54%	780
All	1300	100.00%	45.00%	1076	100.00%	37.24%	461	100.00%	15.96%	52	100.00%	1.80%	2889

Table 2: Revenue versus Stage

In 2022, what were the total operating revenues/sales/receipts ($ from the sale of products or services) for this business, not including any financial assistance or loans?

	Aspirational		Self sufficient		Lifestyle		Not Specified		All	Emerging		Mature		All
	N	%	N	%	N	%	N	%		N	%	N	%	
Not specified	28	2.23%	26	2.54%	11	2.60%	4	17.39%	69	70	3.35%	23	3.05%	93
$0 - $5,000	457	36.41%	67	6.54%	161	38.06%	7	30.43%	692	614	29.36%	105	13.91%	719
$5,001 - $25,000	234	18.65%	65	6.34%	108	25.53%	4	17.39%	411	351	16.79%	76	10.07%	427
$25,001 - $50,000	163	12.99%	81	7.90%	45	10.64%	2	8.70%	291	231	11.05%	71	9.40%	302
$50,001 - $125,000	155	12.35%	183	17.85%	47	11.11%	2	8.70%	387	275	13.15%	126	16.69%	401
$125,001 - $200,000	72	5.74%	119	11.61%	19	4.49%	0	0.00%	210	140	6.70%	78	10.33%	218
$200,001 - $500,000	84	6.69%	182	17.76%	18	4.26%	2	8.70%	286	171	8.18%	122	16.16%	293
$500,001 - $1,000,000	35	2.79%	110	10.73%	8	1.89%	1	4.35%	154	94	4.50%	66	8.74%	160
$1,000,001 - $5,000,000	19	1.51%	130	12.68%	4	0.95%	0	0.00%	153	94	4.50%	64	8.48%	158
$5,000,001 - $10,000,000	3	0.24%	28	2.73%	0	0.00%	0	0.00%	31	21	1.00%	10	1.32%	31
$10,000,001 or more	5	0.40%	34	3.32%	2	0.47%	1	4.35%	42	30	1.43%	14	1.85%	44
All	1255	100.00%	1025	100.00%	423	100.00%	23	100.00%	2726	2091	100.00%	755	100.00%	2846

Table 3: Entrepreneur Age

	Aspirational		Self sufficient		Lifestyle		Not Specified		All	Emerging		Mature		All
Age Group	N	%	N	%	N	%	N	%		N	%	N	%	
26 and younger	11	0.88%	6	0.59%	1	0.24%	0	0.00%	18	18	0.90%	0	0.00%	18
36 to 27	148	11.79%	88	8.59%	27	6.38%	1	4.35%	264	220	10.95%	45	6.10%	265
46 to 37	335	26.69%	241	23.51%	62	14.66%	5	21.74%	643	507	25.22%	141	19.11%	648
56 to 47	413	32.91%	286	27.90%	75	17.73%	7	30.43%	781	588	29.25%	200	27.10%	788
66 to 57	257	20.48%	268	26.15%	126	29.79%	5	21.74%	656	458	22.79%	204	27.64%	662
76 to 67	78	6.22%	124	12.10%	117	27.66%	4	17.39%	323	197	9.80%	128	17.34%	325
94 to 77	13	1.04%	12	1.17%	15	3.55%	1	4.35%	41	22	1.09%	20	2.71%	42
	1255	100.00%	1025	100.00%	423	100.00%	23	100.00%	2726	2010	100.00%	738	100.00%	2748

Table 4: Number of Employees

		Aspirational	Self Sufficient	Lifestyle	Not Specified	All	Emerging	Mature	All
Number of employees	N	1239	1042	445	25	2751	2029	759	2788
	Mean	2.66	9.04	1.79	26.80	5.15	4.78	6.07	5.13
	%	45.04%	37.88%	16.18%	0.91%	100.00%	72.78%	27.22%	100.00%

9.04 (avg employees self-sufficient business) -2.66 (avg employees aspirational business) = 6.38 (employment differential between self-sufficiency and aspirational)

45% (pct aspirational businesses) * 171,000 (no. businesses created 2022) * 5% (increase to self-sufficient) = 3,848 (annual increase no. self-sufficient businesses)
3,848 (annual inc. self-sufficient business) * 6.38 (inc. employment) = 24,550 increased employment annually

Table 5: Challenges to Achieving Business Goals

	Aspirational		Self Sufficient		Lifestyle		Emerging		Mature	
What level of challenge did each of the following present in achieving your business goals?	Substantial and Major	Rank	Substantial and Major	Rank	Substantial and Major	Rank	Substantial and Major	Rank	Substantial and Major	Rank
Lack of access to capital	59.85%	**1**	31.51%	4	21.69%	6	45.09%	**1**	33.59%	4
Current economic situation	50.46%	**2**	32.53%	**3**	26.46%	**2**	39.75%	**3**	36.94%	**2**
Taxes	44.31%	**3**	38.85%	**1**	28.63%	**1**	40.24%	**2**	37.16%	**1**
Lack of organizations to assist entrepreneurs	37.08%	4	17.94%	12	16.49%	12	27.92%	9	21.34%	11
Fear of failure	35.38%	5	17.66%	13	19.09%	9	28.41%	8	19.28%	13
State regulations and policies	35.15%	6	29.46%	6	25.38%	**3**	32.08%	4	27.84%	5
Lack of formal network to help start a business	34.38%	7	12.27%	20	13.23%	15	24.62%	14	16.25%	16
Lack of business mentors	33.92%	8	14.03%	16	13.23%	16	25.36%	11	14.95%	20
Federal regulations and policies	33.69%	9	27.42%	7	21.91%	5	30.04%	5	26.22%	7
Startup paperwork and bureaucracy	32.54%	10	24.72%	9	25.16%	4	28.82%	7	23.94%	8
Local regulations and policies	32.00%	11	25.28%	8	19.74%	8	28.90%	6	23.08%	9
Legal fees	29.92%	12	20.35%	10	18.44%	10	25.36%	11	21.45%	10
Lack of experience in entrepreneurship or business ownership	29.23%	13	15.89%	15	20.82%	7	24.99%	13	17.44%	14
Lack of relationships with other entrepreneurs	28.69%	14	12.92%	19	12.15%	18	21.97%	16	13.22%	21
Problems finding good employees/contracted personnel	28.31%	15	36.62%	**2**	16.27%	13	27.19%	10	35.32%	**3**
Lack of available assistance in assessing business viability	27.38%	16	11.43%	22	9.11%	22	19.61%	21	15.49%	18
Lack of knowledge on the business world and the market	27.31%	17	13.85%	17	12.80%	17	21.12%	18	15.71%	17
Lack of legal assistance or counseling	27.00%	18	11.90%	21	10.85%	19	20.63%	19	12.89%	22
Lack of experience in management/accounting	25.69%	19	17.47%	14	14.32%	14	22.42%	15	16.36%	15
Lack of healthcare coverage for self/family	24.54%	20	20.07%	11	9.54%	21	19.69%	20	20.15%	12
Healthcare expenses for employees	23.15%	21	29.74%	5	10.63%	20	21.77%	17	27.09%	6
Excessive risk	22.31%	22	13.57%	18	8.68%	23	16.67%	23	15.49%	18
Unable to devote enough time to the business	21.77%	23	9.11%	23	18.22%	11	17.04%	22	11.48%	23
Lack of support from people around me (family, friends, etc.)	19.85%	24	7.06%	25	4.99%	27	14.35%	24	8.23%	26
Lack of resources for patent/copyright/trademark	19.77%	25	6.23%	27	4.99%	29	14.02%	25	6.50%	29

Lack of physical office space	16.85%	26	6.88%	26	6.07%	26	12.80%	26	7.58%	27
Family or personal problems	16.77%	27	7.43%	24	7.81%	24	12.60%	27	9.21%	24
Personal health issues (disability, etc.)	11.62%	28	5.67%	28	6.94%	25	8.76%	28	8.45%	25
Childcare struggles	10.85%	29	5.20%	29	4.99%	27	8.03%	29	6.72%	28

Table 6: Access to Capital

In the past year, has a lender or creditor turned down any request you made for credit, or not given as much credit as you applied for?	Aspirational	Self-Sufficient	Lifestyle	Emerging	Mature
Seen but not answered	1.56%	0.94%	1.33%	2.36%	2.22%
Yes, turned down	**25.08%**	**12.89%**	4.43%	18.67%	12.27%
Yes, not as much credit as requested	**5.84%**	**6.30%**	1.55%	5.00%	6.01%
No, received as much credit as requested	**14.80%**	**25.02%**	12.64%	18.58%	16.97%
Not applicable; no credit application in the past 12 months	52.73%	54.84%	80.04%	55.39%	62.53%
All	100.00%	100.00%	100.00%	100.00%	100.00%

Table 7: Challenges to Capital Access

	Aspirational		Self-Sufficient		Lifestyle		Emerging		Mature	
On the most recent occasion, what reason(s) were you given for being turned down for credit or receiving less than requested?	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**
Credit rating service/credit bureau reports	39.75%	**1**	26.87%	**1**	37.04%	**1**	38.52%	**1**	24.46%	**2**
Lack of credit history	31.14%	**2**	26.37%	**2**	25.93%	**3**	32.17%	**2**	18.71%	4
Insufficient assets/collateral/property/equity to secure the loan; size of down payment; financial status	25.57%	**3**	18.91%	4	29.63%	**2**	23.16%	**3**	24.46%	**2**
Amount of debt; size of other payments; ability to repay loan	21.77%	4	21.39%	**3**	14.81%	6	19.26%	4	28.06%	**1**
Credit records/history from other sources; other loans or charge account; previous payment records; bankruptcy	18.99%	5	12.44%	5	25.93%	**3**	18.03%	5	14.39%	5
Amount of income; or simply "income"	15.19%	6	10.45%	7	18.52%	5	14.96%	6	9.35%	9
Other miscellaneous	8.61%	7	10.45%	7	7.41%	7	7.99%	7	12.95%	6
Insufficient credit references	7.85%	8	3.98%	12	0.00%	14	7.58%	8	2.16%	16
None; no reason was given	7.85%	8	7.96%	9	3.70%	9	6.97%	10	10.07%	8
Poor credit; N.E.C. (not elsewhere classified)	7.34%	10	2.49%	17	0.00%	14	6.76%	11	1.44%	19
Bank policy	7.09%	11	12.44%	5	3.70%	9	7.58%	8	12.23%	7
Personal characteristics	5.06%	12	3.98%	12	0.00%	14	5.12%	12	2.16%	16
Other credit characteristics of borrower	4.05%	13	3.48%	15	7.41%	7	4.10%	14	3.60%	12
Time on current job	4.05%	13	4.48%	11	3.70%	9	4.51%	13	2.88%	13
Other financial characteristics of borrower (15)	3.29%	15	1.99%	19	0.00%	14	2.25%	16	4.32%	10
Nature of your employment	3.04%	16	6.97%	10	0.00%	14	4.10%	14	4.32%	10
Lack of business plan or CPA reviewed financials	2.78%	17	0.50%	21	0.00%	14	2.05%	17	1.44%	19
Source of income; or retired	1.77%	18	2.99%	16	3.70%	9	2.05%	17	2.88%	13
Loan was too large for source to handle; source does not have enough money to lend; money reserves of source are low	1.77%	18	2.49%	17	0.00%	14	1.84%	20	2.16%	16
Lack of job; not working; on public assistance	1.52%	20	0.50%	21	3.70%	9	1.64%	21	0.00%	22

Lender did not approve of purpose for which money was to be borrowed	1.52%	20	3.98%	12	0.00%	14	2.05%	17	2.88%	13
Characteristics of the collateral (e.g., too many rental units in a condominium)	1.27%	22	1.49%	20	0.00%	14	1.23%	22	1.44%	19

Table 8: Entrepreneurial Resources Used

	Aspirational		Self-Sufficient		Lifestyle		Emerging		Mature	
Entrepreneurial Resource	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Training class/workshop online	33.38%	**1**	32.34%	**1**	26.25%	**1**	27.59%	**1**	27.13%	**1**
Business networking event in-person	27.69%	**2**	28.53%	**2**	17.57%	**3**	22.69%	**2**	24.87%	**2**
Training class/workshop in-person	25.46%	**3**	28.25%	**3**	19.52%	**2**	22.30%	**3**	23.66%	**3**
Business networking event online	19.62%	4	15.52%	5	12.80%	4	15.61%	4	14.54%	4
Business counseling (one-on-one)	19.23%	5	16.17%	4	11.28%	5	14.79%	5	12.96%	5
Entrepreneurship conference/expo	9.38%	6	9.11%	6	6.07%	6	8.01%	6	8.14%	6
Pitch competition - as a competitor	5.46%	7	4.28%	7	3.04%	7	4.58%	7	3.92%	7
Business incubator/accelerator	5.38%	8	4.00%	8	1.95%	9	4.27%	8	3.39%	8
Business plan competition – competitor	4.38%	9	3.35%	9	2.39%	8	4.05%	9	2.86%	9

Table 9: Entrepreneurial Support Organizations Accessed

Entrepreneurial Support Organization 2022	Aspirational		Self-Sufficient		Lifestyle		Not Specified		Survey Respondents	
None	428	14.81%	342	11.84%	154	5.33%	11	0.38%	1176	32.12%
NC Secretary of State	259	8.97%	214	7.41%	89	3.08%	6	0.21%	672	18.36%
NC Department of Revenue	130	4.50%	150	5.19%	40	1.38%	4	0.14%	388	10.60%
SBTDC (Small Business Technology and Development Ce	109	3.77%	65	2.25%	29	1.00%	0	0.00%	237	6.47%
Other	76	2.63%	63	2.18%	18	0.62%	2	0.07%	185	5.05%
Community College - Small Business Center Network	81	2.80%	38	1.32%	22	0.76%	3	0.10%	165	4.51%
NC Department of Labor	54	1.87%	61	2.11%	17	0.59%	1	0.03%	161	4.40%
NCWorks	62	2.15%	38	1.32%	11	0.38%	0	0.00%	132	3.61%
SCORE – Service Core of Retired Executives	71	2.46%	23	0.80%	8	0.28%	1	0.03%	120	3.28%
Women’s Business Center	44	1.52%	27	0.93%	8	0.28%	1	0.03%	106	2.90%
USDA Rural Development	26	0.90%	22	0.76%	8	0.28%	0	0.00%	70	1.91%
NC Department of Environmental Quality	17	0.59%	24	0.83%	7	0.24%	1	0.03%	67	1.83%
VBOC (Veterans Business Outreach Center)	19	0.66%	19	0.66%	8	0.28%	0	0.00%	58	1.58%
NC Military Business Center (NCMBC)	13	0.45%	16	0.55%	3	0.10%	0	0.00%	44	1.20%
Economic Development Partnership of NC (EDPNC)	12	0.42%	9	0.31%	5	0.17%	0	0.00%	38	1.04%
Certified Community Development Financial Institution	17	0.59%	9	0.31%	1	0.03%	0	0.00%	35	0.96%
NC Government Contracting Assistance Program (GCAP)	14	0.48%	5	0.17%	1	0.03%	0	0.00%	29	0.79%
Manufacturing Extension Partnership - NIST	9	0.31%	6	0.21%	2	0.07%	0	0.00%	20	0.55%
NC Bold	7	0.24%	5	0.17%	2	0.07%	0	0.00%	19	0.52%

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