



Small Business Trends 2024: **Business Financing**

Get unique insights into what 250+ small business owners have to say about the challenges they've faced in the past year, small business lending trends, and their economic outlook for 2025.

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Welcome

Dear Small Business Owners,

In June 2024, Credibly conducted our annual research survey with the goal of understanding the unique challenges that small business owners face in their pursuit of business financing.

We surveyed more than 250 business owners to understand how the economic environment influences their business, their financing challenges, and their advice for fellow entrepreneurs.

In this report, you'll also find our analysis on these findings and insights from experts in the financing industry on the trends and their outlook for the future.

We hope this report helps you equip yourself with the knowledge you need to grow your business in an ever evolving economic landscape.

As always, our goal is to be a financing partner that supports you with the same dedication that you support your community.



Ryan Rosett
Founder & co-CEO

Introduction

So far in 2024, the U.S. economy has seemed to beat expectations. Deloitte's [United States Economic Forecast](#) for the second quarter of 2024 reported that while interest rates remained high, inflation continues to decrease closer to the Federal Reserve target of 2%. We have also seen [consumer spending levels](#) persist through 2024, despite expectations at the end of 2023 that it would slow down.

At the same time, experts are hesitant that these trends will continue due to uncertainty around the election results and the future of consumer spending. While the [Consumer](#)

[Confidence Index](#) dropped through the first half of 2024, the National Federation of Independent Business (NFIB) reported an increase in the [Business Optimism Index](#).

In June 2024, Credibly surveyed 257 small business owners to further understand these trends, dive deeper into how businesses are faring this year, and learn what owners expect in the coming year. Inside this report, you'll find insights from fellow business owners, Credibly's executive team, industry experts, and more.



Economic sentiment

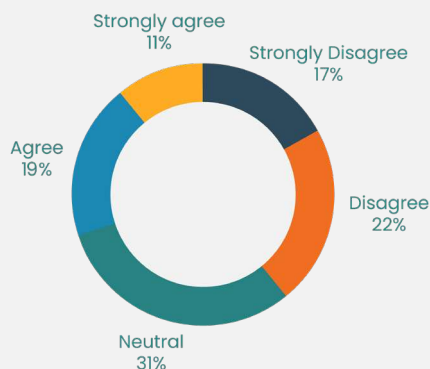
Small business owner sentiment on the U.S. economy is improving from 2023.

When asked if they agreed or disagreed with the statement, “I am optimistic about the state of the U.S. economy right now”, 30% of business owners agreed or strongly agreed, while 39% disagreed or strongly disagreed.

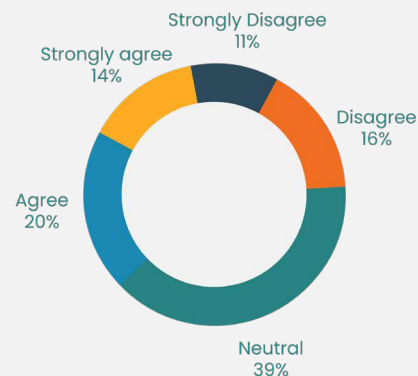
While still somewhat pessimistic, the overall economic sentiment has improved when compared to the survey results from 2023, where 48% of business owners said they disagreed or strongly disagreed with the same statement.

This trend reflects the state of the economy, where despite inflation and growth exceeding expectations, too much uncertainty remains for small business owners to be fully optimistic about the macroeconomy.

As a small business owner, I am optimistic about the state of the U.S. economy right now.



As a small business owner, I am optimistic about the state of my local economy right now.



Small business owner sentiment concerning their local economy is neutral.

On the other hand, in 2023 42% of small business owners were optimistic about their *local* economy, but this has now dropped to 34% in 2024. The plurality, almost 40%, responded that they felt neutral about their local economy.

The retail industry showed the highest optimism for their local economy with 41% of respondents saying they agreed or strongly

agreed with the statement “I am optimistic about the state of my local economy right now.”

The healthcare industry showed the lowest confidence in their local economy with over 40% of healthcare business owners reporting they disagreed or strongly disagreed with the same statement.



37% of small business owners are optimistic about the future of the U.S. economy in the next 12 months.

Looking forward, the sentiment was largely positive, with 37% agreeing or strongly agreeing that they were optimistic about the U.S. economy in the next 12 months and another 38% remaining neutral.

As we look to 2025, experts from [Deloitte](#) expect a slight cooling in consumer spending as households accrue debt and deplete their extra savings. Conditions in the labor market will also impact their confidence and spending.

Despite [unemployment rates](#) being at an all-time low, according to the Bureau of Labor Statistics, it has been ticking up through 2024 as new graduates enter the workforce.

The upcoming elections and the uncertainty in future fiscal policies also contribute to the expectation for slower spending from both consumers and businesses alike. However, GDP and inflation have continued to improve and many expect this trend to continue.

“SMB owners continue to show their adaptability in pivoting their strategies and business models in the face of obstacles. Despite the changes in the economy, business owners feel optimistic about their businesses, which shows that they are adapting and positioning themselves for success in this ever-evolving environment.”

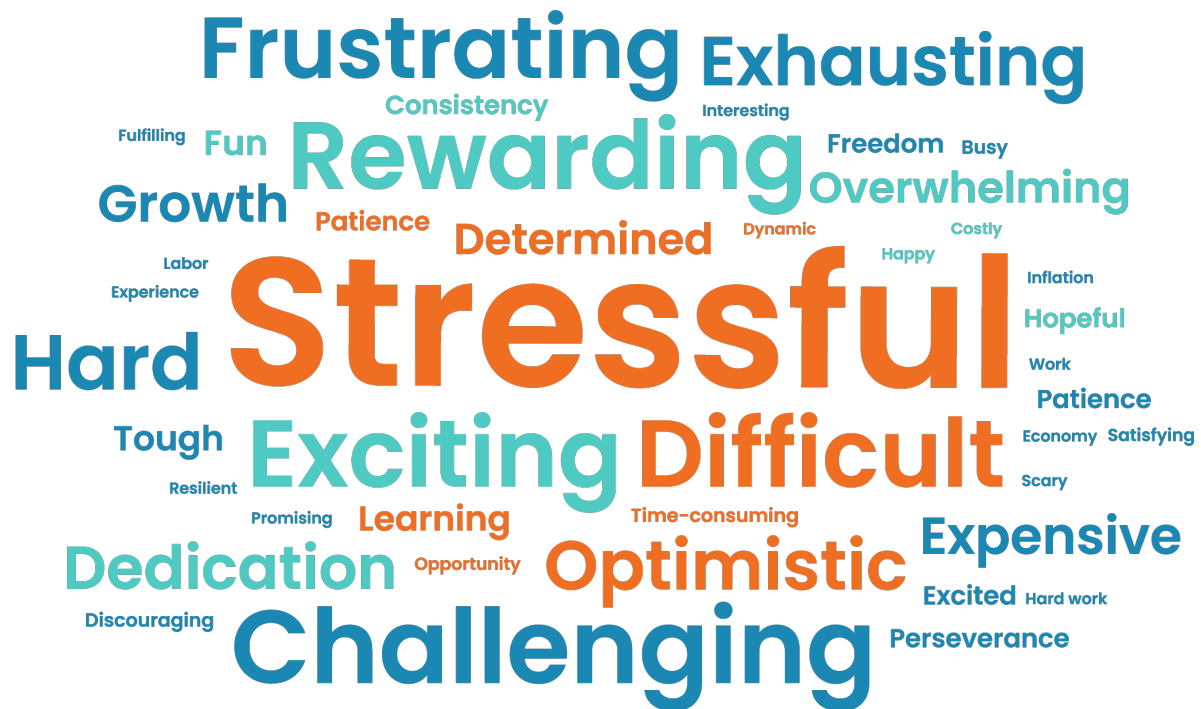
Ryan Rosett

Founder & co-CEO | Credibly

Small business voices

Running a business isn't for the faint of heart. We asked small business owners what were three words that best described running their businesses in the past year.

Here's what they had to say:



While running your own business can be stressful, the challenge can also be quite rewarding.

“Don't give up and keep an open mind about acquiring new knowledge to maintain and grow your business. Also never be afraid to ask for help. A great business takes time, it's not about winning the race but finishing and achieving your goals.

– Small business owner

Small business expectations in 2025

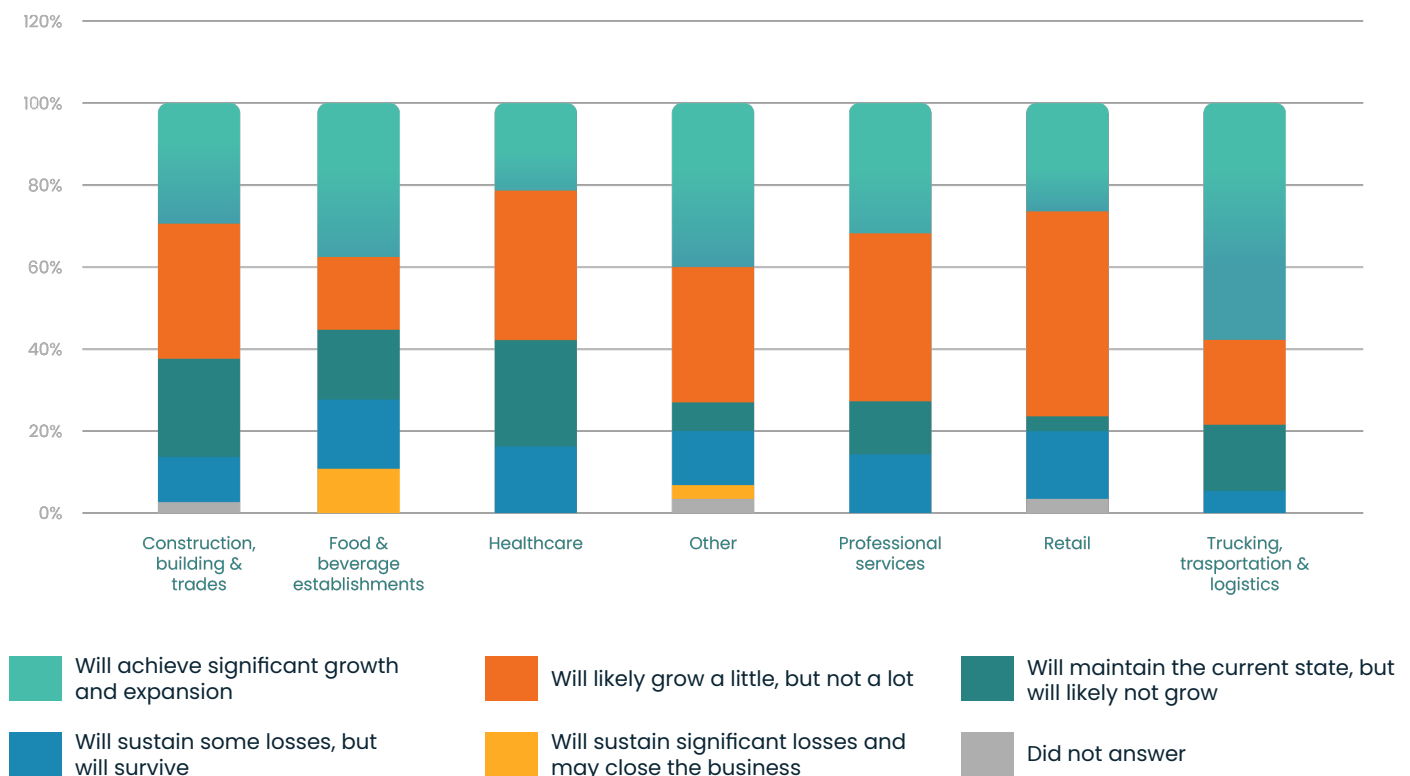
Nearly 70% of owners expect revenue growth in the next year.

Despite economic volatility, business owners' expectations for their businesses followed the generally positive sentiment of the 12-month economic outlook. Nearly 70% of businesses expect their businesses to grow in the next 12 months.

Business owners in the trucking, transportation, and logistics industry were especially optimistic, with 58% of businesses in these sectors predicting significant growth in their businesses and an additional 21% expecting some growth.

Following these positive outlooks, 90% of business owners surveyed plan to invest in their businesses, with 39% of those owners planning to invest significantly. Even the majority of those who disagreed that the economy would improve were planning to continue investing money into their businesses.

Business Revenue Expectations in the Next 12 months by Industry





Where are small business owners planning to invest?

27% stated that reaching more customers through expanding locations or other efforts would be their top priority for investment. Marketing (17%) and adding products or services (16%) followed as the second and third highest priorities.

Whereas hiring was high on the list of priorities last year, only 13% of the business owners said it was their top investment priority this year. However, a June 2024 survey by the [NFIB](#) showed that for those who were looking to hire, finding quality candidates continues to be difficult this year.

Here's what business owners had to say about investing in their businesses:

“

You have to spend money to make money.

“

I am in this for the long haul. I try to take growth opportunities when they are available, and not worry much about the temporary rises and falls in revenue. It's the same advice people give about the stock market. If it's going great, prepare for rain. If you're suffering, just get by and it will get better.

Top challenges for small businesses

While the state of the economy didn't seem to materially impact business owners' desire to invest in their businesses, it does seem to influence how much they are investing. Over 53% of respondents agreed that the state of the economy influences their decisions to seek additional financing.

Access to capital is the top challenge for businesses.

Despite the need for capital, 46% of the business owners surveyed stated that access to that capital would be their biggest challenge in the next 12 months.

Those with a pessimistic view of the economy over the next 12 months noted inflation as the second highest challenge, while those with an optimistic view said customer demand was their second highest challenge.

Supply chain issues, however, seem to be largely resolved. Only 3% of respondents reported supply chain issues as their top challenge. While these issues may not be completely mitigated post-pandemic, they do appear to be affecting business owners far less.

Challenge	% of business owners selected as top challenge
Access to capital	46%
Inflation / Interest rates	20%
Customer demand	16%
Labor supply	9%
Commodity prices	6%
Supply chain	3%

"The lending market is highly sensitive to the broader economic climate. Lendio's SMB Lending Index tracks access to capital over time; since the government increased interest rates we've seen a tightening of access to capital. The good news is that as inflation cools and the Fed starts to lower rates, the market will start to widen again."

Brock Blake

CEO and Co-founder | Lendio

Businesses are struggling to build the financial profile they need to get approved for financing.

When asked what was the biggest challenge to getting access to financing, the top response was “Building a strong financial profile to be approved”.

This was true regardless of how long the business had been running and how much revenue it generated.

On the surface, the likelihood of getting approved for financing seemed positive, with 60% of businesses that applied for financing getting approved.

However, of those who did not apply, 44% said it was because they didn’t think that they’d get approved.

It is important to keep in mind that the 60% who applied and got approved for financing may have had stronger financial profiles and thus may have been more likely to get approved to begin with. This suggests

an interesting behavior of self-disqualification from the 44% of those who did not apply for financing out of the assumption that they would likely not have been approved.

For those that did apply and were declined, the biggest reason they did not get financing was because of their credit score. For those that were approved, many struggled with the cost of capital.

Of the respondents who sought additional capital in the past 12 months but were not approved, the majority (53%) turned to their personal network or personal funds to cover their cash flow needs.

17% turned to cutting costs in their businesses by reducing staff, hours, or products and/or services in order to meet cash flow needs. Even fewer, 11% and 9% respectively, chose

to cover cash flow needs by raising prices or dipping into their business’ emergency funds.

“Building business credit is difficult. Similar to building personal credit, you likely won’t start off with the best rates. Make sure you have a business bank account, keep a close eye on your budget, and if you do get additional financing, look for a product that actually builds business credit and is something that you can afford to pay back. This can be in the form of revenue based financing, equipment financing or secured financing – so that there are options. In addition, make certain to file your business tax returns on time, as unfiled returns slow down the financing process.”

Chad Cohen

VP of Sales | Credibly

Advice from small business owners:

“

Keep your credit rating in mind at all times. It definitely does effect borrowing options.

“

Make sure you apply for capital BEFORE you need it and make sure you have 6-12 months of cash to support your business.

Businesses are expanding their search for financing to more sources.

On average, small business owners look at three different potential sources of financing, an increase from two in 2023. This shows that as access to business financing decreases, business owners are expanding their search to other avenues.

The sources of financing people most often looked to remained the same as last year:

- **1. Online lenders**
- **2. Banks**
- **3. Personal networks/personal funds**

Business owners also applied for an average of three financing products. While a line of credit was the most commonly applied for, it had a relatively low approval rate.

The top three products business owners were approved for in the past year were:

- **1. Credit cards**
- **2. Merchant cash advances**
- **3. Short-term loans**

Financing Products Applied To & Approval Rates*

Product	Applied	Approved	Approval rate
Credit card	78	65	83%
Merchant cash advance	64	45	70%
Short-term loan	103	71	69%
Equipment financing	42	24	57%
Line of credit	113	50	44%
Long-term loan	80	20	25%

*Respondents selected multiple products

Advice from a small business owner:

“Take time to find the right finance options that work for you. Have a well prepared road map for your business aka a business plan.”

– Small business owner in Construction

How do you choose a good financing provider?

When choosing a financing provider, 34% of businesses ranked cost as the most important factor, followed by flexibility in financing options (19%) and the ability to communicate with a real person (14%).

Interestingly, seeing good reviews for a financing provider and the ability to complete the financing process online were similarly ranked as the top factors, at 10% and 9%, respectively.

In addition, many business owners advised to work with partners that understood your business’ vision and goals.

Small business voices: Tips from small business owners

Running a small business is not easy, but it doesn't have to be lonely. Here's some advice from the business owners in this survey:

“

Stay focused on the goal. There will be many obstacles to overcome, focus and push toward your goals. Never give up.

“

You need to be passionate about what you do and always consider your long-term goals when financially planning and maintaining your small business.

“

Create a need by setting yourself apart from your competition. Be a valuable resource. Provide above average customer service and exceed expectations.

“

CHARGE WHAT YOU ARE WORTH! This was the hardest thing for me to do, especially starting out, but I have seen nothing but growth in my business after raising my prices. Valuable clients and customers will invest in you when you prioritize your worth.

“

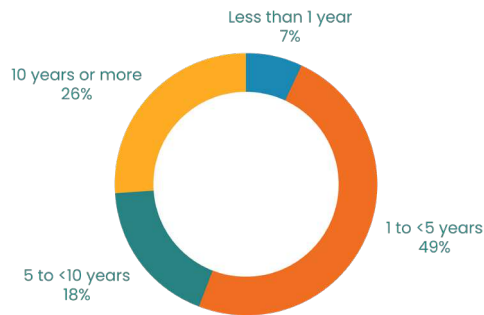
Keep searching for new ideas and experiences from other business owners.

“

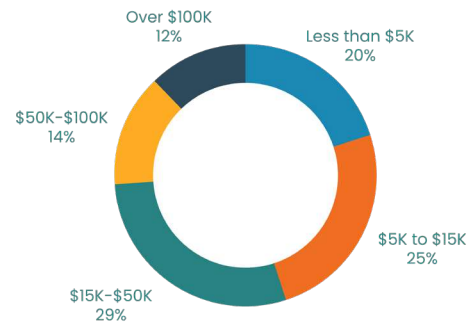
I would encourage all small business owners to take small but helpful intro courses to financing, accounting and bookkeeping.

Survey demographics

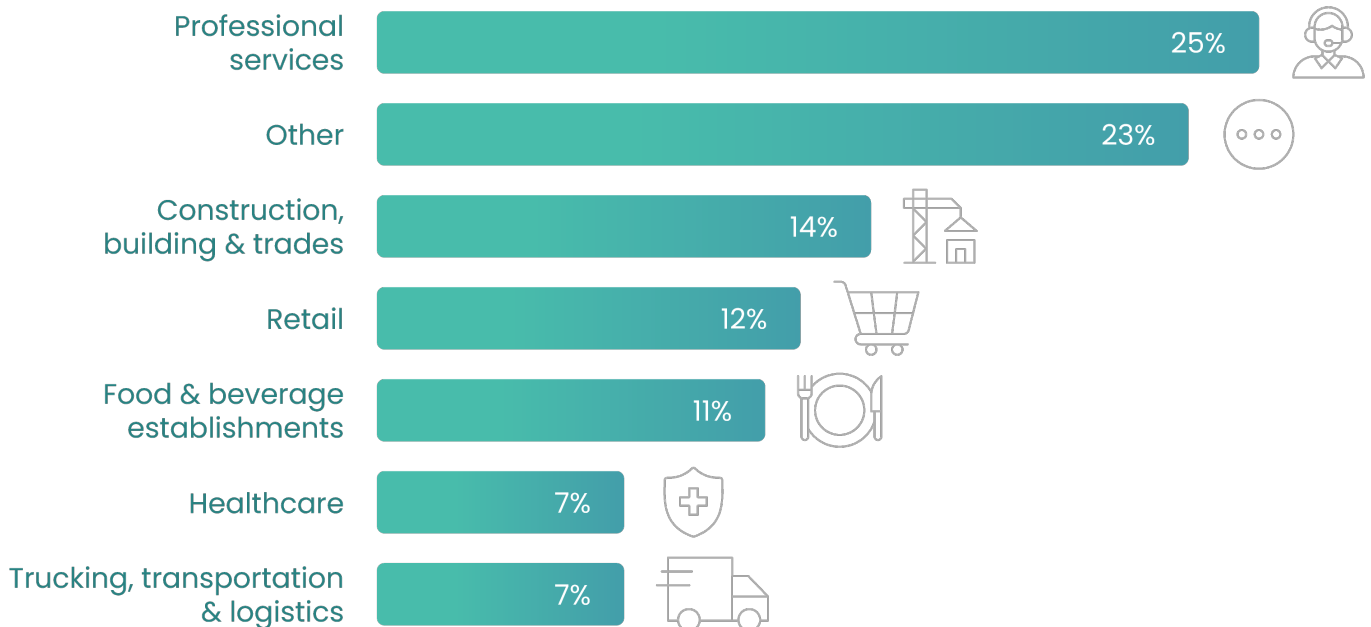
Age of businesses surveyed



Monthly revenue of businesses surveyed



Industries of businesses surveyed



Methodology

In June 2024, Credibly surveyed more than 250 small business owners in the United States. The online survey was sent via email to small business owners who have previously interacted with Credibly. The survey results were collected and analyzed anonymously.





We hope you enjoyed

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Stay in touch

 (844) 501-8662

 www.credibly.com

 25200 Telegraph Rd # 350
Southfield, MI 48033