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Most small business owners are middle-aged, not 'cool kids' the media loves

As older owners retire, millions of small businesses will change hands, and that means opportunities for young entrepreneurs



▲ The majority of US business owners are not as young and fetching as Anne Hathaway, who played a fashion entrepreneur in *The Intern*. Photograph: François Duhamel/AP

When you think of the typical small business do you think of the savvy and beautiful actor Anne Hathaway, who ran a Brooklyn-based fashion startup in *The Intern*? Or maybe you're thinking of Jesse Eisenberg's portrayal of Mark Zuckerberg in *The Social Network*?

TV ads show young and energetic entrepreneurs hustling their way to success. Business magazine covers at the airport feature the cool kids making cool millions. These are the young and beautiful faces of entrepreneurship that the media loves. The reality is the face of small business looks a lot more like me.

The Guardian

I'm 56 and I own a small business. I'm the real demographic. In fact, according to a new survey of more than 3,000 business owners conducted by Score, a non-profit organization affiliated with the Small Business Administration, 51% of US small businesses are owned by people older than 55, even though we represent only 21% of the population.

Yup. Small business owners – the majority of them – are middle-aged people like me.

These business owners, who are referred to in the Score study as “Encore Entrepreneurs”, have some pretty distinguishing characteristics other than wrinkles. According to the survey, we are 62% more likely to receive non-government aid and 20-46% more likely to be approved for government aid, including PPP loans, unemployment insurance and other sources of federal/state financial assistance, compared with younger business owners. Looks like the government appreciates experience over youth!

The study also found that instead of capitalizing on these funding opportunities, many of us prefer to rely on our personal finances, including savings (74%) and credit cards (36.6 %). We are also 52.3% more likely to finance our businesses using retirement savings, compared with younger entrepreneurs.

Most of us small business owners are not running those hot startups or building exciting apps. We own restaurants, gas stations, pizza shops and roofing companies. We manage projects, sell gaskets, pave roads and ship pallets of packaging materials. We've been doing this for decades. And we're still going strong.

So what does that mean? Until newer generations slowly and inevitably take over, “old school” ways of doing business will continue to be the norm, and there will be resistance to the things that younger generations want and younger entrepreneurs are doing, such as adopting new technologies, moving to the “cloud”, implementing progressive benefits like working from home and unlimited paid time off. Unfortunately, old school owners will be slower to adapt to today's more inclusive workplace environments and behaviors.

A lot of middle-aged business owners also means a coming boom in succession planning and exit strategies. BizBuySell, a business-selling marketplace, is already reporting a spike in companies buying and selling each other (at premium prices), and this trend will probably accelerate as the 51% approach retirement age. Employee Stock Ownership Plans – driven by older owners who want to pass their companies down to employees – are also on the rise, as are industries that cater to wealth management, retirement planning and tax advice.

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Most importantly, it means a big opportunity for younger entrepreneurs who want to start their own companies. Do you really think these 51% have their successors lined up? Based on my client experience I can assure you they do not. According to James Walrack of [First American Bank](#), 70% of America's 12 million privately owned businesses, where Baby Boomer wealth is concentrated, are expected to change hands in the next 10 to 15 years. Yet 75% of business owners admit that they have not made a plan to transition the ownership and management of their companies when they are ready to step down.

For younger entrepreneurs, working your way up through the ranks of a company owned by one of these older entrepreneurs, with a plan to ultimately buy out the owner, is – to me – a more solid road to success than starting something from scratch.

So be patient, my young friends. Your time will come.]