

2024 State of Women's Small Business Report



The *2024 State of Women's Small Business Report* by Block Advisors offers insights from the 6,333 applicants who applied for the Fund Her Future small business grant program in May 2024.

The report reveals that women entrepreneurs continue to face significant funding and support gaps, with these challenges being even more severe for BIPOC women. These systemic obstacles contribute to a personal confidence gap among owners themselves. Despite these barriers, many current business owners feel the outlook for their businesses' future is positive.

While nearly all applicants (94%) express being 'somewhat' to 'very' positive about 2025, respondents express being cautious with finances given the state of today's economy – and with good reason.

Over half of respondents claim inflation has affected their prices this year; and over the next six months to a year, some respondents believe they may be forced to cut expenses (44%) and raise prices again due to inflation (39%). Despite cautious optimism, the report highlights significant challenges in women's entrepreneurial journeys. The challenges experienced are even more pronounced for respondents who are racially diverse.

The prevalent barriers may result in a continued confidence gap for the upcoming freshman class of women entrepreneurs. In fact, over half of respondents cited a fear of failure (54%) as a primary barrier when starting their business.



About the Study

The *2024 State of Women's Small Business Report* by Block Advisors reveals the current state of women-owned small businesses, offering insights from more than 6,000 Fund Her Future grant applicants.

The study findings underscore the profile, attitudes, and behaviors of these founders, specifically in terms of the motivations, challenges, and needs of today's women entrepreneurs.

This report uncovers key data and perceptions on topics ranging from day-to-day operations to owners' outlook for 2025. Study analysis sheds light on the overall confidence levels and business resilience of women business owners today.

Methodology

- A quantitative study was conducted with Fund Her Future Grant applicants. Data was collected during the grant application period between April 29 and May 26, 2024.
- Applicants were requested to complete survey questions provided at the end of their application. They were assured that their survey responses would not impact grant assessment or awards.
- Sample was comprised of N=6,333 women small business owners who applied for the Fund Her Future Grant.
- Grant applicants were required to have at least 51% female ownership in their small business. They could not be an employee of H&R Block, or any of its affiliates or franchises.
- Results of this study represent the specific behaviors and attitudes of the grant application pool and are not necessarily representative of all women small business owners.

Today's Female Founders: Top Takeaways

1 Demographic Snapshot

Younger, diverse, college-educated women, mostly Black and millennial, who have started their business in the past two years.

2 Demand Autonomy & Flexibility

Many are leaving 9-to-5 jobs to gain autonomy, control their schedule, and take advantage of childcare flexibility.

3 Face Barriers to Funding & Capital

Nearly half struggle to secure bank loans, with BIPOC women facing even more barriers.

4 Navigating a Confidence Chasm

Mentorship shortages and fear of failure hold many would-be founders back, revealing a confidence chasm.

5 Dreading Backend Admin Tasks

They dislike tax prep and bookkeeping. They worry they may be missing key deductions to help their business.

6 Need Capital, Marketing, and Tax Support

What makes a difference? Access to capital, marketing and online support, and tax prep assistance.

7 Maintaining a Can-Do Attitude

Generally, they have a positive outlook but remain cautious of external economic factors. They persevere to overcome the barriers they face to start their business – barriers that are especially high for BIPOC women.



Women Small Business Owners: Demographic Snapshot

According to the study, today's woman entrepreneur is younger, educated, racially diverse, and just starting their small business journey. Specifically, around half of respondents self-identified as Black, college educated and millennial, with two years or less of business ownership experience.

The Small Business Owner

50%

Black/African American

53%

Millennial

63%

College degree or higher



Their Business

49%

2 years or less business tenure

46%

Biz Revenue <\$10K

50%

Have no employees

64%

Have an LLC

Women Small Business Owners: Demand Autonomy & Flexibility

Top motivators for wanting to start a small business are improving their communities and the overall need for business autonomy. Women are ditching the traditional 9-to-5 to pursue entrepreneurship, seeking more control of their schedules and the ability to stay home with their kids.

- Almost all (98%) of respondents mentioned improving a community as a motivator which can be reflected in the type of work most applicants do.
- Exactly half (50%) of all respondents started their business as a side gig and having more business flexibility and autonomy was a top motivator for starting their business, with 92% citing they wanted to be their own boss and 89% citing they wanted to set their own schedule.



“Becoming a business owner also gives me the flexibility to spend more time with my child and provide for our future.”

- Tricia, business owner and survey respondent

Women Small Business Owners: Face Barriers to Funding & Capital

Funding gaps continue to be prevalent. Almost half of all respondents shared securing a bank loan has been challenging. Many have been denied any financial support. The report uncovered securing loans continues to be even more challenging for BIPOC women.

- 42% of all women small business owners surveyed who had applied for a bank loan have never been approved. A lack of collateral (39%) or poor credit (37%) were common reasons. But, concerningly, 15% never received an explanation.
- The struggle to find funding and secure loan approval appears to be larger for women of color. Almost three-quarters of BIPOC women reported having difficulty securing loans.
- Locked out of traditional paths to business financing, nearly 9 in 10 (89%) respondents funded their business using personal savings and credit cards.

% of Bank Loan Applicants NEVER APPROVED

42%

never approved

45%

BIPOC
never approved

36%

white
never approved

Women Small Business Owners: Navigating a Confidence Chasm

As for the support gap, a lack of overall mentorship was a common theme in preventing them from starting a business sooner. The report also shows a “fear of failure” ranks high among reasons for hesitating to start a small business, ultimately confirming there is a confidence gap for more than half of women entrepreneurs.

- While the Fund Her Future grant program aimed to close the funding and support gap, study findings confirmed an additional gap that has previously been light in data; **the confidence gap** - with over half of respondents citing fear of failure (54%) as a main barrier toward starting a business.
- Lack of overall mentorship was also a common barrier to starting a business, followed by needing a solid business plan at 56%, needing help getting started at 50%, and lacking mentorship at 27%.

“Starting a new business can be daunting, especially as a first-time entrepreneur. The fear of failure, coupled with the challenges of securing funding, can be overwhelming.”

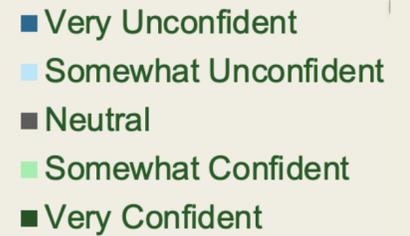
- *Nikita, small business owner and survey respondent*



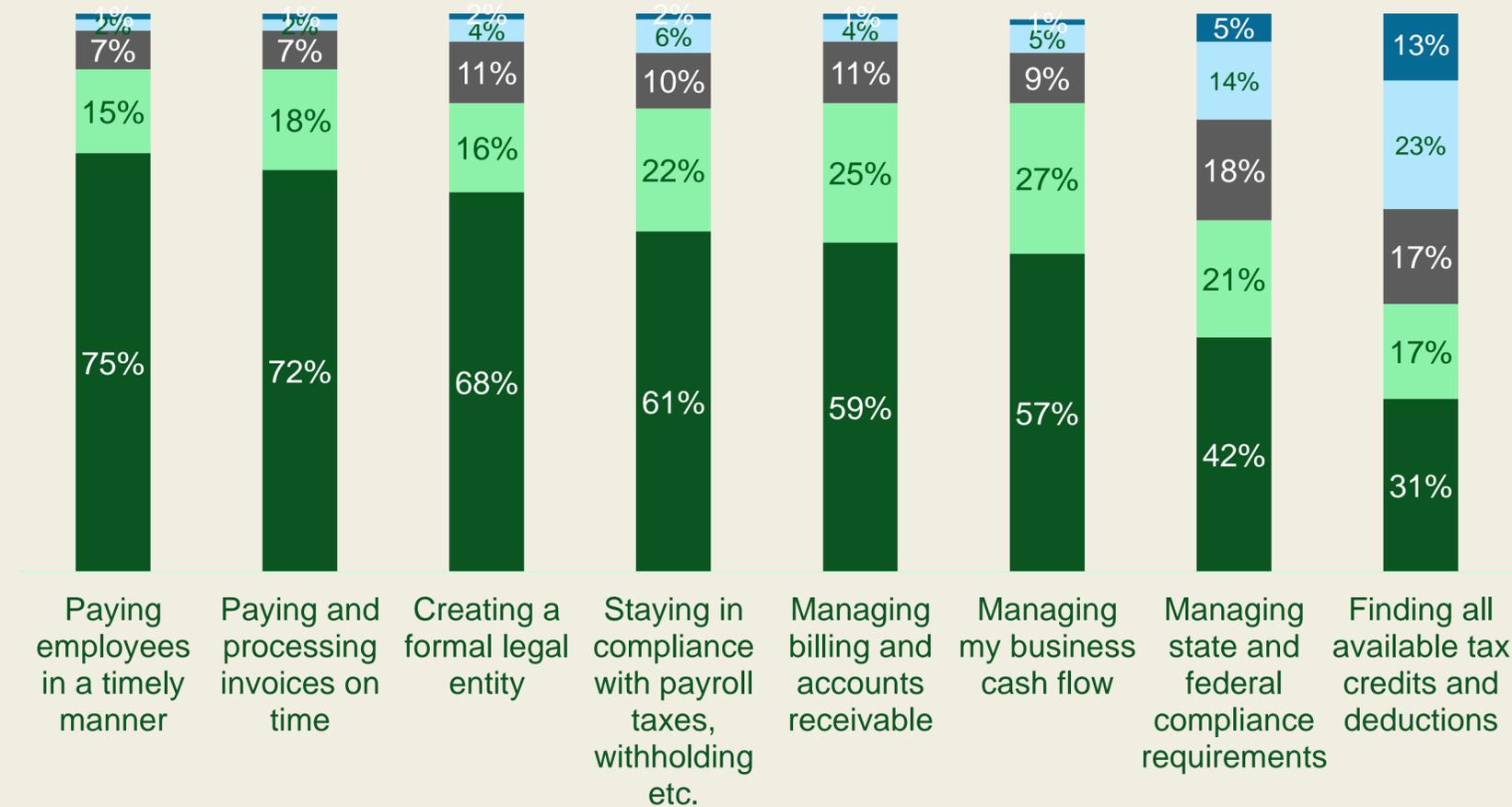
Women Small Business Owners: Dreading Backend Admin Tasks

Today's woman small business owner may be leaving tax deductions on the table. They cite having the least confidence when it comes to finding all tax credits and deductions. There is a strong distaste for tax prep & bookkeeping in general – they rank as owners' two least favorite business-related tasks.

- Most entrepreneurs are generally confident they have the right tools to run their business.
- However, they are least confident in their ability to find all available tax credits and deductions. Only 1 in 3 respondents cite they are very confident when it comes to identifying all credits and deductions for which they are eligible (31%).
- Women ranked tax prep (53%) and bookkeeping (40%) as their two least favorite business-related tasks.



How Confident Are You In The Following?



Women Small Business Owners: Need Capital, Marketing, and Tax Support

Overall, what women entrepreneurs report needing access to most are capital and financial resources, marketing support, and assistance with tax preparation.

- Tax preparation (53%) and bookkeeping (40%) rank as least favorite tasks for applicants, followed by website development and social media management (25%), and marketing & advertising (22%).
- Surprisingly, 1 in 5 respondents do not have a business account on any social media platform.
- Start-up capital (66%) tops applicants' wish list to achieve business success, followed by marketing and advertising support (45%).

"The learning curve has been steep for developing a website, SEO, social media marketing, tax requirements, licensing, accounting, and more. Fortunately, I have a business degree so it's not all foreign to me, but it can be a time suck and takes time away from revenue generation."

- Synda, small business owner and survey respondent

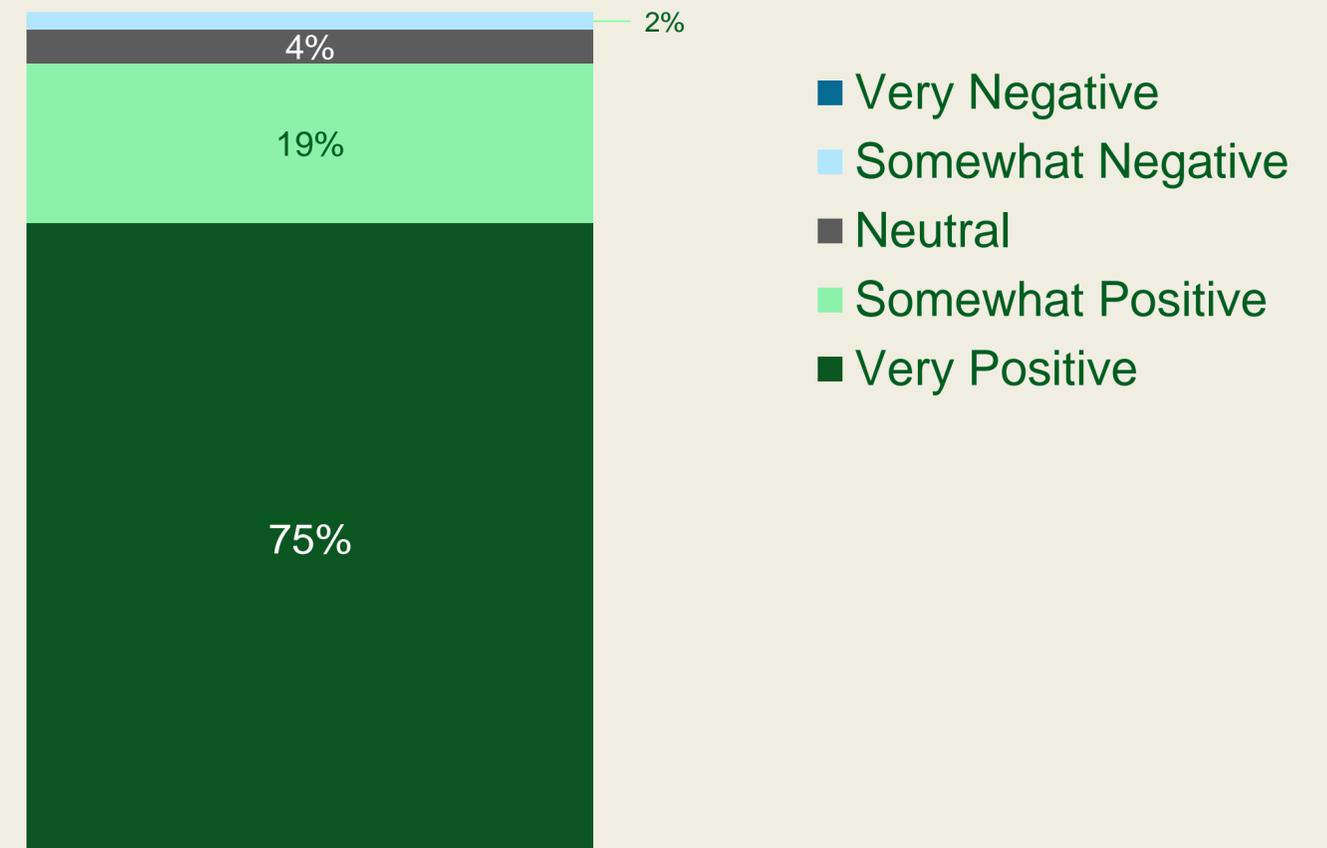


Women Small Business Owners: Maintaining a Can-Do Attitude for 2025

Over the next year, women confirm they are confident about their business' resilience yet cautious when it comes to the impacts of the economy - citing major barriers for women looking to start a business, especially BIPOC women.

- Nearly all applicants (94%) express being 'somewhat' to 'very' positive about 2025.
- 75% of women express they are "very positive" about the financial resilience of their Business.
- While respondents express confidence in the financial future of their business, some acknowledge they may be forced to cut expenses (44%) and raise prices in the next 6-12 months due to inflation (39%).

How Positive Are You About Your Businesses' Financial Future?





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About H&R Block

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