

# 2023 Mid-Sized Business Owner Report





# Letter from Raul Anaya, President of Business Banking

I am proud to present the 2023 Mid-Sized Business Owner Report, the first of its kind from Bank of America. This survey explores the perspectives, aspirations and future outlooks of mid-sized business owners (or MSBOs) across the country. MSBOs are essential to the U.S. economy, and our report finds that they feel well-positioned for growth in the coming year. Preparation, optimism and flexibility are vital for business owners in 2023, with investment in workforce and digital transformation topping the list of priorities to remain resilient and strong.

We have seen unparalleled macroeconomic events, including inflation, the threat of a recession and supply chain challenges. Despite these uncertainties, MSBOs maintain a positive business outlook, and over 70% believe their revenue will increase and are planning to hire over the next 12 months. Even in a tight labor market, MSBOs are also remaining competitive by investing in their talent through increased paid time off (39%), additional healthcare benefits (37%) and enhanced retirement benefits (34%).

While the digital landscape is complex and fast-moving, our survey found that digitization is the new normal – 90% of MSBOs have adopted digital tools over the past year. We expect that trend to continue in the coming year since doing so has helped them increase customer satisfaction (43%), manage cash flow (43%) and stay organized (41%). Tuning into the latest innovations continues to help MSBOs create efficiencies and manage risk, while giving them a competitive edge.

As these companies change and grow over time, Bank of America is positioned to provide business owners with insights, expertise, and solutions to help them succeed.

## **Methodology**

Ipsos Public Affairs conducted the Bank of America 2023 Mid-Sized Business Owner survey online between May 3 and May 12, 2023, using a pre-recruited online sample of business owners. Ipsos contacted a national sample of 301 medium-sized business owners in the United States with annual revenue between \$5,000,000 and \$49,999,999 and employing between two and 499 employees. The final results were weighted to national benchmark standards for size, revenue and region.

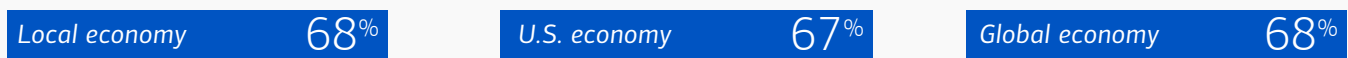
# Business & Economic Outlook

Despite an uncertain economic landscape, mid-sized business owners (MSBOs) maintain a positive business outlook.

Over the next 12 months:

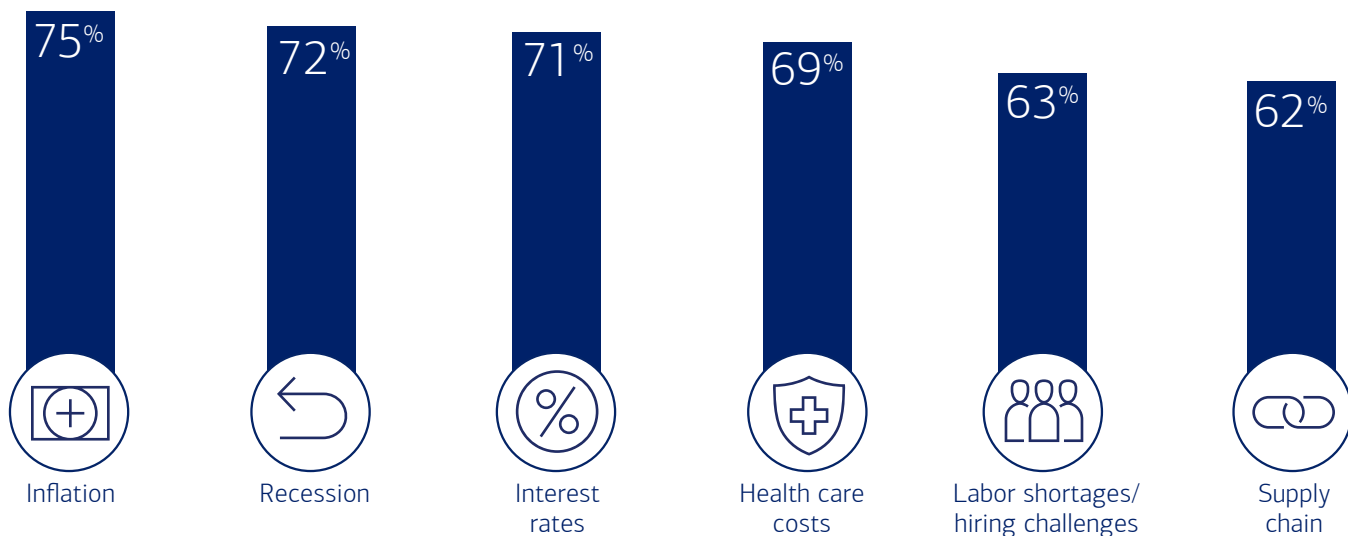


MSBOs are confident that economies will improve.



However, MSBOs remain concerned about key economic factors such as inflation, the threat of a recession, interest rates and other issues that impact their businesses.

Concerns in the next 12 months\*

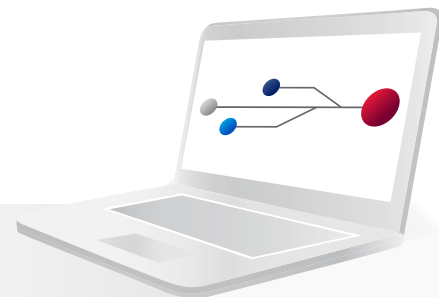
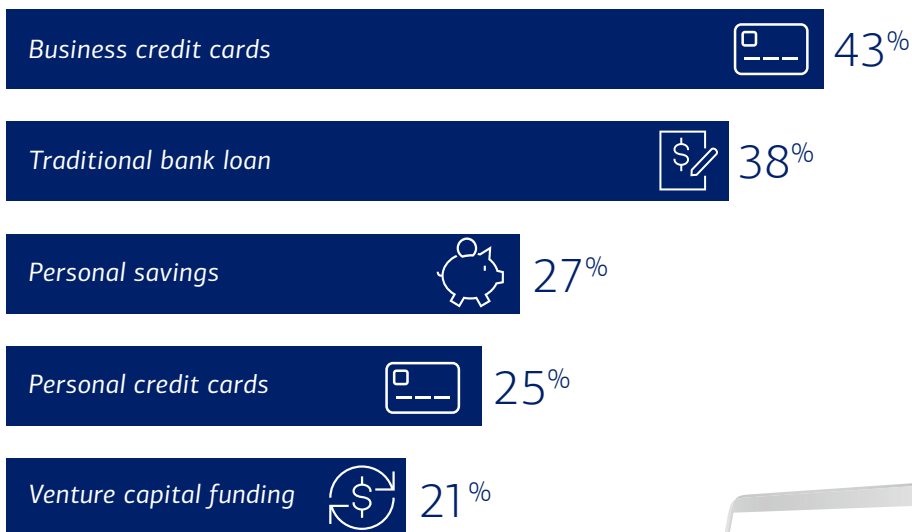


\*From May 2023

# Investing in Their Businesses



Of those MSBOs, their top sources of funding are:

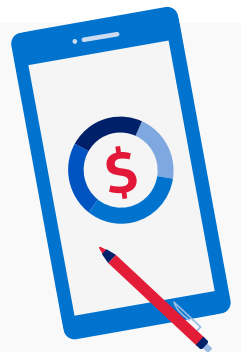
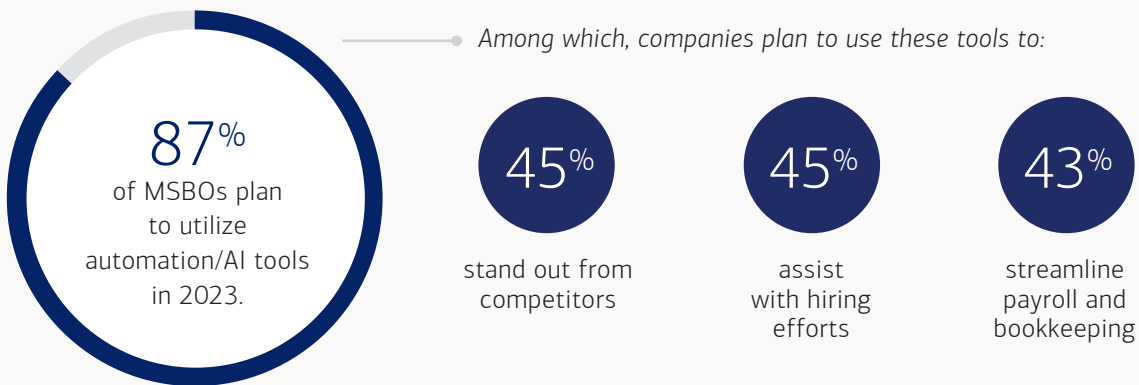


They plan to use this money to:

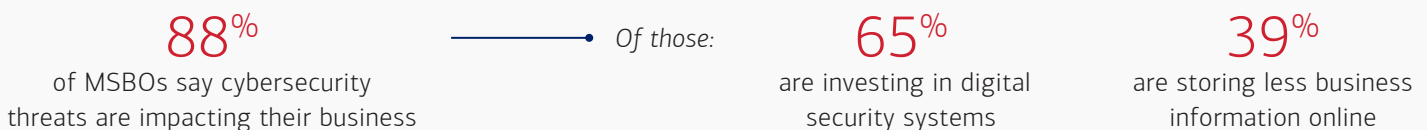


# Digitization

Businesses that have adopted digital strategies experience positive outcomes and higher overall efficiency.



Businesses are using and expect to use more digital payments.



# Attracting & Retaining Employees

Employees are the most valuable assets of any company, but many businesses are struggling to retain existing and attract new talent. Of MSBOs who say labor shortages are impacting their business, they are:



raising wages to attract more competitive talent

41%



reducing the products/ services they offer

37%



and working more hours

36%



MSBOs looking to *retain* talent are:



Increasing vacation/paid time off

39%



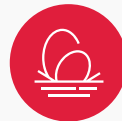
offering cost-of-living bonuses

38%



providing additional health-care benefits

37%



offering enhanced retirement benefits

34%

78%

of MSBOs have seen a meaningful impact in employee morale and/or retention as a result of these added benefits.



MSBOs looking to *attract* new employees are:



Increasing salaries

43%



Increasing vacation/paid time off

40%



Providing enhanced retirement benefits

36%



Introducing new employee training or resource groups

34%