

## Survey Toplines

Digital transformation: Small businesses face obstacles, opportunities in utilizing digital accounting software

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Download the full report from our website: <https://smallbusinessmajority.org/our-research/digital-transformation>

## Methodology

The survey reflects the opinions of 1043 small business owners and decision-makers from Small Business Majority's network and SurveyMonkey respondents between July 11, 2023, through September 11, 2023. The margin of error is +/- 3%.

**1. Are you the owner of a small or medium-sized business, or do you manage the business' operations?**

Yes, owner .....	82%
Yes, manage operations .....	18%

**2. How many people does your company/organization employ including yourself? Please include full-time and part-time employees, but do not include independent contractors.**

Self-employed .....	36%
Small business, fewer than 10 employees .....	29%
Small business, 10-24 employees.....	14%
Small business, 25-49 employees .....	7%
Small business, 50-74 employees .....	6%
Small business, 75-100 employees.....	7%
Small business, more than 100 employees .....	0%

**3. Please select the industry of your business.**

Agriculture and Mining.....	4%
Consulting and Business Services .....	11%
Education and Youth Services .....	7%
Energy and Utilities .....	2%
Engineering.....	2%
Food and Beverage.....	7%
Healthcare, Pharmaceuticals and Biotech .....	6%
Health, Beauty, and Fitness .....	5%
Insurance and Financial Services .....	4%
Manufacturing .....	6%

Media and Entertainment.....	4%
Nonprofit .....	2%
Real Estate and Construction .....	8%
Retail.....	10%
Service and Consumer Services .....	8%
Software and Internet .....	2%
Technology, Computers and Electronics .....	5%
Telecommunications.....	1%
Transportation and Storage.....	2%
Travel, Recreation and Leisure .....	1%
Wholesale and Distributors .....	3%

**4. How long has your business been operating?**

More than 10 years .....	44%
Six to 10 years .....	27%
Two to five years .....	27%
Less than two years.....	3%

**5. What is your business' annual revenue?**

Less than \$25,000 .....	21%
\$25,000-\$49,999.....	13%
\$50,000-\$99,999 .....	14%
\$100,000-\$249,999 .....	16%
\$250,000-\$499,999 .....	12%
\$500,000-\$999,999 .....	11%
Over \$1 million .....	9%
Prefer not to say.....	3%

**6. How optimistic or pessimistic are you about your business prospects over the next 6 months?**

Very optimistic.....	41%
Somewhat optimistic .....	30%
Neutral .....	16%
Somewhat pessimistic.....	7%
Very pessimistic .....	5%

**7. In the past three months, have your revenues, expenses and headcount increased, decreased or stayed the same?**

	Increased	Decreased	Stayed the same
Revenues.....	46%	22%	32%
Expenses .....	56%	16%	28%
Headcount.....	30%	12%	58%

**8. Do you believe you ever faced barriers accessing financial systems and services (ex. denied a loan or trouble opening a bank account) based on the following? (Select all that apply)**

Race/ ethnicity .....	22%
Socio-economic status .....	23%
Gender identity .....	16%
Language.....	12%
Digital literacy.....	12%
Immigration status .....	10%
Mental or physical impairment.....	8%
None of the above .....	50%

**9. To your knowledge, have you ever been denied accessing financial systems and services (ex. denied a loan or trouble opening a bank account) based on the following? (Select all that apply)**

Low credit score .....	31%
Insufficient collateral .....	28%
Too much outstanding debt .....	24%
Lack of sufficient personal identification.....	13%
Insufficient proof of ability to repay a debt.....	14%
None of the above .....	41%

**10. How confident do you feel in your ability to manage your personal finances effectively?**

Very confident.....	60%
Somewhat confident .....	34%
Not very confident .....	5%
Not confident at all .....	1%

**11. How confident do you feel in your ability to manage your business finances effectively?**

Very confident.....	56%
Somewhat confident .....	35%
Not very confident .....	8%
Not confident at all .....	1%

**12. How confident are you in your ability to make sound financial decisions for your business?**

Very confident.....	60%
Somewhat confident .....	33%
Not very confident .....	6%
Not confident at all .....	1%

**13. Have you ever taken any courses or workshops to improve your financial literacy?**

Yes.....	62%
No.....	32%
Unsure / Don't remember.....	6%

- 14. How often do you review your financial statements and reports to track your business's financial performance?**
- |                             |     |
|-----------------------------|-----|
| Daily.....                  | 21% |
| Weekly .....                | 34% |
| Every couple of weeks ..... | 13% |
| Monthly.....                | 19% |
| Quarterly.....              | 8%  |
| Yearly .....                | 3%  |
| Never.....                  | 2%  |
- 15. How familiar are you with basic accounting principles, such as income statements, balance sheets, and cash flow statements?**
- |                          |     |
|--------------------------|-----|
| Very familiar .....      | 53% |
| Somewhat familiar.....   | 39% |
| Not very familiar.....   | 8%  |
| No familiar at all ..... | 1%  |
- 16. Do you have a dedicated bookkeeper who tracks your day-to-day financial transactions?**
- |                                    |     |
|------------------------------------|-----|
| I have a dedicated bookkeeper..... | 40% |
| I keep my own books.....           | 60% |
- 17. Do you have a dedicated accountant who files your taxes and prepares financial statements?**
- |                                    |     |
|------------------------------------|-----|
| I have a dedicated accountant..... | 61% |
| I do my own accounting.....        | 39% |
- 18. Have you ever encountered the following financial challenges in running your business? (Select all that apply)**
- |  |     |
|--|-----|
| Cash flow management and maintaining adequate liquidity .....      | 38% |
| Securing funding or accessing capital for business operations..... | 30% |
| Managing and reducing business expenses .....                      | 36% |
| Dealing with late or non-payment from customers or clients .....   | 37% |
| Forecasting and budgeting effectively .....                        | 26% |
| Understanding and complying with tax obligations .....             | 27% |
| Pricing products or services competitively .....                   | 28% |
| Managing debt or loan repayments .....                             | 16% |
| Coping with unexpected financial emergencies or crises .....       | 24% |
| Other .....  | 3%  |
| None of the above .....  | 12% |

- 19. Do you use financial accounting software for your business, not including a point-of-sale (POS) system?**
- Yes..... 66%
- No..... 34%
- 20. Which of the following financial accounting software do you currently use for managing your business finances?** (Asked of those using financial accounting software. N=685)
- QuickBooks..... 69%
- Xero ..... 11%
- Zoho Books ..... 8%
- FreshBooks ..... 8%
- Wave ..... 4%
- 21. How long have you been using the online financial accounting tool?** (Asked of those using financial accounting software. N=685)
- Less than a year ..... 18%
- 1 to 3 years ..... 39%
- More than 3 years ..... 43%
- 22. What were the main factors that influenced your decision to implement new financial accounting practices during the Covid-19 pandemic?** (Select all that apply) (Asked of those who implemented financial accounting software during pandemic. N=265)
- The business was just starting ..... 36%
- Need for more accurate financial reporting and forecasting ..... 52%
- Changes in revenue streams or business operations ..... 37%
- Government or regulatory requirements ..... 25%
- Availability of government assistance programs ..... 27%
- Cost-cutting measures or cash flow management ..... 31%
- Enhanced risk management or compliance measures..... 11%
- 23. As a result of setting up your new financial accounting system, did any of the following occur?** (Select all that apply) (Asked of those using financial accounting software. N=642)
- Revenue increased ..... 40%
- Better able to manage client billing / invoicing ..... 68%
- Became more confident in ability to make financial decisions ..... 42%
- 24. Did you seek any of the following assistance when setting up your online financial tool?** (Select all that apply) (Asked of those using financial accounting software. N=641)
- From family, friends or peers ..... 39%
- From the software provider ..... 55%
- From a third-party contractor or accountant ..... 40%
- Hired additional full or part-time staff ..... 12%

**25. Which features of your online financial accounting tool do you find most beneficial?**

(Select all that apply) (Asked of those using financial accounting software. N=676)

Invoicing and billing .....	52%
Expense tracking.....	56%
Bank account integration.....	49%
Financial reporting .....	51%
Payroll management .....	40%
Inventory management.....	25%
Time tracking.....	14%

**26. How satisfied are you with the user interface and overall usability of the online financial accounting tool?** (Asked of those using financial accounting software. N=685)

Very satisfied.....	43%
Satisfied .....	40%
Neutral .....	13%
Dissatisfied.....	3%
Very dissatisfied.....	1%

**27. How has the financial accounting software improved your business's financial management?** (Select all that apply) (Asked of those using financial accounting software. N=671)

Streamlined bookkeeping processes .....	51%
Improved accuracy in financial records.....	62%
Enabled better financial planning and budgeting.....	46%
Facilitated easier collaboration with accountants or bookkeepers .....	40%
Provided real-time access to financial data .....	26%

**28. Have you encountered any challenges or limitations while using the online financial accounting tool?** (Asked of those using financial accounting software. N=685)

Yes.....	60%
No.....	40%

**29. Have you sought customer support from the financial accounting tool's provider?** (Asked of those using financial accounting software. N=685)

Yes.....	67%
No.....	33%

**30. How would you rate the level of customer support provided by the financial accounting tool's provider?** (Asked of those using financial accounting software and sought support. N=463)

Excellent .....	48%
Good.....	34%
Average .....	15%
Poor.....	2%
Very poor .....	1%

**31. What are the main reasons why your small business does not use accounting software?**  
(Select all that apply) (Asked of those not using financial accounting software. N=334)

Lack of awareness about accounting software options .....	20%
Cost of accounting software .....	42%
Difficulty in learning and implementing accounting software .....	25%
Prefer manual methods or existing systems .....	44%
Lack of time to research and set up accounting software .....	23%
Concerns about data security and privacy .....	21%

**32. What are the main advantages of manual methods for your business?** (Select all that apply) (Asked of those using manual methods. N=51)

Familiarity and comfort with current methods .....	63%
Ability to customize processes to specific business needs .....	41%
Control over data and operations .....	41%
Easier collaboration with team members .....	16%
Lower cost compared to accounting software.....	41%

**33. What manual system(s) do you use?** (Select all that apply) (Asked of those using manual methods. N=51)

Cash register .....	18%
Excel spreadsheets.....	45%
Paper ledger .....	49%
Existing bank statements.....	59%

**34. Have you ever taken a class or consulted with a business advisor on how to set up accounting software for your business?**

Yes.....	48%
No.....	52%

**35. How valuable did you find the training?** (Asked of those who received assistance. N=498)

Very valuable .....	57%
Somewhat valuable .....	32%
Not very valuable .....	9%
Not valuable at all .....	2%
Unsure / Don't remember.....	1%

**36. What is the main reason why you have not sought outside assistance in setting up online accounting tools?** (Asked of those who did not receive assistance. N=545)

Don't know of existing resources .....	15%
Don't want or need to learn .....	31%
Concerned about cost of class / consultation.....	29%
Don't feel confident in my digital literacy skills.....	6%
Don't have enough time.....	19%

**37. Do you use a point of digital sale (POS) system, which allows you to record payments, issue receipts and track sales electronically?**

Yes..... 57%  
No..... 43%

**38. How long have you been using the POS system?** (Asked of those using POS. N=594)

Less than a year ..... 20%  
1 to 3 years ..... 44%  
More than 3 years ..... 36%

**39. What were the main factors that influenced your decision to implement a new POS system during the Covid-19 pandemic?** (Select all that apply) (Asked of those who implemented POS during pandemic. N=258)

The business was just starting ..... 42%  
Need for more accurate financial reporting and forecasting ..... 50%  
Changes in revenue streams or business operations ..... 38%  
Government or regulatory requirements ..... 26%  
Availability of government assistance programs ..... 25%  
Cost-cutting measures or cash flow management ..... 24%  
Enhanced risk management or compliance measures ..... 15%

**40. How has the use of POS software positively impacted your business?** (Select all that apply) (Asked of those using POS. N=589)

Faster and more efficient checkout process ..... 70%  
Improved inventory management and tracking ..... 49%  
Enhanced customer experience and satisfaction ..... 51%  
Streamlined sales reporting and analysis ..... 42%  
Integrated payment processing options ..... 38%  
Enabled loyalty programs or promotions ..... 15%

**41. Have you encountered any challenges or difficulties when using POS software?** (Select all that apply) (Asked of those using POS. N=541)

Technical issues or software glitches ..... 45%  
Integration problems with other business systems ..... 33%  
Limited customization options for specific business needs ..... 38%  
Cost of software and ongoing maintenance ..... 41%  
Insufficient customer support from the software provider ..... 23%  
Staff training and adoption of the new system ..... 15%



**42. How has the combination of digital accounting and POS software benefited your business operations as a whole?** (Asked of those using POS. N=583)

Improved overall efficiency and productivity .....	57%
Enhanced financial visibility and control .....	49%
Simplified reporting and decision-making processes .....	50%
Increased customer satisfaction and loyalty .....	38%
Improved inventory management and cost control.....	22%

**43. How would you rate the overall impact of your digital accounting and POS software on your business?** (Asked of those using POS. N=594)

Very impactful.....	55%
Somewhat impactful .....	32%
Neutral .....	11%
Not very impactful .....	2%
Not impactful at all .....	0%

**44. Why don't you have a POS system?** (Select all that apply) (Asked of those without POS. N=424)

POS system is not relevant to my business .....	55%
Lack of awareness about POS system options .....	14%
Cost of POS systems.....	20%
Difficulty in learning and implementing POS system.....	12%
Prefer manual methods or existing systems .....	20%
Lack of time to research and set up POS system.....	12%
Concerns about data security and privacy .....	11%

**45. Do you identify with any of the following racial or ethnic groups?** (Select all that apply)

Asian, Asian American, East Asian, South Asian, and/or Southeast Asian .....	8%
Black, African or African American .....	19%
Hispanic, Latino/a or Spanish Origin .....	13%
Middle Eastern or North African .....	2%
Native American or Alaska Native .....	5%
Native Hawaiian or Other Pacific Islander .....	1%
White or Caucasian .....	65%
Prefer not to answer.....	4%

**46. Age**

< 18 .....	0%
18-29 .....	15%
30-44.....	32%
45-60.....	31%
> 60.....	22%

#### 47. Gender

Male .....	54%
Female.....	46%
Non-binary.....	0%
A gender not listed here .....	0%
Prefer not to answer.....	0%

#### 48. Household Income

\$0-\$9,999 .....	10%
\$10,000-\$24,999.....	7%
\$25,000-\$49,999.....	16%
\$50,000-\$74,999.....	15%
\$75,000-\$99,999.....	12%
\$100,000-\$124,999 .....	9%
\$125,000-\$149,999 .....	6%
\$150,000-\$174,999 .....	6%
\$175,000-\$199,999.....	3%
\$200,000+.....	10%
Prefer not to answer.....	5%

#### 49. Region

East North Central .....	13%
East South Central .....	5%
Middle Atlantic .....	21%
Mountain .....	7%
New England.....	4%
Pacific.....	14%
South Atlantic .....	22%
West North Central .....	5%
West South Central .....	11%