

Micro Is Better For Business In The Recession

Contributed by FreeAgent Central
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Small and new businesses are the best models for success in the financial downturn according to a report published by FreeAgent Central today.

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Conducted by the online accounting service for freelancers and small businesses, the first Freelancer Report 2009 aims to capture the common financial experiences and attitudes of small businesses and freelancers.

It highlights that working in and with micro businesses is the best arrangement during times of economic instability, while new businesses are also succeeding with companies set up in the last year doing far better than their older counterparts.

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Clearly more and more people are attracted to the entrepreneurial spirit, independence, freedom and flexibility offered as a freelancer or owner of a micro business.

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With over 500 people taking part from all different industries, FreeAgent categorised and analysed responses to the survey, gathering insights into the effect of the credit crunch.

Ed Molyneux, CEO of FreeAgent Central says:

“Smaller businesses are the engine room of the economy and these results are very reassuring. If these new businesses are optimistic and doing good business, this should have a great impact on our overall economy.”

The detailed findings show 36% of small businesses were very optimistic about the future with better anticipated earnings, compared to less than 10% of contractors.

Working with other smaller businesses is also more profitable as nearly half the respondents who have large companies as clients (those with more than 500 employees) thought their earnings would go down this year, compared to fewer than a third who don't work with those kinds of clients.

Put alongside companies up to and beyond 10 years old, businesses set up less than a year ago have been impacted least by the credit crunch, the best anticipated earnings and are the most optimistic for the future.

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On the whole, despite the negative financial climate, two-thirds of contributors reported that their business income has either stayed the same, slowed a little or in some instances has even increased.

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Looking at sector specific results, 60% of respondents in Graphic or Web Design thought that business this year would be the same or stronger than last year compared to only a third of those in IT/Business Consultancy, Journalism or Finance/Accounting.

Respondents were also twice as likely (28%) to be very optimistic about the future of their businesses if they used online accounting software than if they left all the numbers to their accountant (14%).

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FreeAgent Central is an independent software company, pioneering online accounting specifically for small businesses and freelancers.

It recently completed its first round of funding and was nominated in the Best Enterprise / B2B Startup category at the TechCrunch Europa Awards.

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