

State of **Entrepreneurship** Report 2026

Start, run, & grow your own business

Foreword

Over the past decade, I've watched nearly a million entrepreneurs start their businesses through ZenBusiness. I've seen what makes them take the leap, what keeps them going when it gets hard, and what it looks like when it finally clicks. That's the lens I bring to this report.

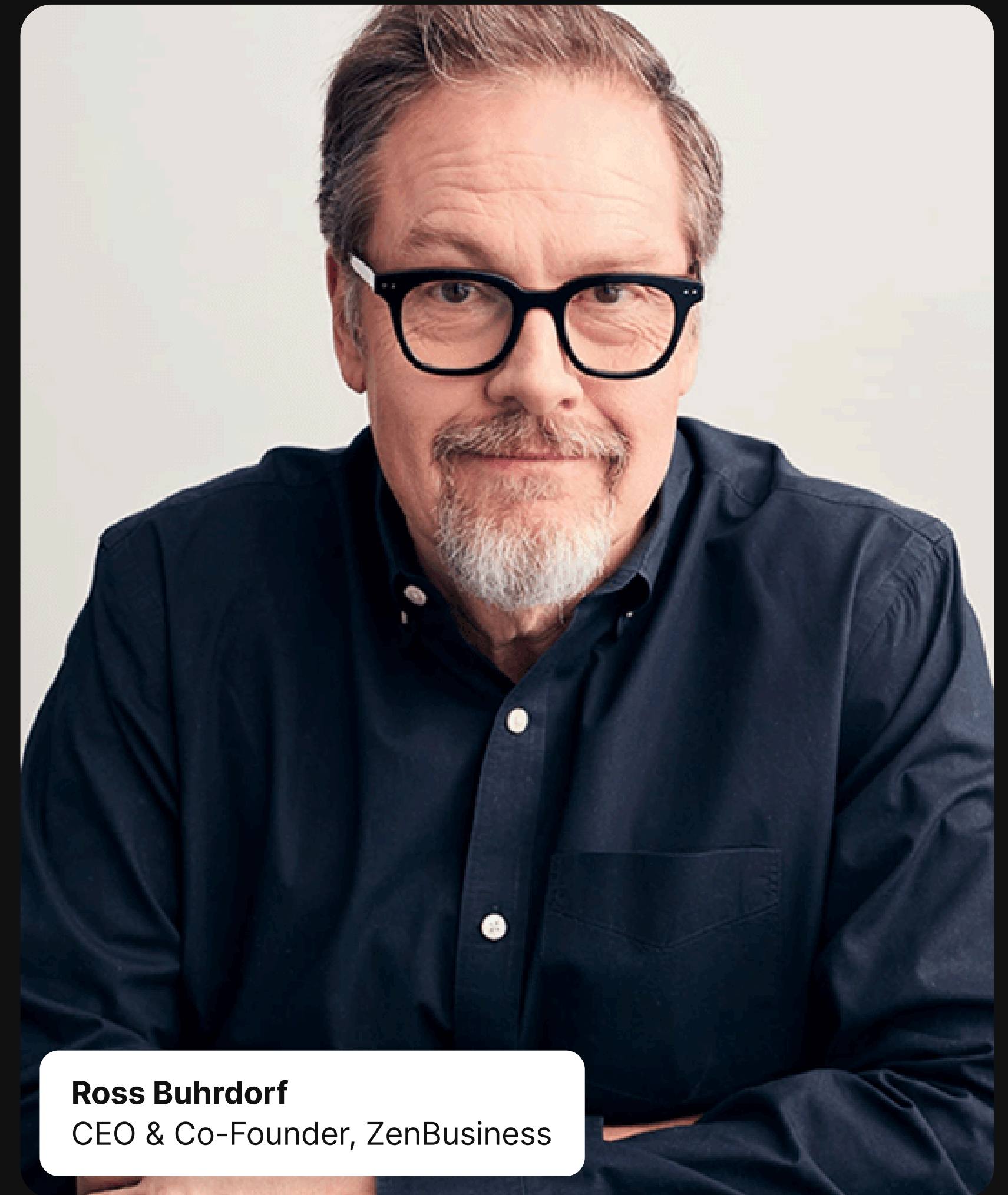
We surveyed founders and aspiring entrepreneurs across the U.S. and the findings say that the majority of entrepreneurs who start businesses do it because they genuinely want to. Not because they got laid off. Not because they hit rock bottom at a corporate job, but because they had an idea they believed in, or woke up one day and decided it was time.

That's a meaningful shift from the story that has traditionally been told about entrepreneurship – that it takes desperation or someone with nothing to lose. Today's small business owners are choosing deliberately. They're self-funding, defining success on their own terms, and increasingly, using AI to close the gap between what they can imagine and what they can actually build.

We're at an inflection point. The barriers that used to keep people on the sidelines—not enough money, not enough expertise, not enough time—are coming down quickly. A first-time entrepreneur today has access to tools that didn't exist five years ago. The playing field isn't level yet, but it's getting there.

This report provides a glimpse into what entrepreneurship looks like today. It breaks down the day-to-day reality of balancing confidence in what you're building, external pressures, and the determination that defines the people building something from the ground up.

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SECTION 01

How Today's Entrepreneurs Are Building: AI, Social Media, and the Tools of the Intentional Founder

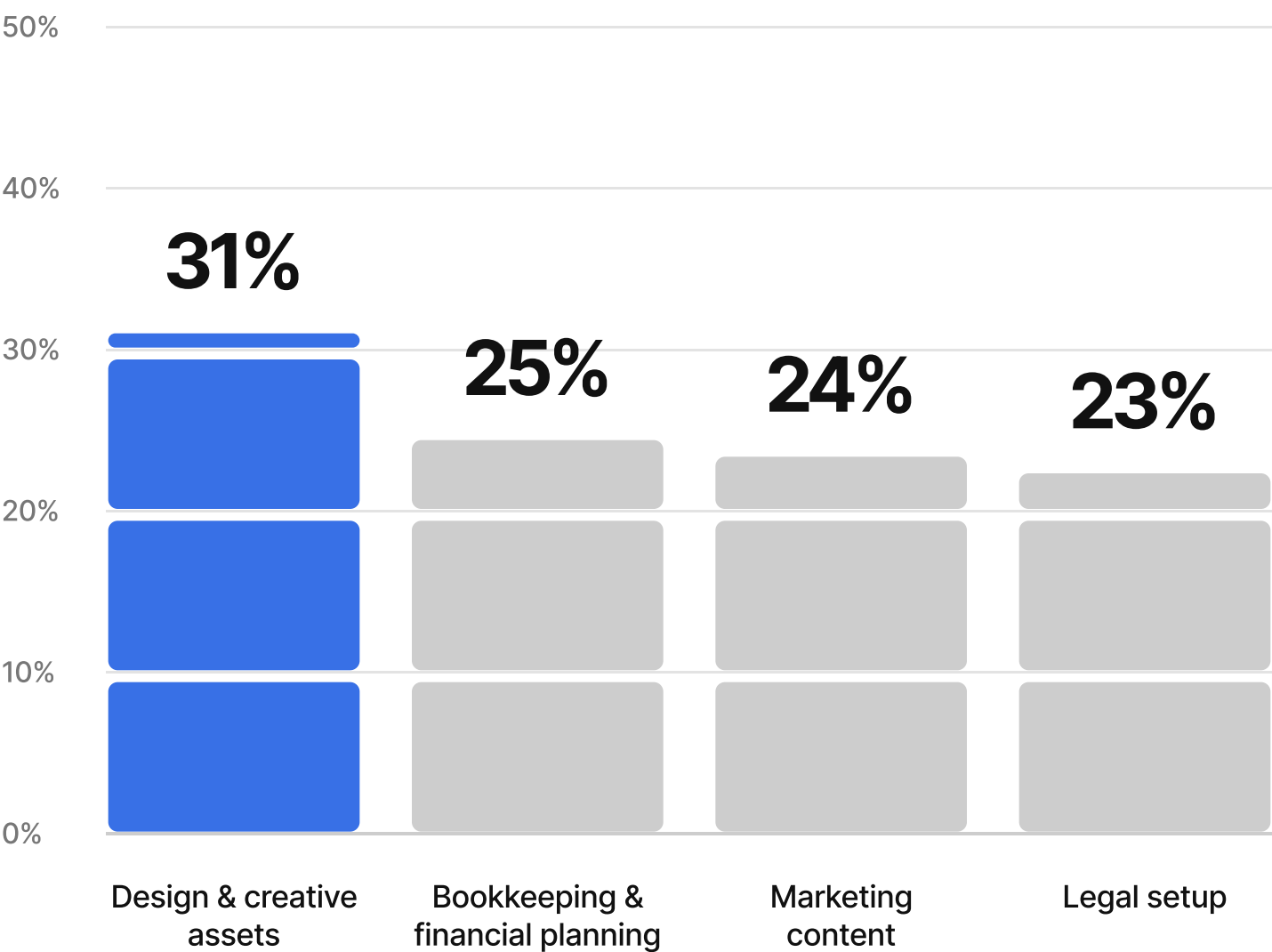
A new toolkit is powering a new kind of business owner

AI's promise to level the playing field for small businesses is no longer theoretical. More than a quarter (**26%**) of Gen Z founders say AI tools directly inspired them to start a business, nearly three times the overall rate of **9%**. For a generation that grew up with technology as infrastructure, AI is a foundation.

Beyond inspiration, three-quarters (**75%**) of entrepreneurs have already used AI for at least one core business function. Among them, **55%** report saving up to \$1,000 using AI tools, and **25%** estimate they've saved even more. For **23%**, AI is the only reason they can compete with larger companies.

The most common AI use cases span a wide range of business needs. Entrepreneurs are turning to AI for design and creative assets (**31%**), bookkeeping and financial planning (**25%**), marketing content (**24%**), and legal setup (**23%**).

WHERE ENTREPRENEURS USE AI
% of 1,000 founders surveyed.



26% of Gen Z founders say AI tools directly inspired them to start a business, nearly 3× the overall rate of 9%

SECTION 01

Age shapes AI strategies

When it comes to practical decisions like naming a business, **36%** of entrepreneurs overall have used or plan to use AI, rising to nearly half (**49%**) among those 55 and older. Across generations, AI is becoming the infrastructure layer of the intentional entrepreneur.

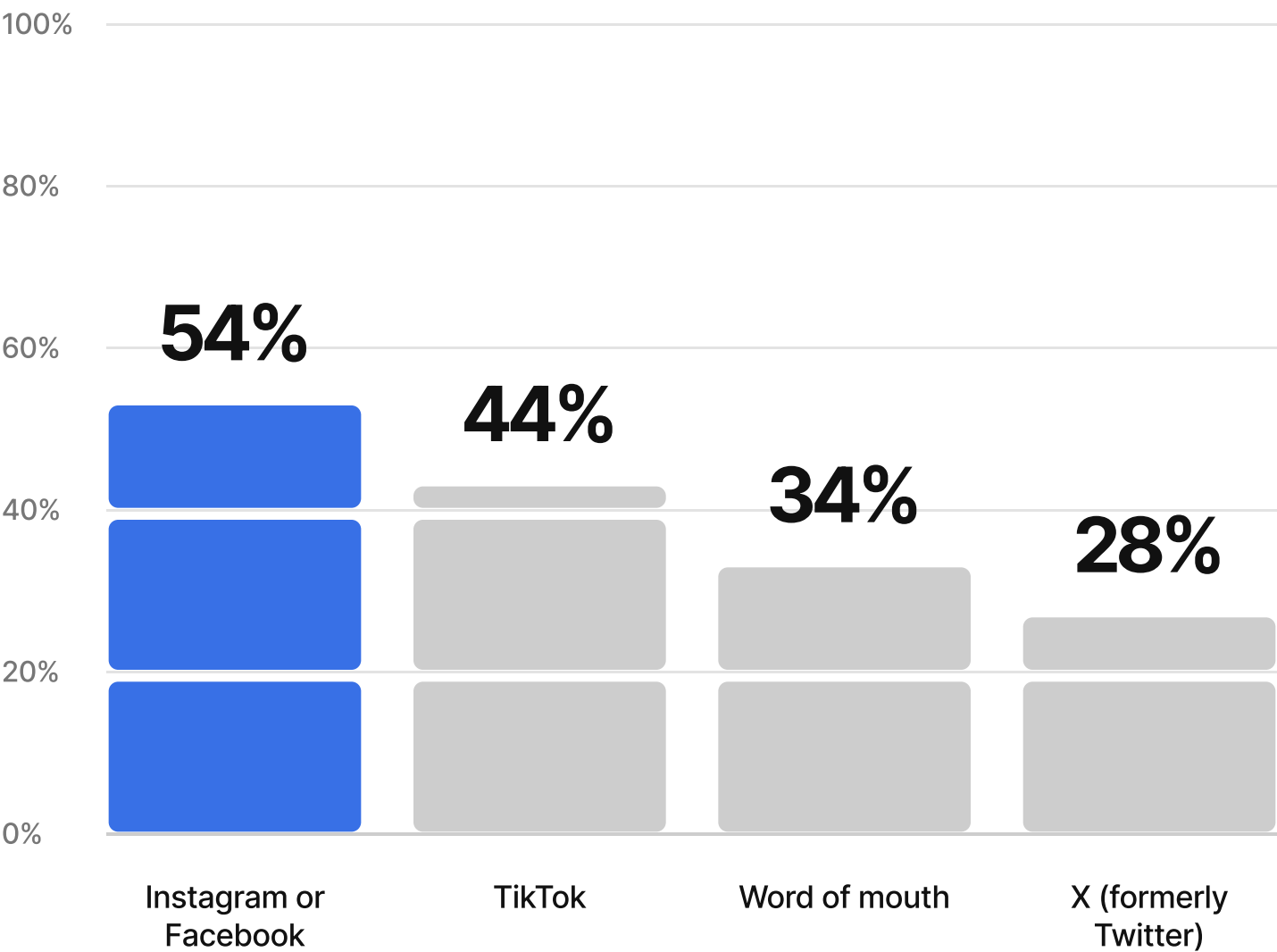
How they’re reaching customers is just as generationally divided

Social media has become a central pillar of small business advertising, but adoption varies dramatically by age. More than half of respondents (**54%**) advertise on Instagram or Facebook, and **44%** use TikTok, though that number jumps to **74%** among Gen Z entrepreneurs. X (formerly Twitter) is used by **28%** of overall respondents, compared to **52%** of Gen Z founders. Word of mouth remains a meaningful channel at **34%**, suggesting that personal trust and referrals carry weight regardless of platform.

Spending patterns reflect the same divide. Gen Z entrepreneurs are going all-in: **70%** spend more than half of their advertising budget on social media. But a significant minority (**20%**) spend nothing on social media ads, and **15%** haven’t started advertising at all.

WHERE FOUNDERS ADVERTISE

% of 1,000 founders surveyed. Multiple responses allowed.



70% of Gen Z entrepreneurs spend more than half of their advertising budget on social media

SECTION 02

Determining Whether AI is a Tool Or the Product

Founders are either leveraging AI or running on it in the background

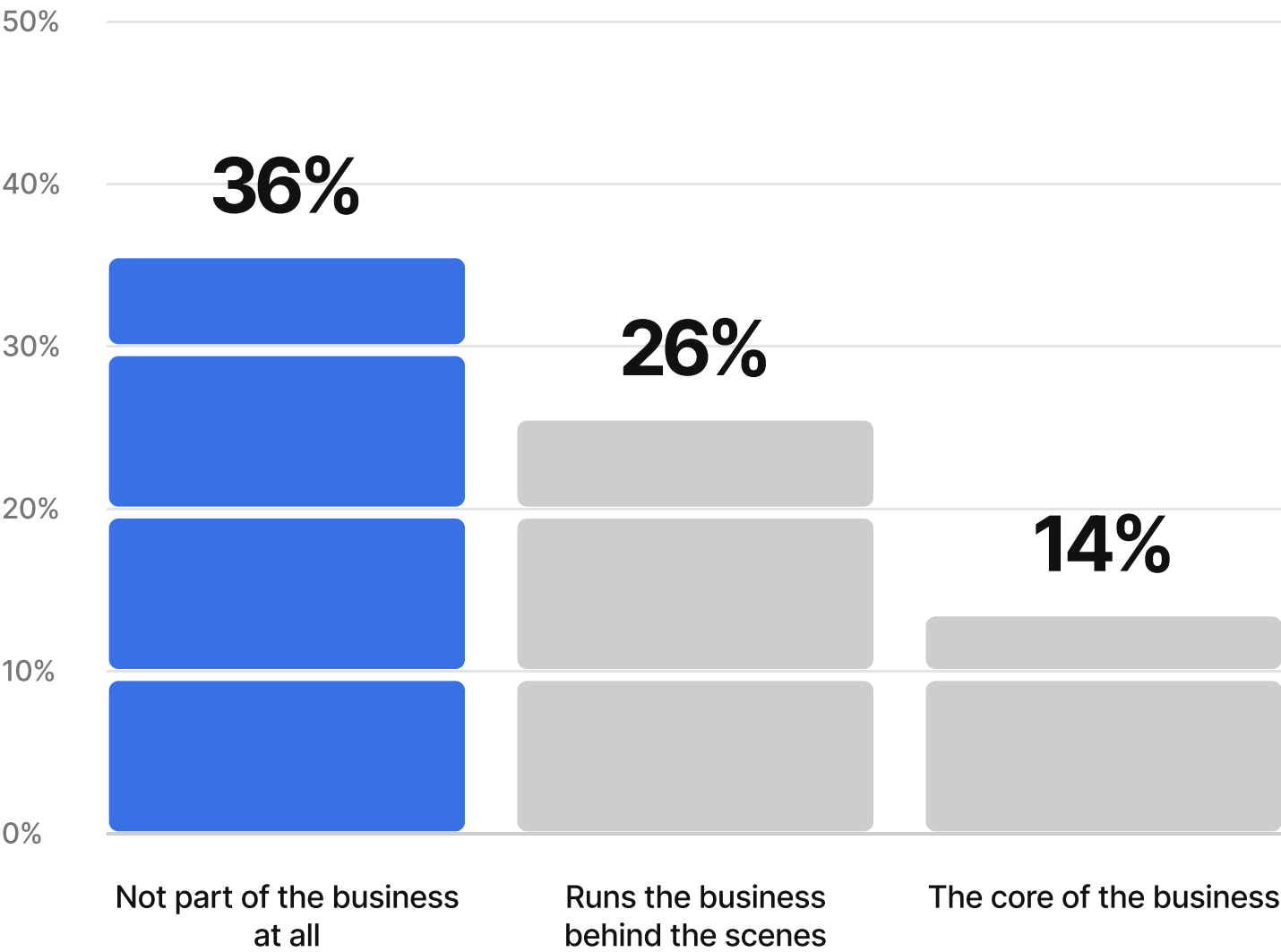
The line between using AI and being an AI company is thinner than it looks, but most founders land firmly on one side. Only **14%** say AI is the core of their business, while another **24%** call it a major part of what they offer.

For the majority, AI's role is behind the scenes: **26%** use it to run their business without it ever touching what customers actually get, and **36%** say AI isn't part of their business at all.



AI'S ROLE IN FOUNDERS' BUSINESSES

% of 1,000 founders surveyed.



24% of founders call AI a major part of what they offer customers

SECTION 03

Emotional Triggers Are Driving Life-Changing Career Moves

People aren’t being pushed into entrepreneurship, they’re choosing it

A common narrative about entrepreneurship is that it is created out of hardship, with layoffs, burnout, and dead-end jobs forcing people out the door and into business ownership. But when we surveyed 1,000 founders and aspiring entrepreneurs, they told us something different.

The two most common reasons people started their business were genuinely wanting to pursue an exciting idea **(23%)** and hitting a personal “now or never” inflection point **(23%)**. Among respondents aged 55 and older, that second trigger climbs to **31.6%**, suggesting that as people age, the urgency to act on ambitions becomes more acute.

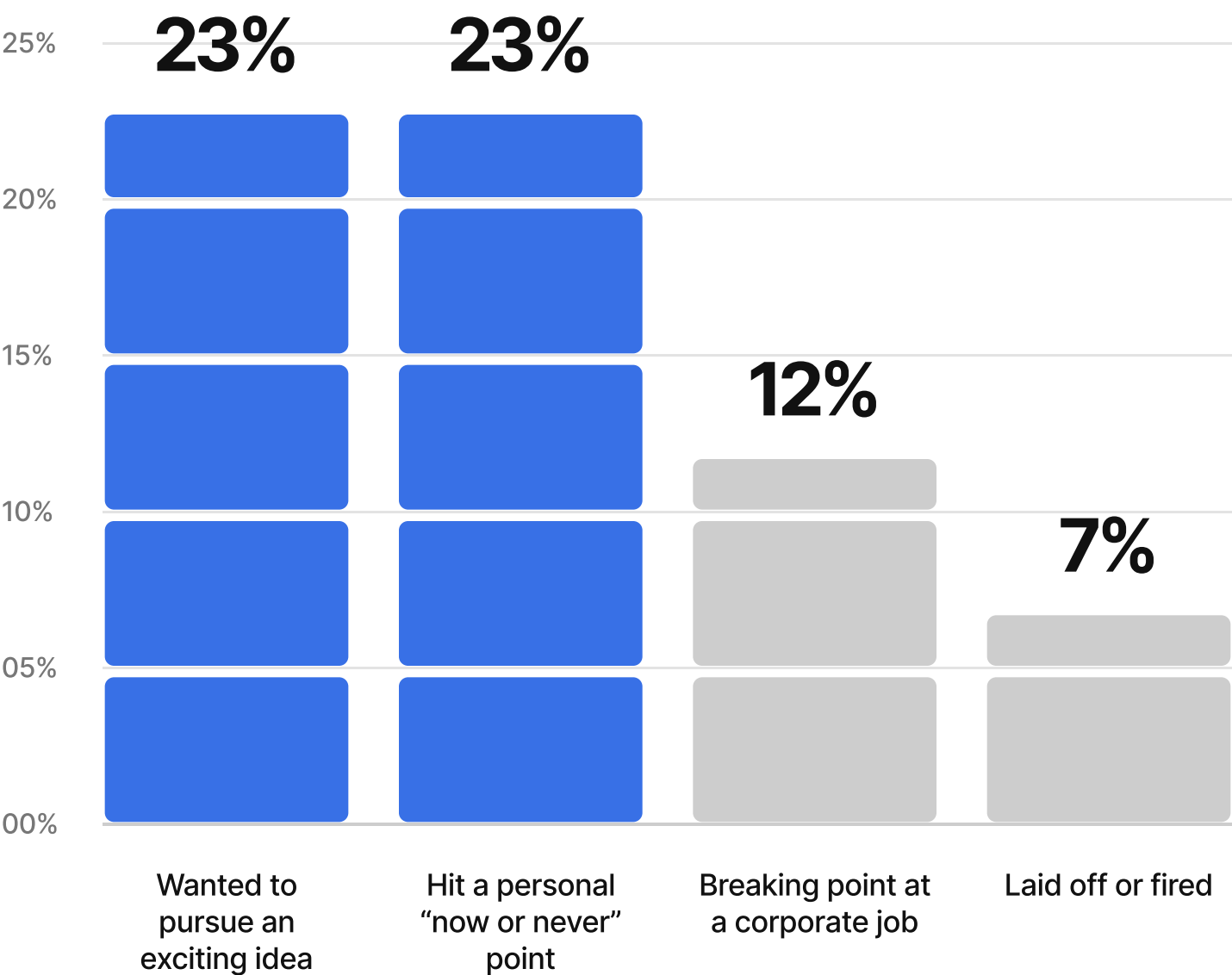
Only about **12%** of respondents said they reached a breaking point at a corporate job, and just **7%** were motivated by a layoff or firing. Entrepreneurship, for the majority, is a proactive choice, rather than a reactive one.

That said, timing weighs heavily on founders’ minds

Nearly half **(47%)** feel they should have started their business years earlier, while **30%** feel their timing was exactly right. Just **1%** say they wish they had taken the “safe” corporate path instead.

WHY FOUNDERS STARTED THEIR BUSINESS

% of 1,000 founders surveyed.



31.6% of founders 55+ started because it was now or never

SECTION 04

American Entrepreneurs Are Largely First-Timers

Most are starting their first business, and they’re ready

The American entrepreneurial wave isn’t being led by serial founders recycling past playbooks. It’s being driven by first-timers. A significant majority (**91%**) of entrepreneurs in our survey are first-time business owners, and **71%** are either actively launching or plan to do so within the next 12 months. Among those first-timers, **62%** say they’re confident, though **25%** admit they’re overwhelmed.

Only **9%** of respondents qualify as serial entrepreneurs with multiple businesses under their belts. The rest are navigating uncharted territory, and more than a quarter of them (**27%**) are Gen Z.

The industries attracting the most new entrants reflect the practical and accessible end of entrepreneurship: construction and home improvement (**11%**), making and selling goods (**11%**), and selling online (**11%**), all tied at the top.

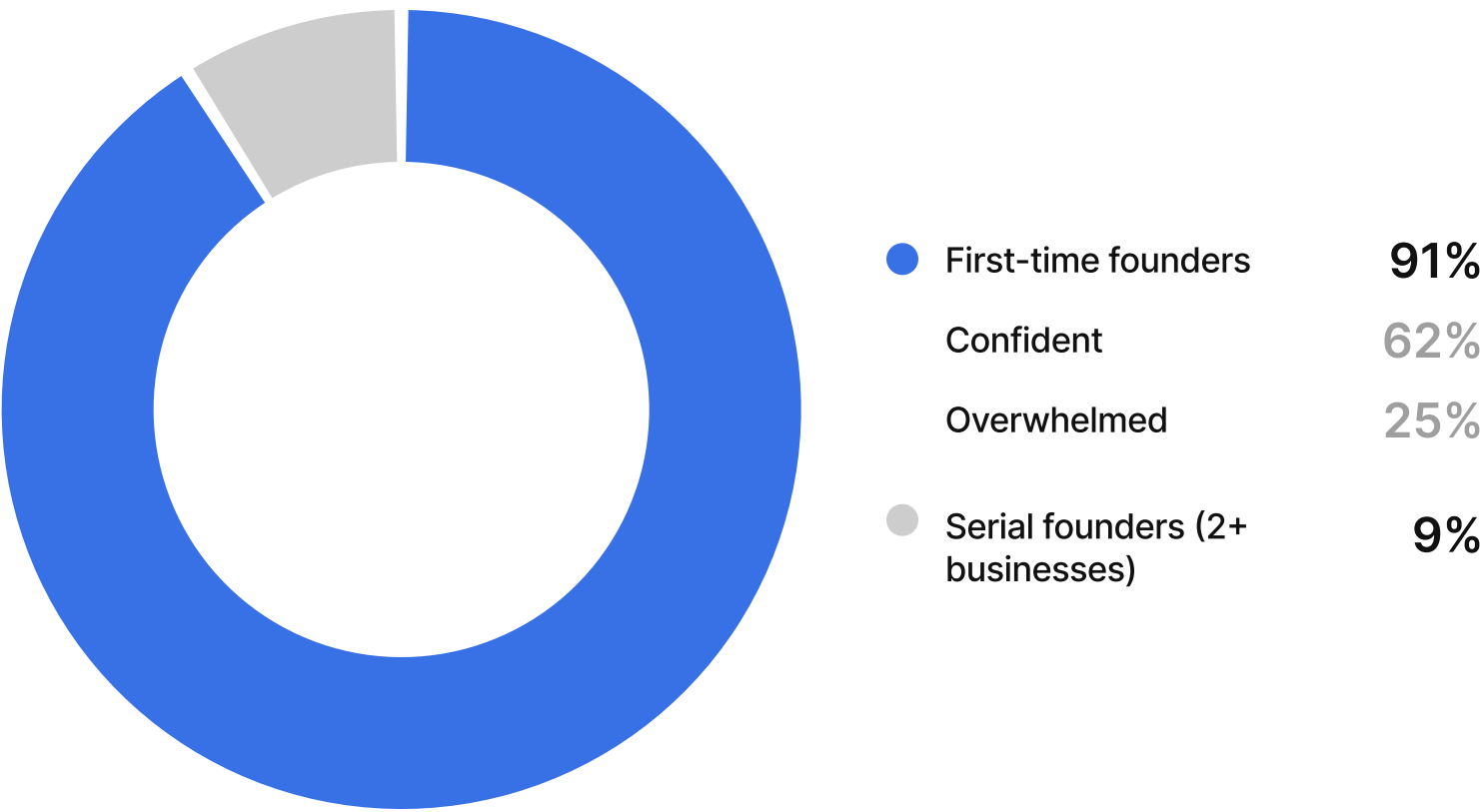
Gender and age play notable roles in how entrepreneurship unfolds

Among male respondents, **43%** currently own a business, compared to **28%** of women. Women, meanwhile, are more likely to be thinking ahead: **32%** say they plan to start a business “someday,” compared to **25%** of men.

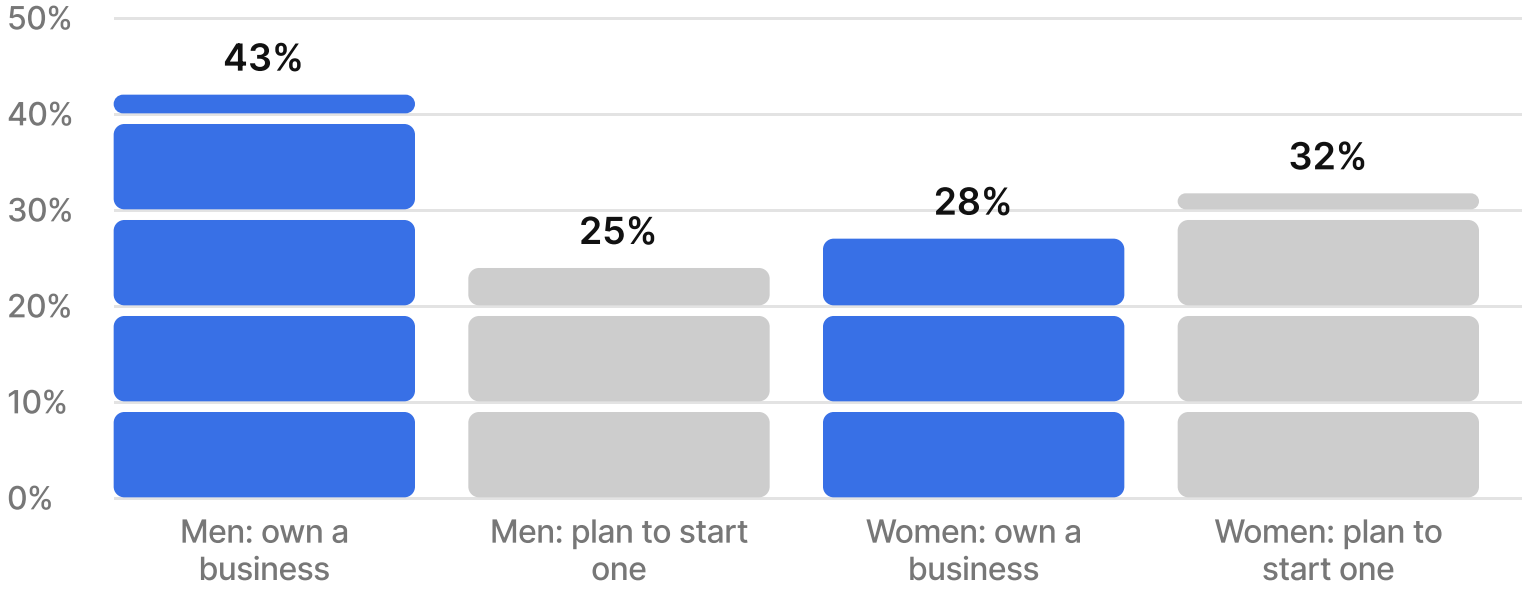
As for what holds people back, fear isn’t stopping most from getting started. Nearly a quarter (**24%**) of entrepreneurs say they’re not afraid at all. However, for those who do have fears, running out of money (**17%**) and letting down people who believed in them (**17%**) are the most commonly cited concerns.

WHO’S STARTING BUSINESSES

% of 1,000 founders surveyed. Confidence figures are among first-timers.



BUSINESS OWNERSHIP BY GENDER



SECTION 05

New Founders Are Under Serious Financial Pressure

Optimism is high, but the financial runway is short

The spirit of American entrepreneurship has always involved some degree of financial risk. But today’s business owners are working with particularly tight margins. Most **(68%)** expect to generate less than \$100,000 in first-year revenue, and nearly half **(42%)** say they need to be profitable within 12 months or they’ll have to walk away. Meanwhile, only **16%** are already profitable within the first year. That leaves the majority of founders navigating a critical early window, deciding where to cut costs, where to double down, and how long they can sustain the bet they’ve made on themselves.

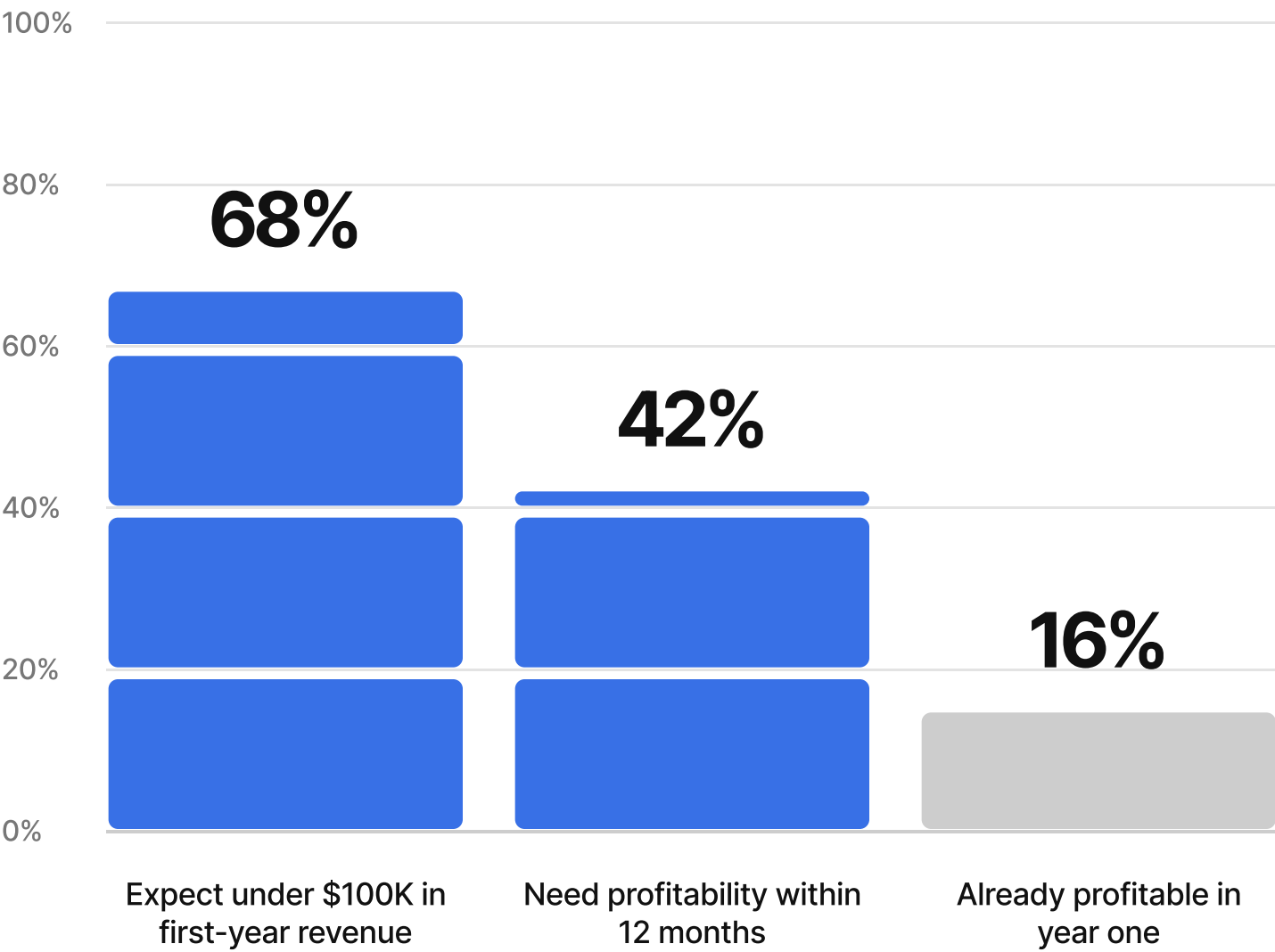
The financial pressure cuts across demographics

Running out of money is the top fear for **24%** of respondents overall, but Gen Z entrepreneurs are more focused on a different kind of loss. **26%** of Gen Z respondents say their biggest fear is wasting years of their life only for their business to fail, while just **17%** worry most about money.

Cash flow is top of mind with nearly one in four founders **(24%)** saying they could sustain operations for less than six months without revenue.

THE FIRST-YEAR FINANCIAL PICTURE

% of 1,000 founders surveyed.



GEN Z FOUNDERS' BIGGEST FEARS



SECTION 06

Most Entrepreneurs Are Launching Without Investors

Self-funding is the norm and debt is common

In an era of high-profile venture capital rounds and startup funding headlines, the reality for most small business owners is far more bootstrapped. Nearly **70%** of respondents are funding their businesses with personal savings, a figure that climbs to **72%** among Gen Z.

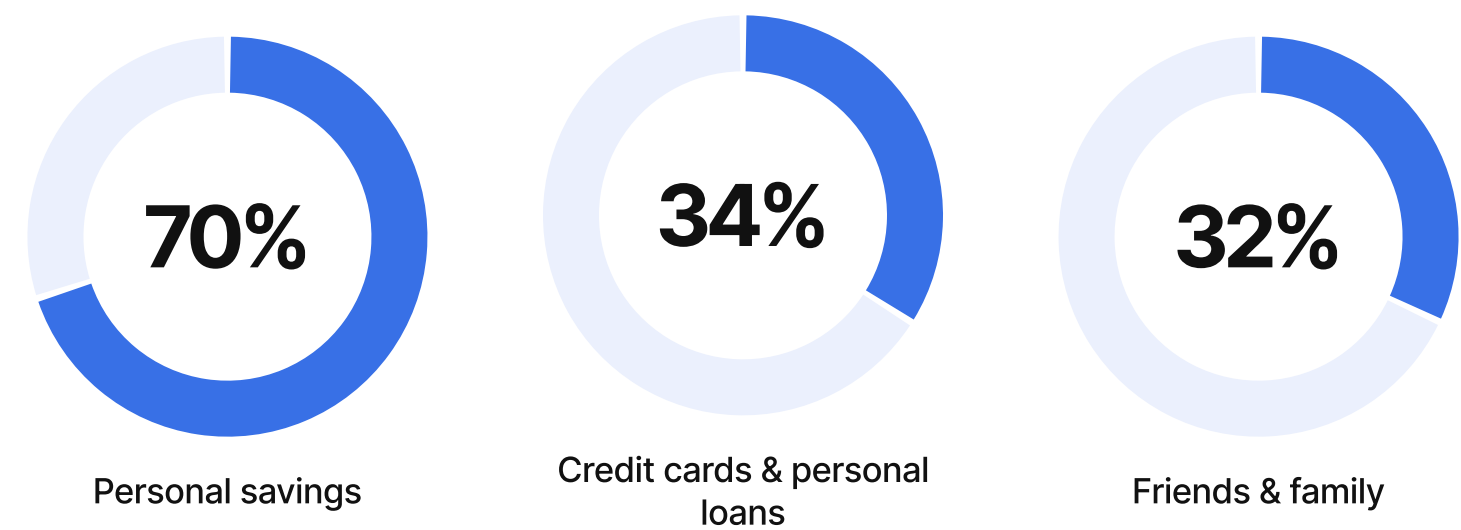
Credit cards and personal loans are the backup plan for **34%** of founders overall, and **32%** are leaning on friends and family for financial support. Gen Z is even more reliant on their personal networks, with **41%** turning to friends and family.

Outside capital is the exception, not the rule

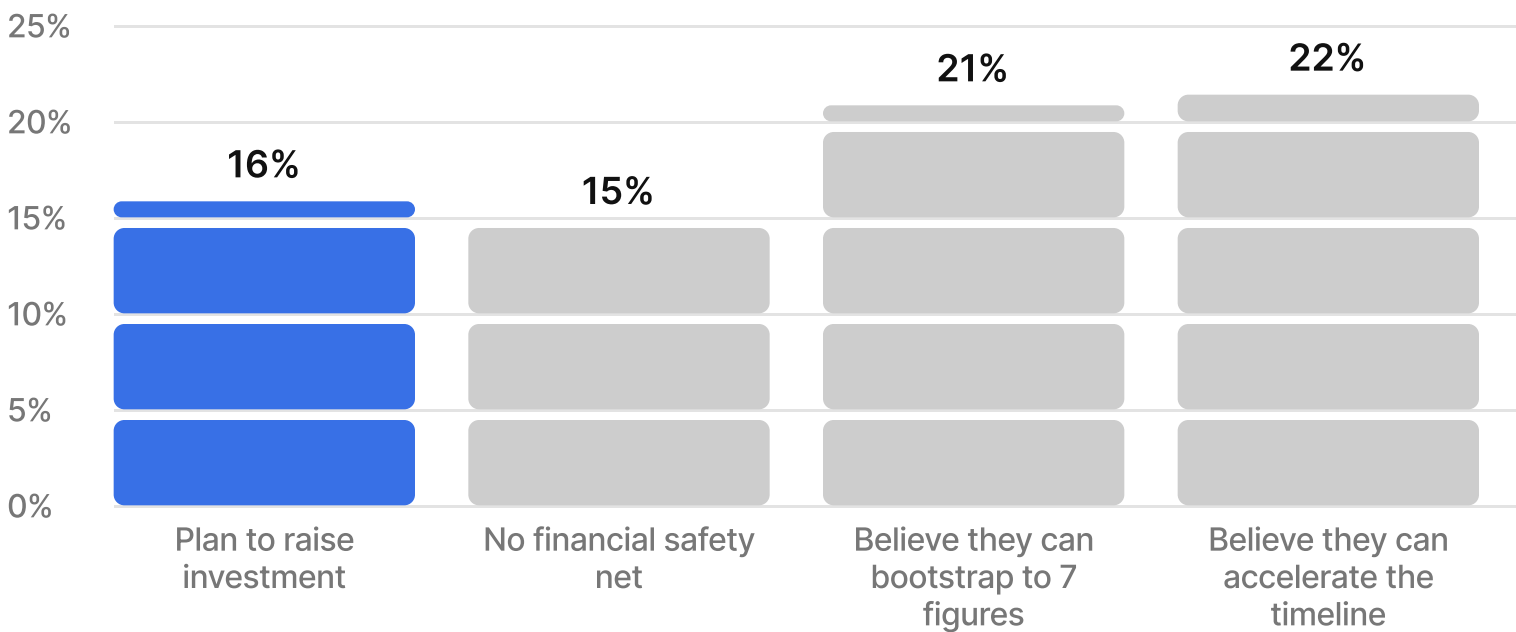
Just **16%** of respondents plan to raise investment, signaling a strong cultural preference for control and independence over institutional funding. Perhaps most striking: **15%** of founders have no financial safety net at all, yet **21%** believe they can bootstrap their way to seven figures without outside help. That tension between confidence and exposure is one of the defining characteristics of today’s entrepreneurial class.

Another **22%** believe they can significantly accelerate the typical timeline to success, reflecting the same self-reliant mindset driving the bootstrapping trend.

HOW FOUNDERS FUND THEIR BUSINESSES
% of 1,000 founders surveyed. Multiple responses allowed.



OUTSIDE CAPITAL IS THE EXCEPTION



SECTION 07

The Mental Health Toll of Entrepreneurship

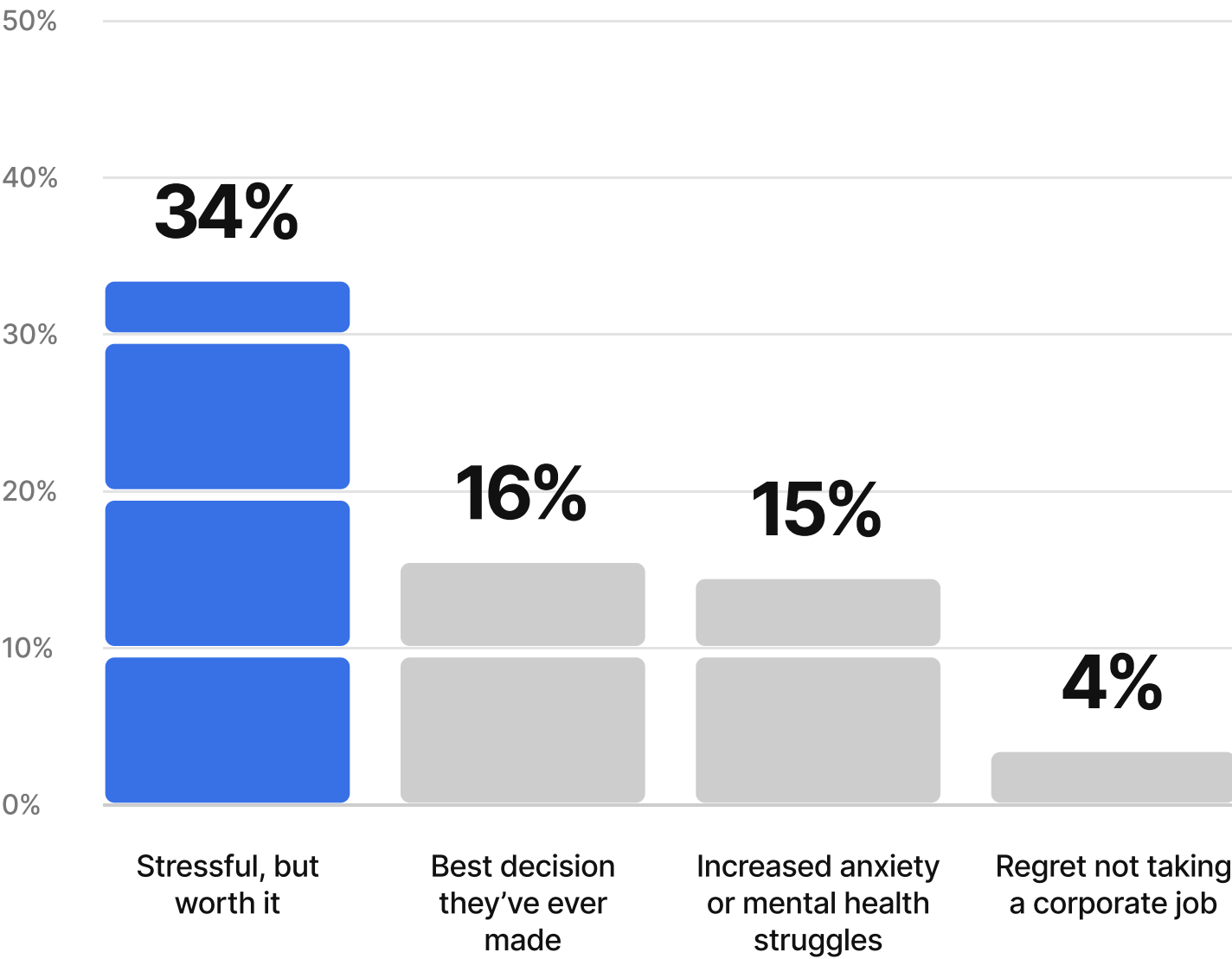
The emotional toll is real, and most say it’s worth it

Building a business from scratch takes a significant emotional toll. **Fifteen percent** of entrepreneurs report increased anxiety or significant mental health struggles, and another **4%** describe an ongoing struggle to maintain work/life balance. **About a third (34%)** describe the experience as stressful but worth it, and **3%** say it was challenging at first but manageable with the right support. On the other end, **16%** say starting their business was the best decision they've ever made. Meanwhile, **18%** report no major change to their mental health, and **11%** say it's simply too early to tell.

The day-to-day reality of entrepreneurship is more varied than popular culture suggests. A significant majority are working reasonable hours. **30%** are putting in full-time hours of 40-60 hours per week, and **40%** treat it as a part-time commitment or side hustle. Only **12%** are logging 60 to over 80 hours per week.



THE EMOTIONAL TOLL OF BUILDING A BUSINESS
% of 1,000 founders surveyed.



40% treat their business as a part-time commitment/ side hustle; only 12% log 60+ H/wk

SECTION 08

Founders Are Defining Success Small, Not Chasing Unicorns

For most entrepreneurs, success means sustainability, not scale

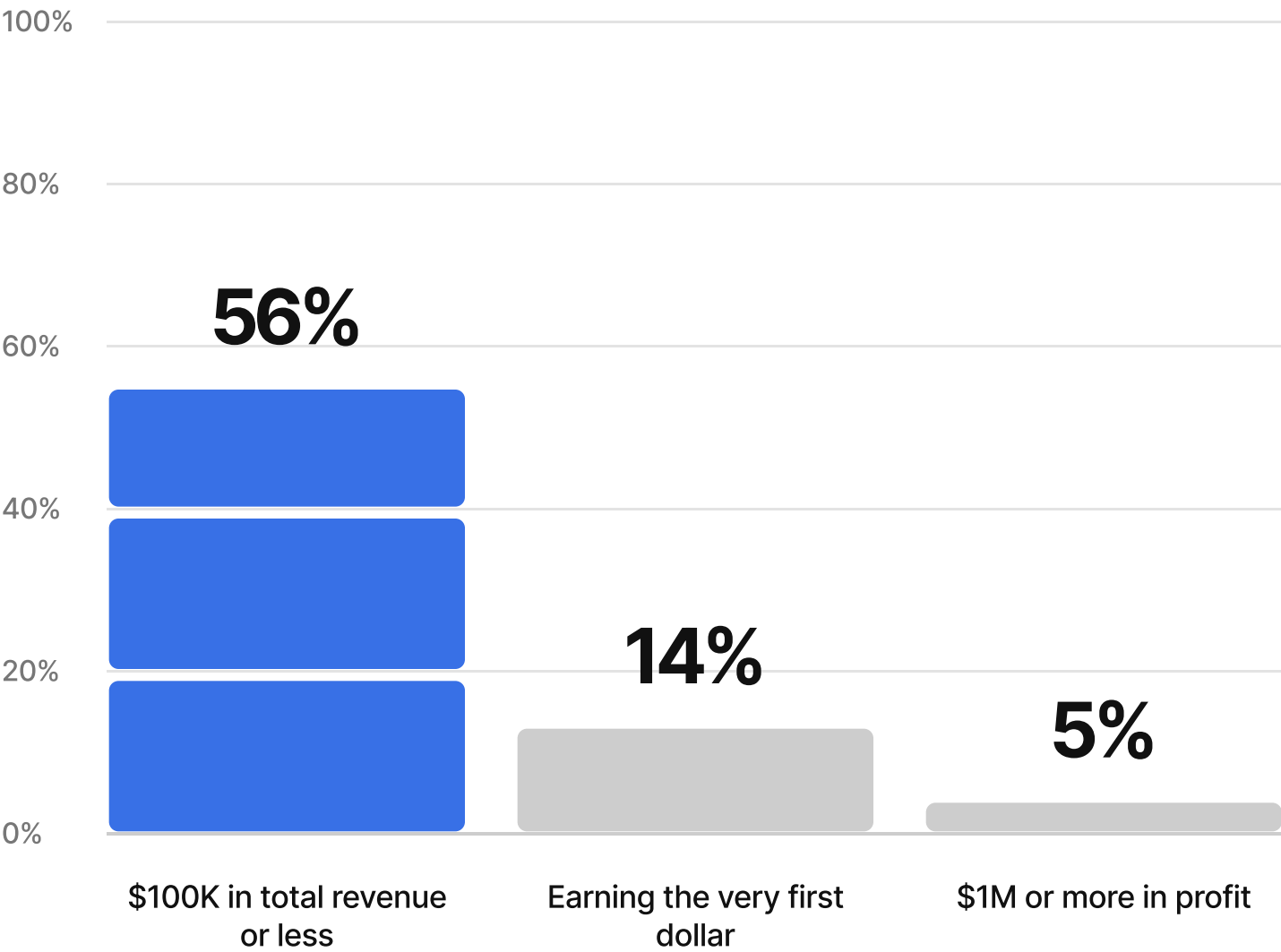
For most founders, success looks like sustainability, not scale. More than half of respondents (**56%**) define success as \$100,000 in total revenue or less. For **14%**, earning the very first dollar is enough to call it a success. Meanwhile, **5%** set the bar at \$1 million or more in profit.

This isn't a lack of ambition. For founders operating on tight timelines and personal savings, proof of concept and financial autonomy matter more than scale. Building a livelihood, not a unicorn, is the goal.



HOW FOUNDERS DEFINE SUCCESS

% of 1,000 founders surveyed.



14% say earning the very first dollar is enough to call their business a success

SECTION 09

Gen Z Is Significantly More Confident Than Older Entrepreneurs

Younger entrepreneurs are moving faster and worrying less

If there’s a generational signature on today’s entrepreneurial landscape, it belongs to Gen Z. Seventy-eight percent of Gen Z first-time founders say they’re confident about starting a business, compared to **62%** overall. Only **17%** describe themselves as overwhelmed, versus **30%** across all age groups.

That confidence has a boldness to it: over a quarter of Gen Z and Millennial business owners believe they can achieve in one year what typically takes others five. Some of that confidence is still in its early stages, **28%** of respondents only have a business name so far, but the intent is real.

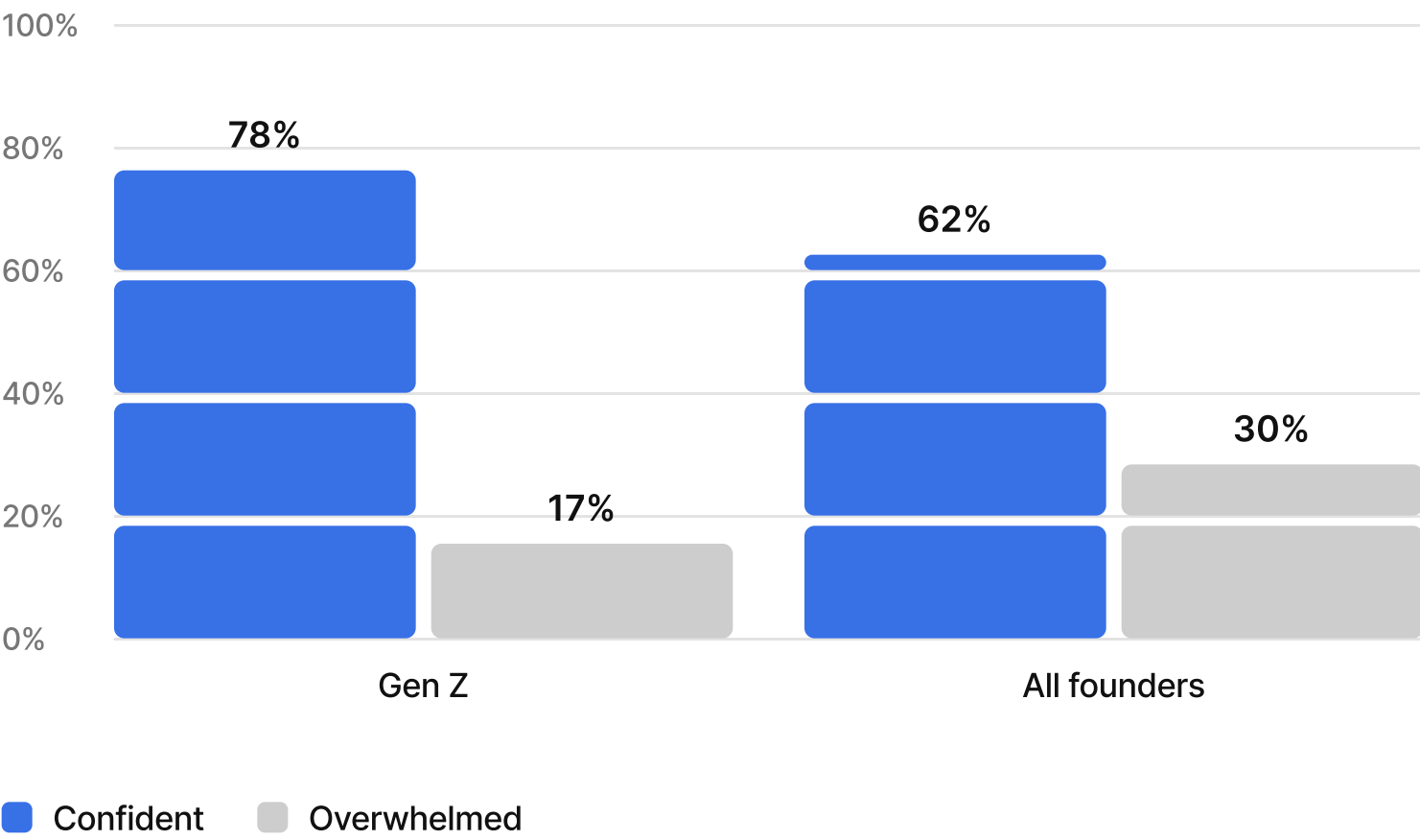
Across all age groups and income levels, entrepreneurs report an average confidence score of 7.2 out of 10 in reaching first-year profitability, suggesting that optimism is widespread even if circumstances vary.

AI fluency may be giving Gen Z an edge

Part of what’s driving Gen Z’s confidence may be AI fluency. More than half of Gen Z founders (**51%**) say they’ve caught AI making a mistake, and **36%** caught it before it cost them time or money. Rather than a sign of frustration, this reflects a generation that knows how to work alongside AI effectively, treating it as a collaborator. Gen Z founders are also more comfortable leaning on AI for higher-stakes work: **21%** say they’d trust AI with big strategic calls, compared to **15%** of non-Gen Z founders.

CONFIDENCE GOING IN: GEN Z VS. ALL FOUNDERS

% of first-time founders in each group.



7.2/10 avg confidence score in reaching first-year profitability, across all ages and incomes

SECTION 10

Why the Solopreneur Trend Is Reshaping How Companies Are Built

AI is flattening the corporate ladder into a single rung

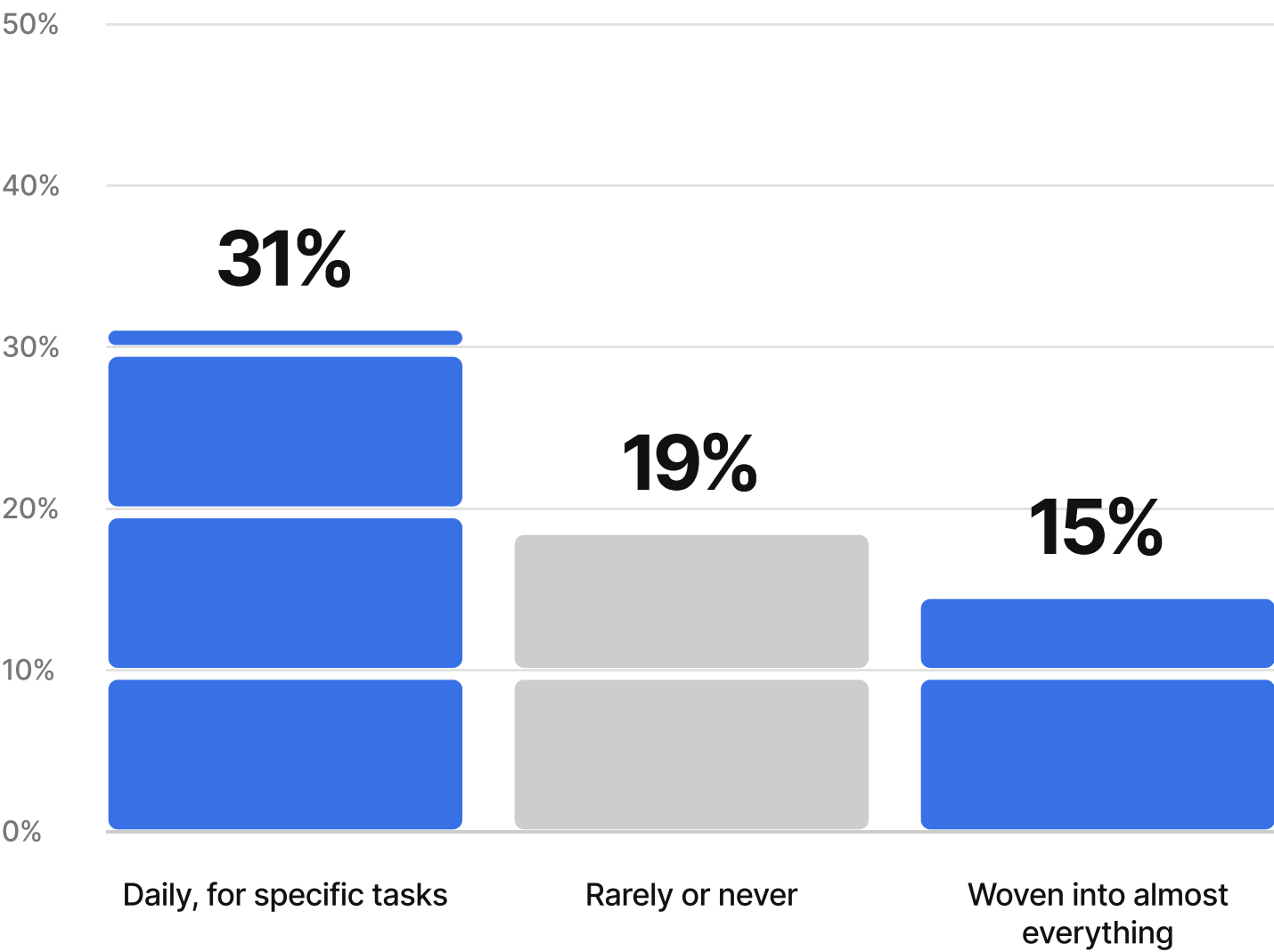
Today’s founder is able to run the whole operation on just a handful of tools. More than a third of founders **(38%)** are running their business on 3 to 5 tools, and another **33%** get by on just 1 or 2. Only **12%** have scaled up to 6-10 tools, and a mere **5%** are juggling more than 10.

That lean setup matches how often AI shows up in the day-to-day. Nearly a third of founders **(31%)** use AI daily for specific tasks, and **15%** say it’s woven into almost everything they do. Together, that’s close to half of all founders leaning on AI as a working habit rather than something they’re testing out, with only **19%** saying they rarely or never use it.



HOW OFTEN FOUNDERS USE AI

% of 1,000 founders surveyed.



38% of founders run their AI tools entirely on free versions

SECTION 10

Doing more with less, by design

More than a third of founders (**38%**) don't spend anything on AI tools, relying entirely on free versions, while another **19%** spend under \$50 a month. But that small price tag is doing outsized work: if founders had to hire people to replicate what their AI tools do, **25%** estimate it would cost them \$1,000 to \$5,000 a month, and **21%** say they simply couldn't afford it.

Cost-savings from AI tools may also be impacting how entrepreneurs hire outside professionals. Only **19%** say they could afford all the professional services they'd need, like lawyers, accountants, or consultants. The remaining **38%** can afford one or two of those services, but not everything, and **37%** can't afford any outside professional help at all. For most founders, AI is filling gaps that a bigger budget would otherwise need to cover.

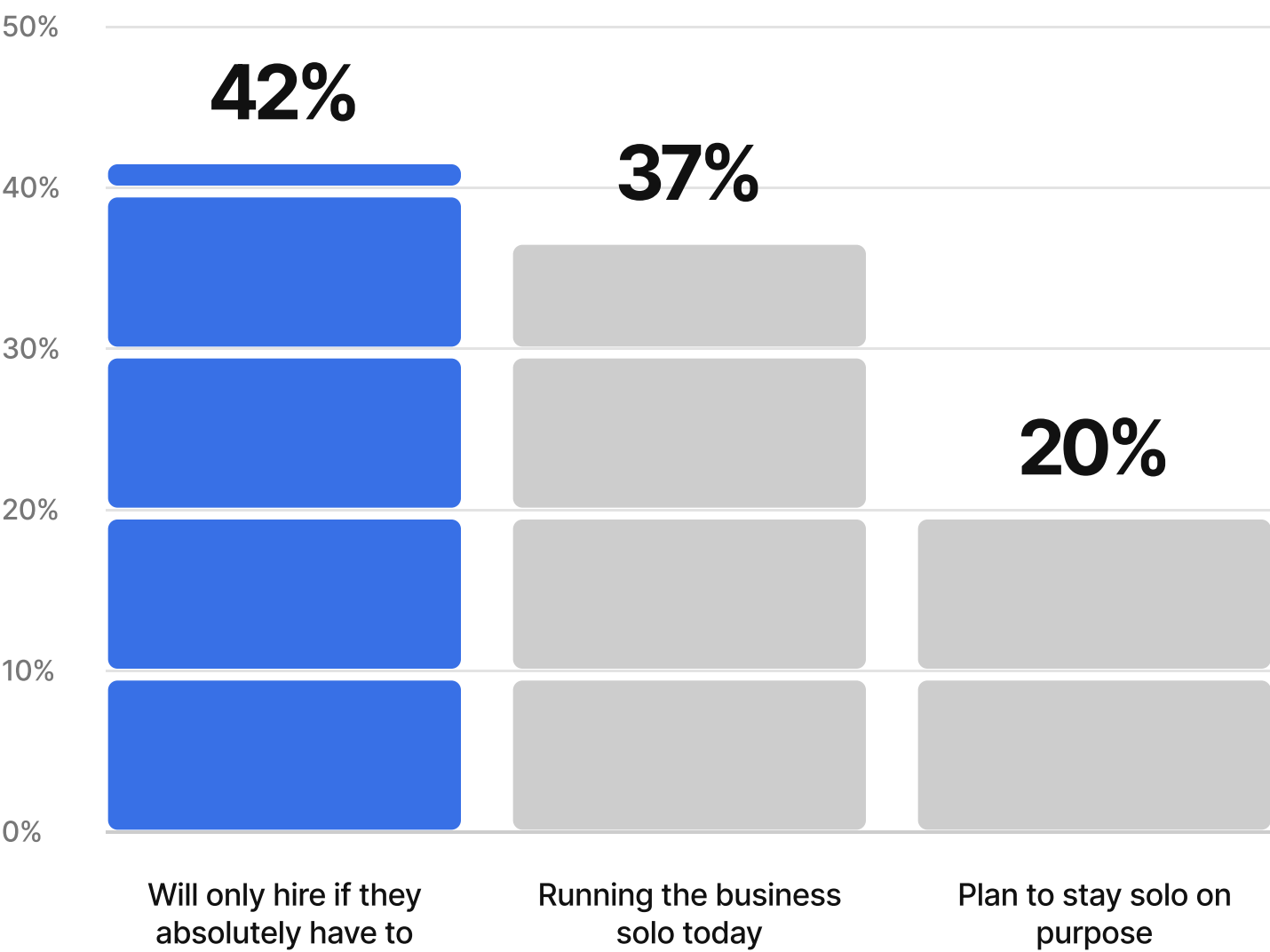
Founders doing the work of a team without hiring one

Right now, **37%** of founders are running their business solo, and another **20%** plan to stay that way on purpose. Even among those open to growing, **42%** say they'll only hire if they absolutely have to.

AI is what makes that possible. Nearly half of founders (**47%**) say AI is either doing the job of a co-founder or handling work they'd otherwise pay someone for: **15%** use it in almost everything they do, and another **31%** lean on it daily for specific tasks. That shows up clearly in where AI gets used most: **34%** lean on it for design work, and **29%** for web development.

HOW FOUNDERS THINK ABOUT HIRING

% of 1,000 founders surveyed.



47% say AI already does the job of a co-founder, or work they'd otherwise pay someone for

Key Takeaways

Start, run, & grow your own business

Key Takeaways

01/02

01 How Today’s Entrepreneurs Are Building: AI, Social Media, and the Tools of the Intentional Founder

Today’s founders are also choosing their own toolkit. AI is closing the gap between what founders can imagine and what they can actually build, and for **23%**, it’s the only reason they can compete with larger companies at all. Social media has become the primary place where many businesses come to life, with adoption and spending patterns that vary widely by generation. Across both, the picture is the same: founders making deliberate choices about how they build, not following a prescribed path.

03 Emotional Triggers Are Driving Life-Changing Career Moves

America’s new entrepreneurs aren’t being pushed into business ownership; they’re choosing it with intention. These findings challenge the popular narrative that founders are made by hardship. Most are acting on excitement and personal conviction, on their own timeline.

04 American Entrepreneurs Are Largely First-Timers

Today’s founders are mostly first-timers making a deliberate choice to start something new, not experienced operators with a playbook to follow. And the majority say they’re confident going in. That confidence reflects a deliberate choice: these founders aren’t waiting until they feel ready. They’ve decided now is the time.

02 Determining Whether AI is a Tool Or the Product

Despite AI dominating headlines, most founders aren’t building AI businesses. For the majority, it’s working quietly in the background, handling work they’d otherwise have to hire for or go without.

05 New Founders Are Under Serious Financial Pressure

Today’s founders are optimistic but operating on a short financial runway. Nearly half need to reach profitability within 12 months, and one in four could survive less than six months without revenue. The margins are thin and the pressure is real. What comes through in the data isn’t panic, though. It’s focus. These founders know exactly what’s at stake, and they’re building with urgency because of it.

Key Takeaways

02/02

06

Most Entrepreneurs Are Launching Without Investors

The majority of founders are funding their businesses themselves. Only **16%** plan to raise outside capital. Perhaps the starkest illustration of this: **15%** have no financial safety net at all, yet **21%** believe they can bootstrap their way to seven figures. That gap between security and ambition is wide, and founders are crossing it anyway. The bet they’re making is entirely on themselves.

09

Gen Z Is Significantly More Confident Than Older Entrepreneurs

Gen Z business owners are entering entrepreneurship with high confidence and a comfort with uncertainty that stands out: **78%** say they’re confident, and only **17%** feel overwhelmed. They’ve grown up with technology as a given and social media as a business channel, and that shapes how quickly they move and how they build. Their fluency with AI, knowing how to use it, course-correct it, and push it into higher-stakes territory, may be one of the clearest reasons why.

07

The Mental Health Toll of Entrepreneurship

Building something from scratch on your own terms takes a real toll. **15%** of founders report increased anxiety or mental health struggles, and a third describe the whole experience as stressful. The difficulty doesn’t diminish the choice. For most founders, it’s part of what makes it meaningful.

10

Why the Solopreneur Trend Is Reshaping How Companies Are Built

The modern founder is choosing to start small, and AI makes that choice possible by covering the work that once required a full team of new hires. Nearly half (**47%**) say it already does the work of a co-founder or someone they’d otherwise pay, and **38%** run those tools on a free plan, so staying lean becomes a doable and deliberate strategy rather than a constraint. A one-person company no longer means doing it alone, because AI has changed the landscape with tools that cover the difference.

08

Founders Are Defining Success Small, Not Chasing Unicorns

For most founders, success looks sustainable, grounded, and personal. More than half define success as \$100,000 in total revenue or less. For **14%**, earning the first dollar is enough. These are clear signals that founders are defining winning for themselves, on their own terms, rather than measuring against someone else’s definition of scale.

Methodology

This report is based on two national surveys of U.S.-based aspiring and current entrepreneurs and small business owners, with 1,000 respondents each (2,000 total), conducted between January 2026 and July 2026. Respondents answered quantitative questions about their business backgrounds, motivations, funding strategies, technology use, marketing approaches, and definitions of success.

