



2023

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# Collective B1 Economic Report

The Collective B1 Economic Report delivers insights into how the economy is going for self-employed Americans. It's a semi-annual look into revenue and cost trends across Businesses-of-One as well as their near-term business expectations and overall sentiment. This report is among the first to capture data and perspectives from the rising proportion of freelancers, and it provides a brand new indicator of economic growth within the solopreneur economy.

The data here arises from Collective's platform and community. Collective's back office platform for Businesses-of-One supports thousands of businesses with bookkeeping, accounting and tax services, representing over \$150M in annual revenues. Its community includes members from dozens of industries and nearly every state.

## Summary

In 2022, Businesses-of-One encountered headwinds in the second half compared to the first half of the year, especially in the fourth quarter. As a group, their net operating income, which indicates the profitability of their businesses, fell 3% in the latter half of the year, even as expenses rose 2.5%.

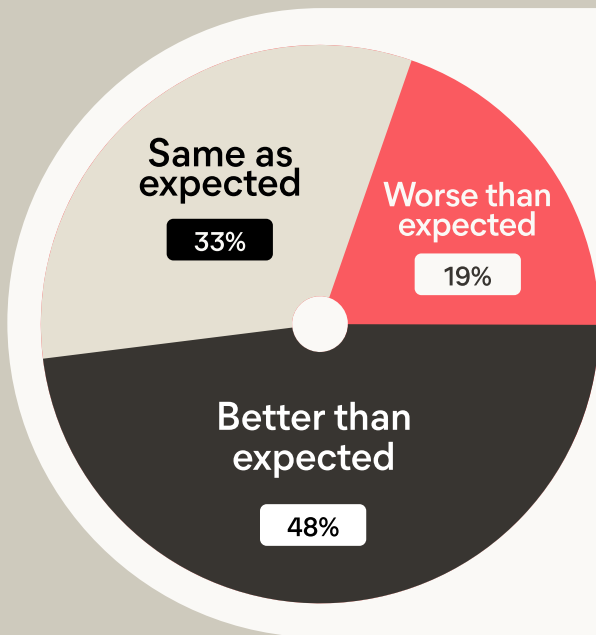
That said, overall, solopreneurs were upbeat. 48% said the last six months surpassed their expectations for their business, compared to 19% who said the period was worse than they expected. Going forward, 43% expect the next six months to be better than the second half of 2022, while only 17% expect it to be worse.

**My main client provides steady work and was not affected by changes in the macroeconomic environment.**

– Software Developer, California

# 81%

said the last six months were the same or better for their businesses than they expected.



## Solopreneur expectations: Last 6 months

**My particular industry started to pick back up and more companies were open to hiring consultants over full time employees.**

– Coach / Consultant, California

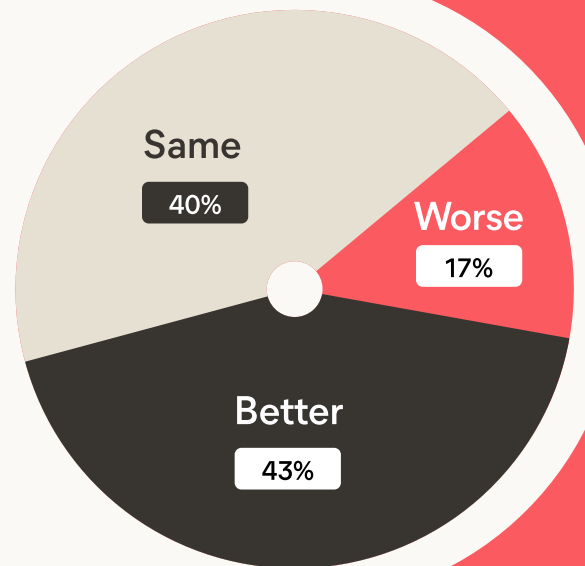
**The businesses of the clients for which I work are struggling, therefore they are not able to offer the same opportunities for projects, or the same hours.**

– Marketing, Texas

83%

expect the next six months to be the same or better than the previous six months for their businesses.

## Solopreneur expectations: Next 6 months

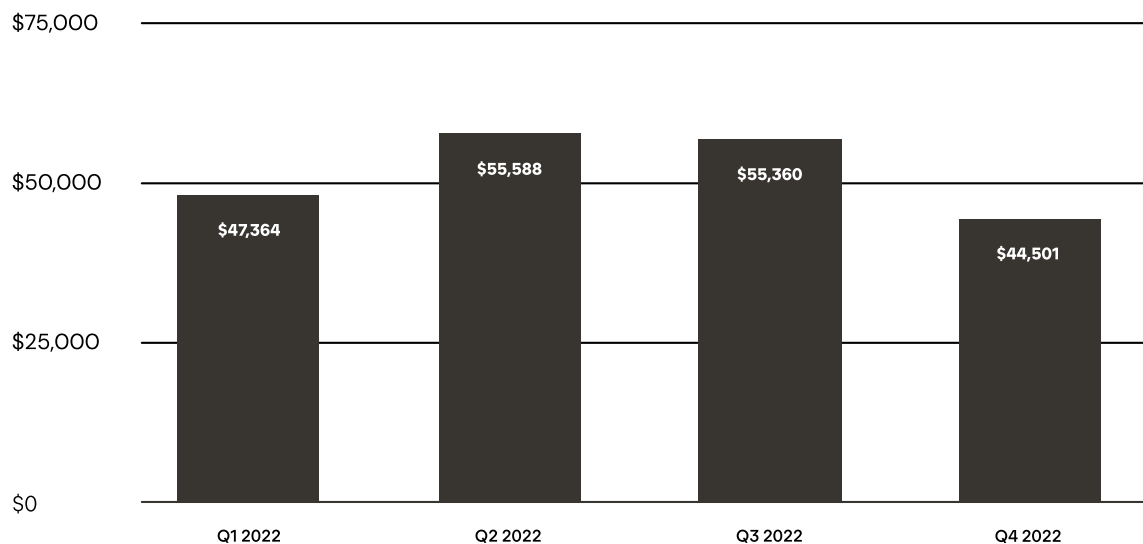


**I see a lot of opportunity in my space, and I'm being aggressive about going after new opportunities.**

– Marketing Consultant, Virginia

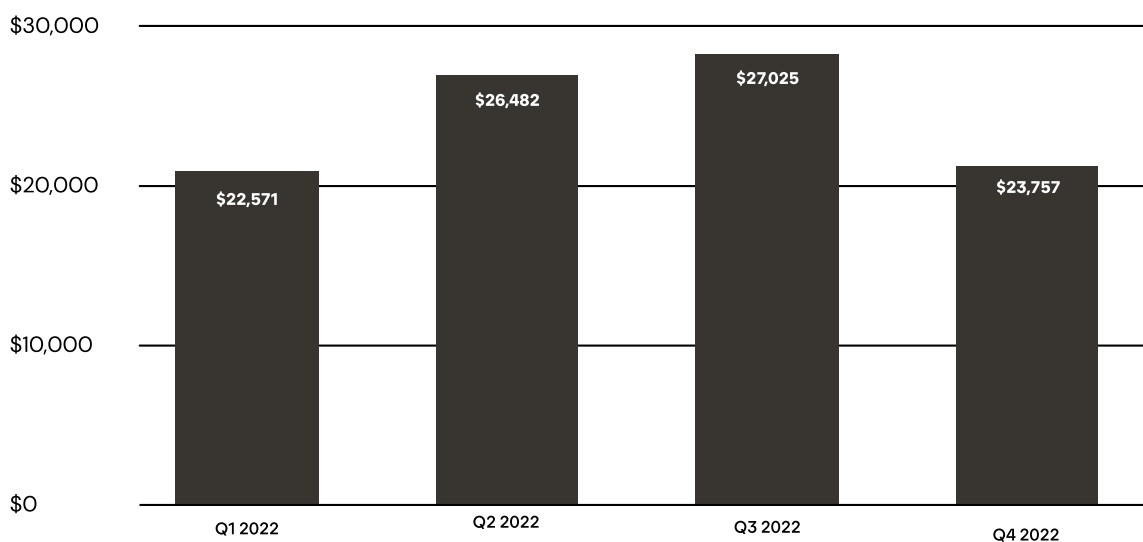
## Average Quarterly Net Operating Income

During the second half of 2022, net operating income for Businesses-of-One across industries contracted by **3%** compared to the first half.



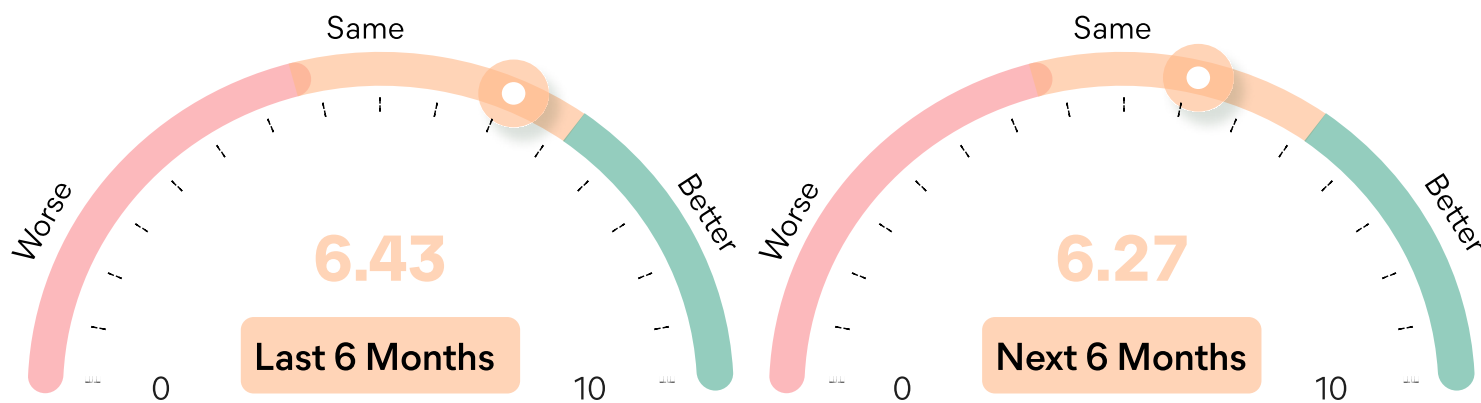
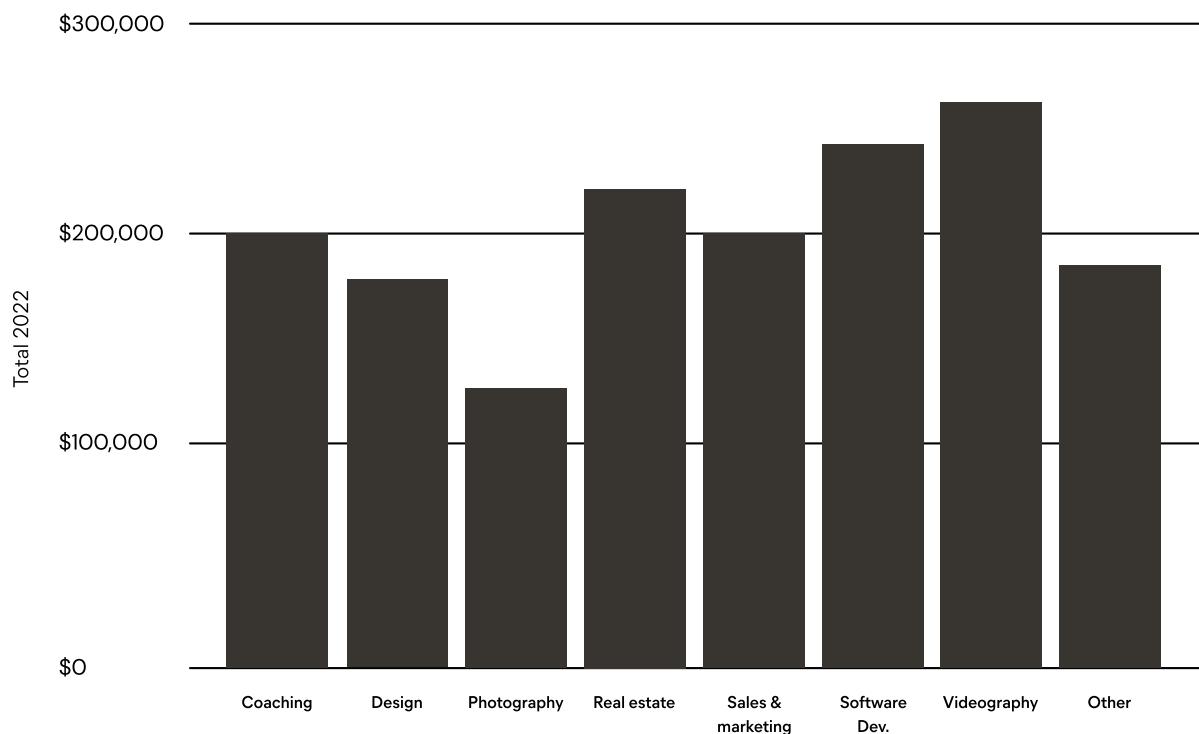
## Average Quarterly Expenses

During the second half of 2022, expenses for Businesses-of-One across industries rose **3.5%**.



## Average Net Operating Income by Industry

The industries with the highest net operating income for Businesses-of-One were: Videography, Software Development, and Real Estate.

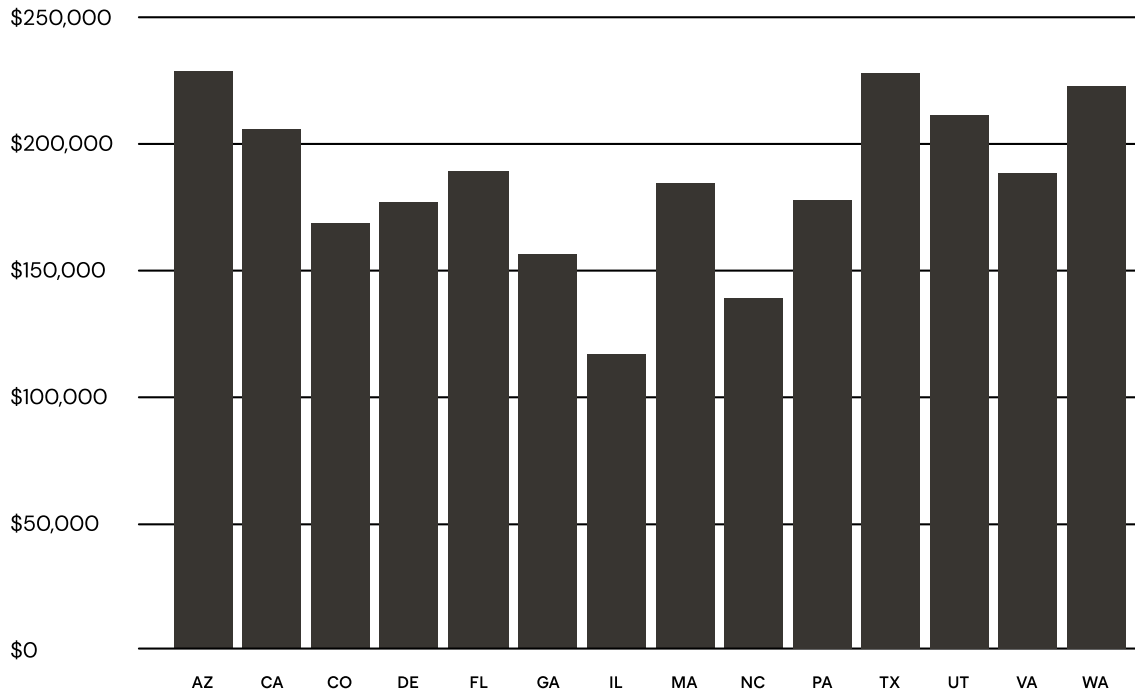


## Solopreneur Sentiment

Sentiment has remained relatively unchanged period over period as solopreneurs maintain an optimistic outlook for 2023.

## Average Net Operating Income by State

The states with the highest net operating income for Businesses-of-One were:  
Texas, Washington, Arizona, and Utah.



The industry with the strongest revenue growth was:

### Sales and Marketing

grew 9.5% in H2 2022

As more companies pull back, they are looking to reduce headcount, but still have plenty of work to be done. As a result there are more opportunities for external consultants.

– Marketing Consultant, Virginia

## Optimism in the Face of Uncertainty

Many financial industry pundits are warning of an inevitable recession, while others are more optimistic and forecasting only a brief slowdown. Rounds of layoffs in the tech sector have made headlines but overall employment numbers have been encouraging and the stock market is rebounding. Prior economic slowdowns gave rise to many successful Businesses-of-One. So what are Businesses-of-One experiencing right now and what are they expecting?

“While Businesses-of-One are experiencing many of the same challenges as larger companies in the US, unlike many larger businesses, most expect their companies to do better or the same as they had before the macro headwinds began,” said Collective CEO Hooman Radfar. “Many of our members made the leap to self-employment during prior downturns and, for them, it continues to be business as usual.”

## Collective B1 Economic Report

The information in the Collective B1 Economic Report is based on aggregated net operating and expense income data derived from a sample of 700 Businesses-of-One from January 2022 through December 2022. In mid-January 2023, 63 of Collective’s members responded to the questions:

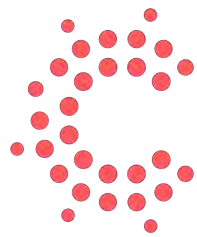
- Was the last six months better or worse for your business than expected? (better/same/worse)
- Do you expect the next six months to be better or worse than the last six months for your business? (better/same/worse)



## About Collective

**Collective is the first online back office platform designed for Businesses-of-One.** Collective's technology and team of trusted advisors gives their members the freedom to focus on what matters by taking care of everything from business formation to accounting, bookkeeping, tax services and access to a thriving community – all in one platform.

Collective wants running your own business to be as seamless as taking a full-time job. The company is run by a group of serial entrepreneurs and businesses-of-one who believe in empowering self-employed people to enjoy the same tax savings that big companies get. It's a San Francisco-based startup backed by General Catalyst, QED, Google's Gradient Ventures, Expa, and prominent investors who have financed and built iconic companies like YouTube, Substack, Twitch, Box, Instacart, Lyft, and more.



**collective**