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How senior entrepreneurs are rewriting the rules on work and retirement



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The confidence to look ahead



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How senior entrepreneurs are rewriting the rules on work and retirement

An increasing number of older Australians are starting their own businesses – using their considerable expertise to create value for their customers and the economy. Remarkably, businesses started by older people have a much higher success rate than other startups. What's more, there are also unexpected benefits for the business owners themselves. We examine the reasons why.

It's a popular myth that young visionaries are, on average, the most successful entrepreneurs. Yet research shows that people aged over 50 not only start more businesses, but also achieve greater business success. What's more, people aged between 65 and 74 are even more likely to start a business than those aged 50 to 64.⁷

Older Australians launch businesses for a range of reasons. It may be the experience of age discrimination when looking for work, or a desire for challenge, control and flexibility. Either way, senior entrepreneurs are a growing economic force to be reckoned with.⁸

The world's most entrepreneurial age group

Taking a global view, the number of people aged over 50 who start a business is growing – at a faster rate than any other age group.⁹

In Australia, senior entrepreneurs are starting businesses at a scale that's among the highest in the world. Almost one in 10 Australians (9.3%) aged between 55 and 64 are either starting a business or are in the early stages of a business startup.¹⁰

Senior entrepreneurs launch a prolific 14,000 new businesses each year in Australia. And the 379,000 businesses run by senior entrepreneurs represent a sizeable 34% of all Australian small businesses – together contributing a staggering \$11.9 billion to the Australian economy each year.¹¹

What's more, of the 5% of retirees who 'unretire', that is, leave retirement to return to work, a third unretire into self-employment.¹²

Senior entrepreneurs more likely to succeed

Businesses started by senior entrepreneurs have a much higher survival rate than other startups.¹³ And the reasons are many: experience, connections, the right mindset and the capacity to self-finance.

Greater industry and life experience

Senior entrepreneurs bring to their businesses more extensive and varied professional experience than younger entrepreneurs.¹⁴ And in addition to work skills, they've got the best experience of all – from the university of life.

Senior entrepreneurs are more likely than younger age groups to deeply understand their industry. This experience means they're better able to identify and evaluate business opportunities. They're also more likely to design products and services that meet the needs of paying customers. What's more, their know-how often delivers lower startup and running costs.¹⁵

Broader networks

Large personal, social and professional networks are key to business success. This is because business owners can draw on the expertise of their connections and more readily obtain the resources they need. And knowing more potential customers is good for sales.¹⁶ Because they're built up over a lifetime, the networks of older entrepreneurs are generally unparalleled.

7 M Backman, C Karlsson, O Kekezi, (Eds.) Handbook of Research on Entrepreneurship and Aging; Research Handbooks in Business and Management Series; Edward Elgar: Cheltenham, UK, 2019.

8 Ibid.

9 A Martiz, A Perenyi, G de Waal, C Buck, *Entrepreneurship as the Unsung Hero during the Current COVID-19 Economic Crisis: Australian Perspectives, Sustainability*, 2020.

10 Ibid.

11 Ibid.

12 M Backman, C Karlsson, O Kekezi, 2019.

13 Ibid.

14 Ibid.

15 Ibid.

Positive mindset and motivation

Compared with younger age groups, older entrepreneurs are less likely to be motivated by money alone. Instead, they're more likely to be driven by a desire to solve a problem or create value for their customers. Senior entrepreneurs often have greater self-belief and persistence – two traits necessary for a successful business.¹⁷ As risk tolerance decreases with age, senior entrepreneurs are more likely to pursue robust and therefore less speculative business opportunities. And this risk-awareness contributes to a lower fear of failure than for younger age groups.¹⁸

The capacity to self-finance

Senior entrepreneurs are most likely to finance their business startup with their own money. Self-funding makes it easier to start a business, reducing capital costs, risk and stress. What's more, a stronger financial position means the business is less likely to experience funding constraints, making growth easier.¹⁹

The benefits of self-employment

As Australians enjoy longer and healthier lives, it makes sense that more people will want to tap into the benefits of working for longer – blending retirement and work. While not everyone wants to or has the skills to start a business, self-employment may bring compelling advantages:

- ▶ **Control.** Greater work autonomy and independence may increase your scope to control *what* work you do and *who* you work with.²⁰
- ▶ **Flexibility.** Self-employment can bring greater flexibility in terms of *when* you work and *how* many hours you work. Reducing hours can be more desirable than giving up work completely, enabling more Australians to shape their retirement in a way that suits them.²¹
- ▶ **Purpose and mental agility.** Entrepreneurship can bring mental challenges, keeping your body active, staving-off boredom, maintaining social connections and bringing value to other people.²² Retaining daily routines can be a healthy way to age.²³
- ▶ **Conserve retirement savings.** If you delay dipping into your retirement savings, they'll last a lot longer, increasing your income and standard of living for a time when you no longer want to work.



How your Count financial adviser can help

If you'd like to discuss how starting a business could benefit your plans and retirement savings, please speak to us. We can advise you on your options, taking into account your overall financial goals.

16 Ibid.

17 Forbes, *Older Entrepreneurs Outperform Younger Founders—Shattering Ageism (forbes.com)*, 23 August 2022, accessed 11 July 2023.

18 M Backman, C Karlsson, O Kekezi, 2019.

19 Ibid.

20 Ibid.

21 Ibid.

22 Ibid.

23 A Martiz, A Perenyi, G de Waal, C Buck, 2020.