

ALASKA SBDC

2023 ANNUAL SMALL BUSINESS SURVEY

We grow small business



KAYAK ADVENTURES WORLDWIDE, LLC



Alaska Small Business
Development Center
UAA BUSINESS ENTERPRISE INSTITUTE



Statewide data collected between October 2022 - December 2023

2023 ALASKA SMALL BUSINESS SURVEY

B BODY BUTTER, LLC

TURKISH DELIGHT

Perseverance Pays Off, But Challenges Remain



JON BITTNER

ALASKA SBDC STATE DIRECTOR



76,500

Number of Alaska business establishments as of 2020.

The Alaska Small Business Development Center (SBDC) is pleased to present the results of our 7th Annual Small Business Survey. This year, we heard from 728 small business owners and gained valuable insights into their experiences and outlooks.

This year's data reveals a heartening shift towards optimism. Our survey consistently tracks business sentiment, and compared to 2020's more cautious outlook, business owners showed a clear rise in confidence in 2023.

However, new challenges emerged. Rising costs for materials and shipping continue to be a major concern for businesses of all sizes. Finding and retaining qualified employees remained a hurdle. Additionally, securing funding – a constant struggle for entrepreneurs – was even more difficult than in prior years.

Understanding the small business landscape is crucial for policymakers, business leaders, and service providers. Doing so allows for developing strategies and implementing informed decisions to support Alaska's small businesses.

As we learn about the challenges and opportunities facing small businesses, it's important to remember the value they bring to Alaska: keeping dollars circulating within our state, adding jobs, fueling economic growth, and creating vibrancy. By choosing to support local, we invest in our communities and the spirit of Alaska- innovation, perseverance, and entrepreneurial drive.

Regardless of future economic shifts, one thing is certain: Alaska's entrepreneurial spirit is strong. We are proud that the Alaska SBDC helps empower small businesses to survive and thrive in the face of ongoing challenges.



728

RESPONSES



77

COMMUNITIES



21

INDUSTRIES



HEARTHSEIDE BOOKS

BUSINESS DEMOGRAPHIC COMPARISON



REFUGE CROSSFIT

Comparing Alaska Business Owners to Alaska SBDC Clients

Alaska Small Businesses Compared to Alaska SBDC Clients

Business Owner Characteristics: Comparison Across All Alaska Business, SBDC Clients, and Survey Respondents. Source: Annual Business Survey and Nonemployer Statistics (2019), SBDC (2023), and SBDC Annual Survey (2023). Note: Not all categories sum to 100% due to data suppression.

The owner characteristics of Alaska SBDC clients and survey respondents were compared to the demographics of business ownership in the state of Alaska.

The analysis revealed that the Alaska SBDC serves a larger percentage of underserved or disadvantaged businesses than the overall population.

A closer look at the data showed that women-owned and veteran-owned businesses are likelier to be Alaska SBDC clients than other types of businesses. In fact, these two groups were overrepresented in the 2023 survey.

This finding highlights the importance of providing targeted support to these groups as they face unique challenges and opportunities in the business landscape.

	Total AK Business	Alaska SBDC Clients	SBDC Survey Respondents
GENDER			
Male	54%	39%	32%
Female	36%	40%	47%
Equally Male/Female	7%	17%	19%
No Response/Prefer Not to Say		4%	11%
ETHNICITY			
Hispanic	4%	7%	5%
Non-Hispanic	92%	81%	83%
No Response/Prefer Not to Say		12%	11%
RACE			
White	81%	67%	73%
American Indian & Alaska Native	11%	11%	8%
Asian	5%	3%	3%
Black or African American	2%	5%	4%
Native Hawaiian & Other Pacific Islander	1%	1%	1%
Multiracial		2%	3%
No Response/Prefer Not to Say		10%	9%
All BIPOC	23%	29%	24%
VETERAN			
Nonveteran	86%	84%	85%
Veteran	9%	15%	14%
Equally Veteran/Nonveteran	2%	N/A	N/A
No Response/Prefer Not to Say		1%	1%

Source: Calculations by UA CED. Alaska SBDC 2023 Small Business Report • Created with Datawrapper



MELINO'S MARINE SERVICE

CHALLENGES TO BUSINESS

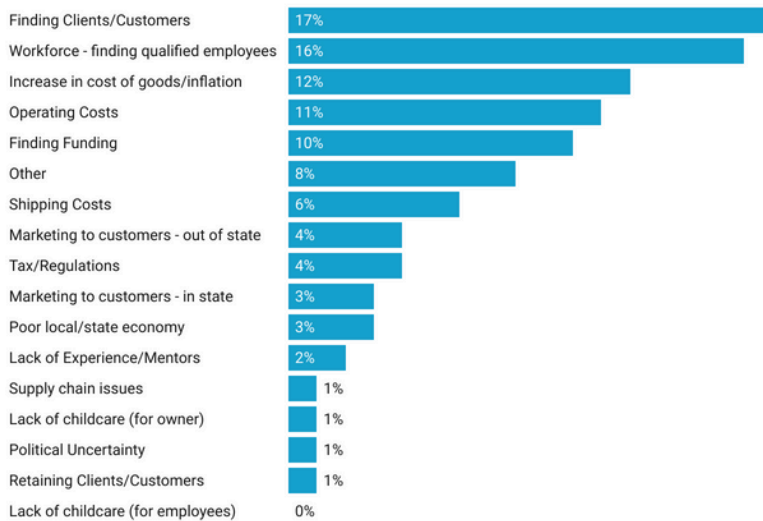


BLUEWATER BASECAMP

Challenges Facing Businesses in Alaska

While the overall sentiment leans towards optimism, Alaska's small business owners still face significant challenges. Our survey identified three key areas of concern:

Biggest Challenges Alaska Businesses are Currently Facing



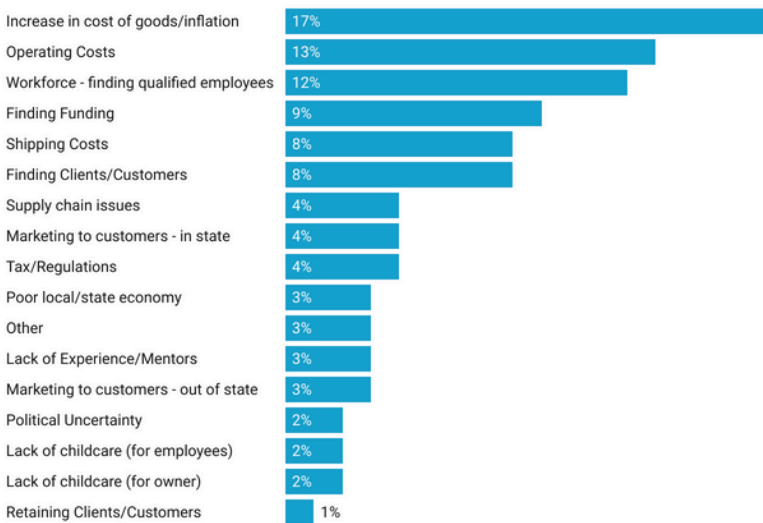
Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

- **1) Customer Acquisition and Retention:** Securing a steady stream of clients and customers remains a top priority. This challenge can be particularly acute for businesses in remote locations or those competing with national chains.

- **2) Workforce Issues and Talent Acquisition:** Finding qualified employees is an ongoing struggle for businesses of all sizes in Alaska. The competitive job market, coupled with factors like seasonal fluctuations in some industries, can make hiring and retaining skilled workers difficult.

- **3) Rising Costs and Inflation:** The increasing cost of goods and services, including materials and shipping, is squeezing profit margins for many businesses. Inflationary pressures pose a significant threat to operational stability and growth potential.

Top Three Challenges Facing Alaska Small Businesses



Source: Alaska SBDC 2023 Small Business Survey • Created with Datawrapper



FIREWEED VETERINARY SERVICES



FULL MOON FERTILITY & REPRODUCTION

RAISING CAPITAL



RED EYE RIDES

Capital Acquisition for Alaska Businesses

Alaska's small business landscape is buzzing with ambition. Survey data reveals a strong focus on growth, with entrepreneurs seeking capital for various investments.

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Business owners primarily sought working capital to fuel their growth (21%). Nearly a quarter (17%) wanted funds for new equipment and 14% for expanding operations altogether. Innovation wasn't forgotten either, with 12% seeking capital to develop new products or services.

Securing the money wasn't always easy. While nearly half (48%) of businesses reported success, the other half did not receive funds.

Traditional options like banks and financial institutions were the most sought-after source (27%), followed by government grants (14%) and Alaska SSBCI loans (16%). This suggests a reliance on established funding routes.

However, some business owners (22%) explored alternative funding sources like angel investors and crowdfunding, showing a willingness to pursue less conventional opportunities.

Type of Capital Sought

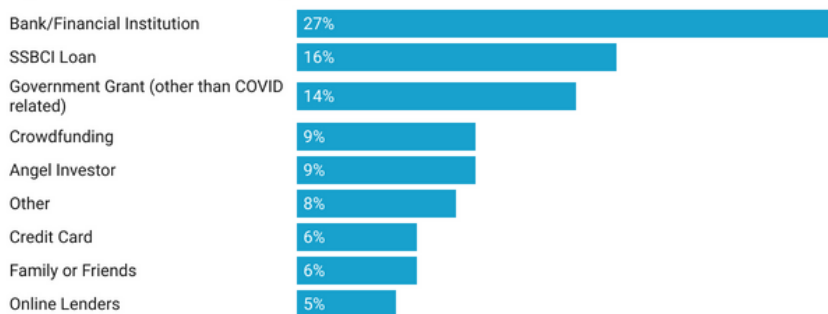
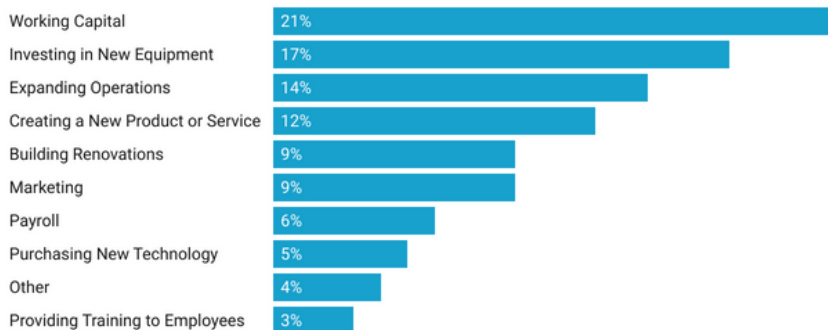


Chart: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

What was the Capital For? (If Applicable)



Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

Despite challenges securing capital, Alaska's small business community appears to be thriving. Business owners want to grow and innovate. With some assistance in navigating the funding landscape, these determined entrepreneurs will continue to make a sizeable impact on the state's economy.



SHEARWATER COVE

FINANCIAL SITUATION



ALASKA ROW TOURS

The Financial Situation of Alaska Businesses Today

Financial Prediction of Next 12 Months



Source: Alaska SBDC 2023 Small Business Survey • Created with Datawrapper

Our 2023 survey reveals a business community with staying power.

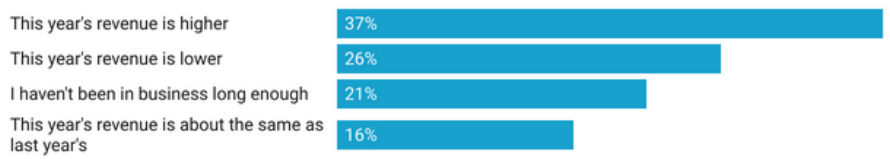
Over the next year, more than half of businesses (57%) projected a good financial situation. This positive outlook comes despite challenges – 26% of businesses reported lower revenue than 2022, and 28% saw a profit dip.

Despite 33% of business owners predicting a neutral financial situation for the year ahead, 37% reported higher revenue this year than last, and a healthy 29% saw increased profits.

It's also worth noting that a fifth of businesses (21%) are relatively new, so their financial picture is still taking shape.

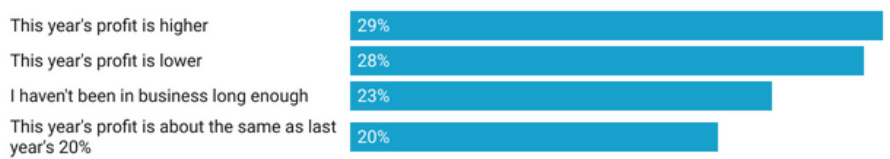
According to the available data, the small business community across the state has shown remarkable resilience amidst several financial headwinds. The data suggests that small businesses are well-positioned to keep growing and expanding, thanks to their determination and optimism about the future.

Revenue Comparison to Last Year



Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

Net Income (Profit) Compared to Last Year



Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

As we move forward, this promising trend can play a vital role in creating more job opportunities and driving economic growth across the state.



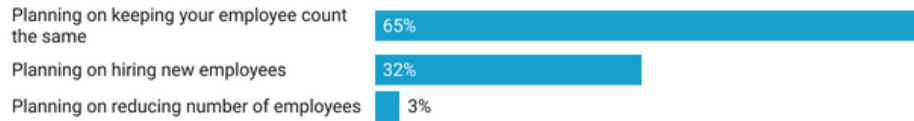
EMPLOYMENT FINDINGS



Challenges and Expectations in Alaska's Hiring Landscape

Alaska's small businesses are facing a hiring squeeze. While a significant majority (65%) plan to maintain current employee levels, a healthy portion (32%) express interest in expanding their workforce over the next year. This indicates a desire for growth but also potential challenges in acquiring talents.

Hiring Expectations, Next 12 Months



Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

How Difficult is it to Hire New Employees?



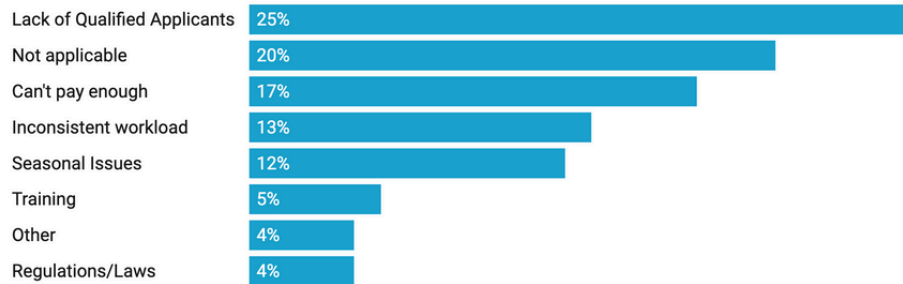
Source: Alaska SBDC, 2023 Small Business Survey • Created with Datawrapper

Nearly a third (29%) of businesses reported it to be very difficult to hire, with another 29% finding it somewhat challenging.

Only 7% said it was easy to fill open positions.

While other factors like seasonal fluctuations (12%) and training needs (5%) play a role, the survey underscores the importance of addressing the core challenges: attracting qualified applicants and offering competitive compensation.

Biggest Challenge to Hiring New Employees



Source: Alaska SBDC, Small Business Survey • Created with Datawrapper



Alaska's small businesses are in a balancing act and the data highlights the need for programs that address these core challenges and support a sustainable workforce.

SMALL BUSINESS, BIG IMPACT: ALASKA SBDC SERVES THE STATE

ANCHORAGE | FAIRBANKS | SOLDOTNA | HOMER | SEWARD | JUNEAU | MAT-SU | RURAL

SMALL BUSINESS VOICES IN 77 ALASKA COMMUNITIES



MAP OF 2023 SMALL BUSINESS SURVEY RESPONDENT CITIES

ALASKA SBDC IS PROUDLY HOME TO:



JOIN US ON SOCIALS

@AlaskaSBDC
#AlaskaSBDC



aksbdc.org

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phone camera



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