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networking events, join LinkedIn groups to participate in conversations, and ...

Jun. 29, 2015

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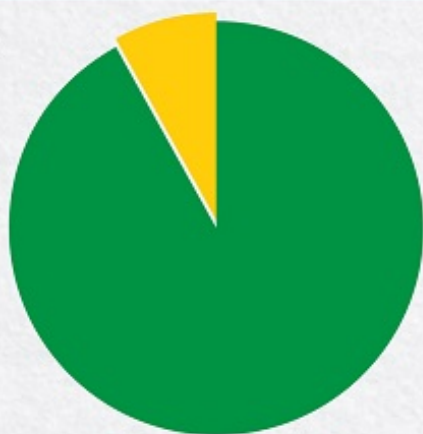
THANK YOU THINK

The Economic Impact of Microbusiness In the United States

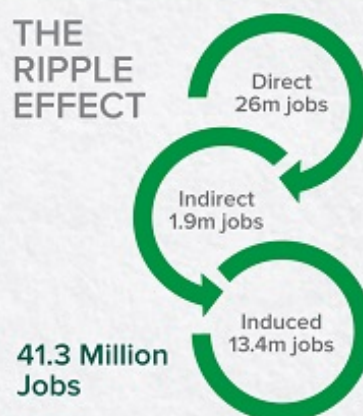
Microbusinesses
represent

92%

of all U.S.
businesses



THE
RIPPLE
EFFECT



Microbusinesses are
defined as enterprises
with fewer than five
employees, including
the owner



AEO Association for
Enterprise Opportunity
THE VOICE OF MICROBUSINESS

Providing a full range of accounting, tax and consulting services to small businesses is *smart* business. With a good economy, thousands of small businesses are already in operation and many more ready to open their doors. This sector provide huge

sources of income, while also offering a viable and profitable stream of referrals from

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that already existed. Now, it's very easy to see why the microbusiness is a hidden gem. According to a [report](#) issued by the Association for Enterprise Opportunity, microbusinesses represent 92% of all U.S. businesses, providing approximately 41.3 million jobs. Yet, it's surprising to me how many CPAs and accountants I meet that have never even considered serving the microbusinesses sector.

It's time to change this thinking.

A microbusiness has less than \$5 million in revenue, compared to small businesses that have \$5 million to \$20 million in revenue. Microbusinesses are independently owned and operated, often out of the owner's home. Owners usually consider themselves self-employed and often have less than five employees. The owner-manager typically is involved in every part of the business, from day-to-day operations and making all the decisions, to managing the finances.

In reality, the \$5 million cap is definitely the high-end of the scale; common examples of microbusiness owners include artists, musicians, freelancers and consultants. Some companies create apps for smartphones or sell sports trading cards or antiques on eBay, while others rent out their home to seasonal vacationers or operate a bed & breakfast.

Take a look at these statistics:

- Microbusinesses hire more than 40% of the overall workers in high-tech fields, including engineers, scientists and programmers (source: [Microexec](#)).
- From 2004 to 2010, U.S. microbusinesses (1 to 4 employees) created a net of 5.5 million jobs; large businesses (those with greater than 500 employees) lost 1.8 million jobs during the same period (source: [GetBusyMedia](#)).

Although not necessarily on the same scale as their counterparts in small- and medium-size businesses, these microbusinesses do what they do best – create and

manage their companies, yet they also must comply with the same tax and

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basic accounting and tax matters presents a huge opportunity for the accounting profession. These owners *should* look to their CPAs and accountants for advice on back-office procedures, processes and cloud-based technology, as well as all of the compliance issues businesses face on a regular basis.

But, like anything in life, you don't know what you don't know, so even the tiniest of microbusinesses must meet a wide range of compliance issues. Again, think about the avid collector selling a Honus Wagner trading card or a stay-at-home mom selling her grandmother's pottery. This is where the accountant can help the owner sort out the details to ensure accuracy, with guidance on collecting and paying sales tax in a timely and accurate manner; limiting audit exposure by creating, validating and storing exemption certificates; facilitating online 1099 reporting; payroll tax compliance and employee expense reporting. The list goes on, and on.

If you're wondering where to find your prospects, that's easy. Owners on the higher end of the \$5 million range set up shop in coffeehouses, attend the same networking functions and seek small business loans to finance their operations. Owners on the lower end may stop for a cup of Java, but are often harder to spot.

Finding, and securing, these owners as clients is a matter of doing what accountants have done since day one. Exchange referrals with your current clients, attend public networking events, join LinkedIn groups to participate in conversations, and stay awake and aware of any opportunity that may come your way.

While you never know where the next great client will come from, microbusiness owners need you. Find them and be proactive about working with them. It's a win-win for everyone.

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