Introduction

The proportion of entrepreneurs globally who have experienced an increase in their net profits has gained steadily and impressively over the past two years, increasing from 37% to 62% in just the past year. Furthermore, an overwhelming 78% of entrepreneurs surveyed indicated that they expect a further increase in profitability during the coming six months.

In this Indicator segment, 14% of entrepreneurs have seen a significant increase in profits, which is only a slight increase over the past six months. Additionally, 13% expect a significant increase in the coming six months.

A large majority of entrepreneurs in the U.S. and Latin America / Caribbean regions have experienced an increase in profits in the past six months. Interestingly, the number of Canadian entrepreneurs experiencing an increase in profits was comparatively low (29%). This number is expected to double during the coming six months, which is in line with their optimistic predictions for the business environment.

A growing number of entrepreneurs in the Latin America / Caribbean, Asia / Pacific and Europe / Middle East regions are increasing their use of debt instruments.
Global Findings

Profits
The number of entrepreneurs globally seeing their profits increase has gained steadily over the past two years (Figure 1). While that figure has increased only slightly over the past six months, a large majority (62%) of entrepreneurs increased profits, with 14% reporting a significant increase. More than one in 10 (13%) survey respondents predict that they will see a significant increase in the coming six months.

While only just more than one-third (37%) of entrepreneurs saw profit increases in late 2009 and the beginning 2010, this trend has improved significantly with well more than one-half of respondents (59%) seeing an increase in profits in late 2010, and almost two-thirds (62%) in 2011.

![Figure 1: The percent of entrepreneurs worldwide who reported increased profits in the 6 months preceding the survey.](image)

Latin American / Caribbean entrepreneurs lead the pack regarding increases in net profits over the past six months (66%), but only by a very small margin over the U.S. (64%). Surprisingly, the highest performers in the last iteration of this study – Asia / Pacific (57%) and Canadian (29%) entrepreneurs – did not perform as well against their peers during the previous six months, albeit more significantly in Canada’s case.

Interestingly, less than one-half (43%) of Canadian entrepreneurs saw their profits remain the same over the past six months and actually reported a decrease in profitability. Though trending downward, 13% of Canadian respondents report a large increase in profits over the past six months, and 22% expect large increases in the coming six months.
Comparatively, U.S. entrepreneurs – the most pessimistic of all regions in the last Indicator survey – have performed well. Nearly two-thirds of entrepreneurs (64%) experienced an increase in profits during the past six months, with 14% experiencing a large increase in profitability and 12% expecting that result in the coming six months.

In the Europe / Middle East region, entrepreneurs were slightly polarized. While well more than one-half (59%) of this region’s entrepreneurs experienced an increase in net profits over the past six months, there was no significant number of respondents who experienced a large increase, with 25% actually reporting a decrease.

Globally, entrepreneurs are reasonably aligned in net profit projections, with the vast majority (73%-79%) predicting an increase across all regions.

![Figure 2: Net profit increases over the past six months against predictions for the coming six months, by region.](image)

**Debt**

Globally, there is significant polarization regarding debt load (Figure 3). Entrepreneurs are almost evenly distributed among increasing, maintaining or decreasing their current level of debt. The interesting findings are in the outliers, where 18% of entrepreneurs have decreased their debt load significantly. Looking ahead to the coming six months, with the exception of the Asia / Pacific region, one in 10 entrepreneurs is expecting to continue this trend of greatly reducing debt.

At the other end of the spectrum, there has also been a slight increase (8%) in the number of entrepreneurs escalating their use of debt instruments over the past two years, though this has steadied over the past six months and is predicted to hold for the coming six months.
Figure 3: The percentage of entrepreneurs worldwide who have increased, decreased or maintained their existing level of debt over two years.

A much greater proportion of entrepreneurs in the Latin America / Caribbean region have increased their use of debt instruments over the past six months (42%), than those who have either decreased (25%) or maintained (28%) their debt load (Figure 4). This trend is forecasted to continue. Given entrepreneurs in the region are positive about access to capital and the business environment, the debt increase is most likely due to the region’s entrepreneurs leveraging capital to take advantage of perceived business opportunities.

The number of entrepreneurs in the Europe / Middle East region increasing their use of debt instruments is predicted to grow notably (13% to 34% total, Figure 5). While this result is polarized overall, with almost equal numbers of entrepreneurs increasing (34%), decreasing (30%) and maintaining (31%) debt loads, the predicted shift is expected to come almost entirely from those who maintained debt load over the past six months.

The number of entrepreneurs in the Asia / Pacific region growing their use of debt instruments is predicted to increase marginally (4%) to 35% during the coming six months, aligning them with the Europe / Middle East region.

Both U.S. and Canadian respondents reported polarized results, with more Canadian and U.S. entrepreneurs maintaining existing debt load (43% and 42%, respectively) than increasing (29%, 23%) or decreasing (24%, 28%). The small difference in increase may lie in the relative optimism of Canadian entrepreneurs regarding the business environment and job creation, as compared to more polarized U.S. entrepreneurs.
Figure 4: Percentage of entrepreneurs who have increased, decreased and maintained total debt load during past 6 months, by region.

Figure 5: Percentage of entrepreneurs who predict an increase, decrease or no change to their total debt load in the coming six months, by region.
About the Research
This report is part of the Global Economic Indicator research program conducted by the
Entrepreneurs’ Organization (EO) in partnership with The Standard Chartered Private Bank.
This research program began in May 2010 and consists of a five-year series of surveys of EO
members. The full report and findings are available at http://www.entrepreneurindicator.com/.

The significance and uniqueness of this global research program lies in the demographics of the
survey respondents. All EO members who were surveyed have successfully founded a business
grossing more than US$1 million in revenue annually. Overall, the average respondent grosses
US$18.4 million in revenue per year and employs 191 workers. Globally, these entrepreneurs
employ more than 1.3 million workers and the average age of respondents surveyed is 40
years.

Though this demographic can offer unique insights into business and economic trends, it is
generally very difficult to gain access to and poll a pure sampling of these individuals. However,
the Entrepreneurs’ Organization holds a membership base fitting these criteria, providing the
ability to gain access to this highly important sample of the entrepreneurial population.

This research collected responses from nearly 1,200 entrepreneurs in 38 countries.

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