

Small Business Credit Survey: 2025 Tennessee Insights



Federal Reserve
Bank of Atlanta

Community and
Economic Development

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Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2024 for the Small Business Credit Survey (SBCS).² This brief highlights key findings for 105 Tennessee small employer firms (“firms”).³

Firm Conditions & Financing

More than half of Tennessee’s firms (52 percent) reported poor or fair financial conditions in 2024, on par with the share of firms reporting such conditions in 2022 (53 percent).⁴ In 2024, fewer firms said they experienced no change in revenues the prior 12 months than in 2022, while more firms said revenues decreased. Forty-one percent of firms applied for loans, lines of credit, or merchant cash advances, most frequently citing the need to meet operating expenses. Among firms that applied for financing in 2024, credit cards (34 percent), line of credit (32 percent), and loans (28 percent) were sources of financing most sought by Tennessee respondents.⁵

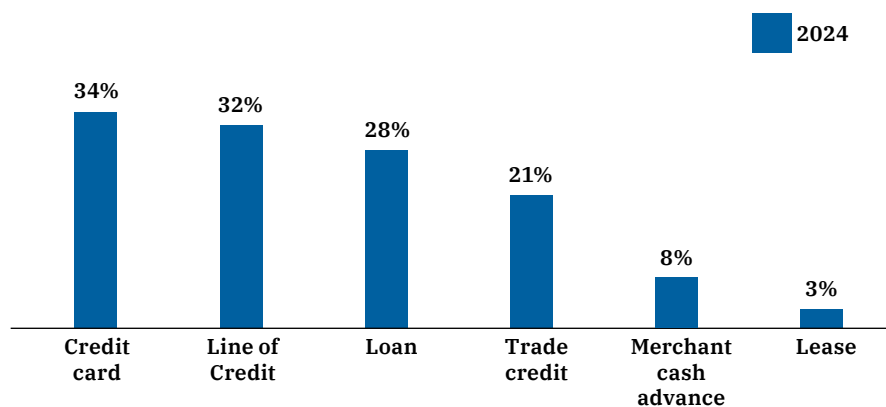
Revenue Change in the Last 12 Months (N=100) 2023-2024



2021-2022



Application Rate by Line of Credit or Merchant Cash Advance (N=105)



41%

Applied for loan, line of credit, or merchant cash advance in the prior 12 months *compared with 47% in 2022* (N=105)

52%

Reported that 2024 financial conditions were poor or fair *compared with 53% in 2022* (N=105)

36%

Reported operating at a loss at the end of 2024 *compared with 29% in 2022* (N=102)



To read the 2025 report, scan the QR code or click [here](#).

¹The views expressed here are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.

²The SBCS is a national sample of over 7,500 small businesses focused on firms’ financing and debt needs and experiences. The national report and corresponding data used for this brief are available at www.fedsmallbusiness.org/survey.

³See demographic details on page 2. Note that data are weighted to be representative of all small businesses in Tennessee and that not all yearly comparisons included are statistically significant, partly owing to sample size. Percentages may not sum to 100 because of rounding and, for some figures, respondents could select more than one option.

⁴For the state of Tennessee, we utilized 2022 data as a comparison. There were an insufficient number of survey responses in 2023 to create a state report.

⁵For the state of Tennessee, we analyzed Application Rate by Type of Financing only and only for the year of 2024. The category labeled as “Loan” includes business loans, SBA loans, auto or equipment loans, mortgage or real estate loans, or personal loans; “Line of Credit” includes home equity lines of credit and business lines of credit. Application Rate by Type of Loans, Line of Credit, or Merchant Cash Advance for the state of Tennessee is unavailable at a more detailed level due to an insufficient number of survey responses and is not available for comparison in 2022.

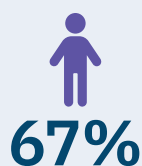
SBCS 2025: Tennessee

Challenges in 2024

In 2024, Tennessee firms reported challenges similar to those in 2022. However, issues closely related to the pandemic, such as hiring and retaining staff and supply chain problems, saw significant year-over-year declines and were reported less frequently in 2024. The most widely cited operational challenges in 2024 were reaching customers or growing sales (56 percent), supply chain issues (44 percent), and hiring or retaining qualified staff (37 percent). Other operating challenges included utilizing technology (33 percent), complying with government regulations (32 percent), and ensuring health and safety of customers or employees (11 percent). The most common financial challenges included increased costs of goods, services, or wages (88 percent), paying operating expenses (68 percent); and uneven cash flow (55 percent). Additional financial challenges included weak sales (53 percent), making payments on debt/interest rates (33 percent), and credit availability (31 percent).

Firm Demographics (N=105)⁵

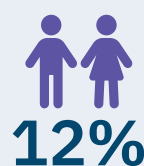
Tennessee employer firms consisted of the following demographic groups:



Male-owned

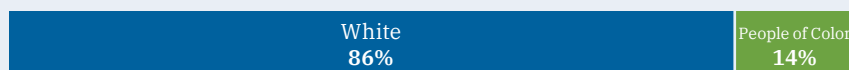


Female-owned



Equally owned

Race/Ethnicity of Owner(s)



Industry



49%

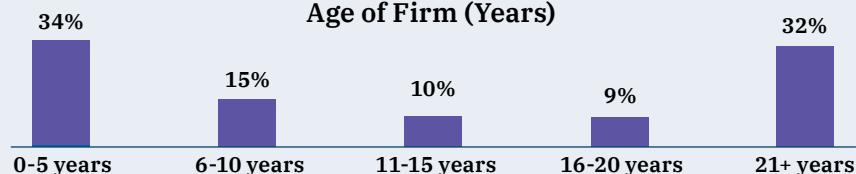
Have 1–4 employees



11%

Earn <\$100K in annual revenues

Age of Firm (Years)



Top Operational Challenges (N=103)

56%

Reaching customers/
growing sales *compared*
with 47% in 2022

44%

Supply chain issues
compared with 73% in 2022

37%

Hiring or retaining qualified
staff *compared with 71%*
in 2022



Top Financial Challenges (N=105)

88%

Increased costs of goods,
services, and/or wages
compared with 86% in 2022

68%

Paying operating expenses
compared with 52% in 2022

55%

Uneven cash flow *compared*
with 43% in 2022

⁵Percentages and sample sizes include only weighted responses from employer firms. The population data used to generate state and MSA level weights come from the US Census Bureau's 2022 Annual Business Survey (gender, race/ethnicity), 2022 Business Dynamic Statistics (firm age), and 2022 County Business Patterns (industry and firm size).