



Values Go Viral: The Gen Z Model for Impact-Driven Business



Digital From Day One

The demographic cohort born between 1997-2012, succeeding Millennials and preceding Generation Alpha, is commonly referred to as Generation Z. Gen Z, the first generation never to know the world without the internet, values diversity and finding their own unique identities, says Stanford scholar Roberta Katz.

Most members of Gen Z are the children of Gen X parents. Known for their digital fluency, their communication and consumption habits differ from prior generations. Having grown up online, the “norm” they experienced as children was a world that operated at speed, scale and scope¹. One manifestation is the mantra “always on the cell phone” and the token “Gen Z stare” (i.e., the vacant expression given by Gen Zers in response to a question).

Pragmatic Optimists Shaped by Crisis

Several formative events have influenced the worldview of this generation. The Great Financial Crisis of 2007–09 fostered pragmatism regarding work and finances, leading many Gen Zers to prioritize saving, avoiding debt, and seeking work-life balance. The COVID-19 pandemic reinforced the importance of adaptability and resilience. According to McKinsey², generally speaking, Gen Zers believe in doing their part to help stop the intensification of climate change and to establish greater equity for all. More than any other generation, Gen Z collectively demands purpose and accountability.

Globally, Gen Z accounts for roughly 32% of the population, and in certain countries facing declining and aging populations, they represent the largest demographic cohort. In the United States, they make up about 25% of the population (as of 2015 census data), slightly smaller than Millennials and Baby Boomers³.

The Entrepreneurial Impulse

Gen Z is emerging as one of the most entrepreneurial generations to date. A 2020 survey by WP Engine found that 62% of Gen Zers plan to start - or potentially start - their own business. More recent research from Square puts this number as high as 84%.

Among Gen Z business owners, the Square study highlights:

- 72% believe times are economically tougher than they have been for previous generations, yet 39% are motivated to start another business.
- 39% employ five or more people.
- 45% are funding their ventures from personal savings.
- 80% launched online or with a mobile-first approach, while 46% also established a physical presence.

“Many Gen Zers and younger audiences are looking toward entrepreneurial opportunities as a more attractive career path,” says Dave Liniger, a serial entrepreneur and founder of the global real estate franchise RE/MAX. “This generation values independence and flexibility in their work life, often prioritizing work-life balance and the ability to control their own schedules.”

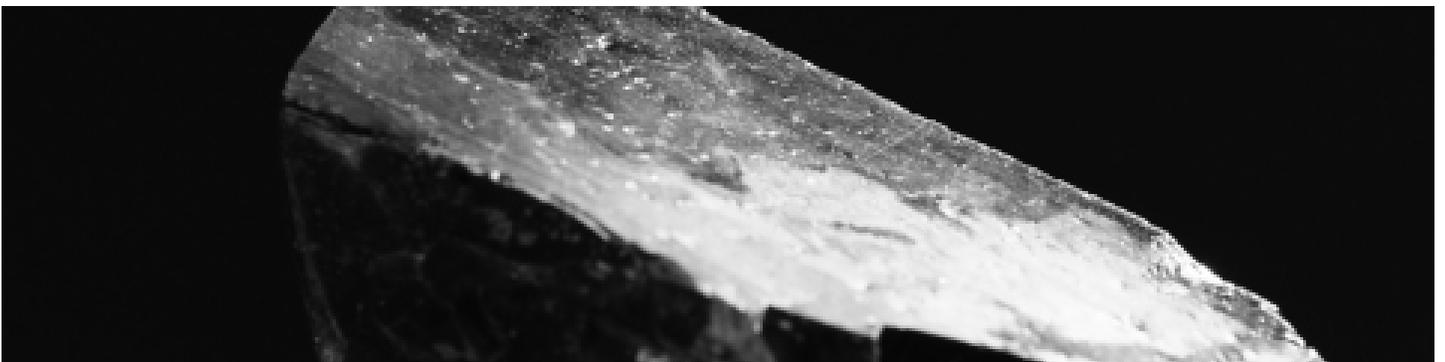
Another strong motivator for Gen Z entrepreneurs is the desire to make a positive impact in their communities. Liniger notes, “They’re motivated by social, environmental, and ethical concerns, leading to the rise of social entrepreneurship as well. Gen Z tends to support and start businesses that align with their values, focusing on community betterment.”

Building at Digital Speed

A defining feature of Gen Z entrepreneurship is the rise of the creator economy. Influencers and content creators have become a dominant force, leveraging their online presence to build successful businesses. According to CBS News, 86% of young Americans aspire to become social media influencers, drawn by earning potential beyond traditional career paths. Within this space, young founders must differentiate themselves and create a unique value proposition. Many also turn to digital e-commerce platforms like Etsy to reach niche markets and monetize their creativity.

The entrepreneurial landscape for Gen Z founders is markedly different from that of previous generations, reflecting lower barriers to entry and new priorities in business development. *Business Insider* highlights several distinctive traits:

- **Ease of Starting a Business:** Platforms like Shopify and other accessible technology enable Gen Z to launch a business in days, rather than months, and with far less capital.
- **Data-Driven Decision Making:** Founders leverage analytics and digital tools to streamline operations and focus on high-impact decisions.
- **Personal Branding:** Building a strong personal brand is viewed as essential for attracting customers, partners, and investors.
- **Acceptance of Differences:** Inclusivity and diversity are core values that shape innovation and organizational culture.
- **Social Responsibility:** Gen Z entrepreneurs emphasize social, environmental, and community impact alongside profit.



The Capital-Light, AI-Assisted Startup Era

One Gen Z entrepreneur described the relative ease of accessing capital in Silicon Valley compared to more traditional financial centers like New York. His first investor committed on the spot after hearing his pitch at a conference. Technological advances, particularly in AI, have lowered startup costs and shortened fundraising cycles, making it easier to bootstrap businesses or rely on friends and family for early-stage funding.

Many Gen Z startups are capital-light, relying on pre-sales, pre-orders, digital products, crowdfunding, or incubators to launch. AI allows founders to develop digital prototypes that attract investors without the need for expensive physical products, and fewer employees are required to operate the business efficiently.

Purpose-driven business models still remain central. In a 2024 Deloitte survey, 80% of Gen Z founders reported valuing impact equal to or greater than profit, highlighting their commitment to mission-oriented entrepreneurship. One example that we can cite is a Gen Z founder who told us about how he had to pivot and change the business from B-to-C to B-to-B. In doing so, the business took off and quickly reached profitability; however, he was left greatly unsatisfied because he lost the purpose. The business was sold within a year, and he is now off to the next venture.

The easy access to capital, effective use of AI along with a capital light business model make for a different journey. The start up to scale to exit cycle is compressing at an impressive rate. It is a given that Gen Zers are going to be serial entrepreneurs in greater percentages than other generations. Moreover, they are less likely to remain with the same business for as long as their Boomer grandparents or their Gen X parents. Their businesses serve as a means to an end rather than the end itself.

The Serial Entrepreneur Generation

Exit planning for Gen Z founders reflects both their longer time horizon and digital fluency, which often distinguishes them from prior generations such as Baby Boomers or Generation X. Key considerations include:

1. Streamlining Operations for Sale or Investment
 - Gen Z's comfort with technology enables founders to digitally streamline operations, optimize workflows, and create sale-ready companies more efficiently than predecessors. Cloud-based management tools, AI-driven analytics, and integrated software platforms allow for transparent, scalable operations that appeal to investors or acquirers.
 - Gen Z's fluency in digital platforms also allows founders to present data, KPIs, and operational metrics more clearly to potential acquirers. This transparency can accelerate due diligence, shorten deal timelines, and increase valuation certainty.
2. Valuing Purpose in Exit Decisions
 - Social and environmental impact remains central. When considering acquisitions or partnerships, Gen Z founders often prioritize buyers or investors aligned with their mission, rather than simply maximizing immediate financial returns.
3. Hybrid Exit Strategies
 - Many Gen Z entrepreneurs may pursue partial exits, retaining stakes while bringing in strategic partners. This approach allows continued influence, financial diversification, and flexibility for future ventures.

Purpose-Proofing the Exit

For Gen Z founders, exit planning goes far beyond preparing the business for sale or scaling equity — their personal financial future and life outside the business must also be a central consideration. While these founders are younger than prior entrepreneurial cohorts, one fact remains unchanged: taxes do not discriminate. Thoughtful income tax planning and estate tax planning are essential components of any exit strategy, even for founders who may be decades away from retirement.

Working with a coordinated advisory team — including a CPA, attorney, and financial advisor — can ensure that founders structure their business and personal finances in ways that maximize efficiency, protect assets, and preserve wealth. For example:

- **Advanced Entity Structuring:** Choosing the right business entity (LLC, S-Corp, or C-Corp) can influence both current income taxation and the flexibility to roll equity in future ventures. A Gen Z founder who anticipates long-term involvement in their company may benefit from structures that allow deferred taxation on equity compensation or reinvestment of proceeds.
- **Trust Planning:** Establishing trusts provides creditor protection and potential estate tax benefits. This can be particularly advantageous for founders planning to transfer wealth to the next generation or manage philanthropic goals.
- **Income Timing and Capital Gains:** Younger founders have the opportunity to strategically time the recognition of income or capital gains, potentially taking advantage of lower tax brackets over time, or structuring liquidity events to coincide with major life milestones like buying a home or funding education.
- **Philanthropic Planning:** Purpose-driven Gen Z entrepreneurs often integrate charitable giving into exit strategies. For instance, donating appreciated stock or setting up donor-advised funds can both reduce taxes and align with personal values.

Future Defined by Connection and Conscience

Generation Z is redefining what it means to be an entrepreneur. Tech-savvy, values-driven, and socially conscious, this cohort approaches business not just as a means of income, but as an expression of purpose and innovation. They are building business that are digital-first, capital-light, and impact-oriented. They leverage technology to operate efficiently while staying deeply connected to their communities. As these founders look toward the future, their approach to exit planning reflects the same forward-thinking mindset: balancing financial prudence with personal values, integrating tax and estate strategies early, and using technology to make informed, holistic decisions.

Sources

1. <https://news.stanford.edu/stories/2022/01/know-gen-z#:~:text=Gen%20Z%20are%20typically%20self,Z%20is%20entrepreneurial%20and%20adaptive.>
2. <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-gen-z>
3. <https://www.bloomberg.com/news/articles/2018-08-20/gen-z-to-outnumber-millennials-within-a-year-demographic-trends>



NEWEDGEWEALTH.COM