

FRAK
2024



Summer 2024

State of Fractional Industry Report



Learning

The State of Fractional Report provides knowledge to help you navigate next steps.



Community

When you understand the community you exist in, you can add value and carve out your unique niche.



Inspiration

Innovation and creativity are fed by relevant, helpful information.

State of Fractional Industry Report Executive Summary

The fractional work landscape is experiencing rapid growth and transformation, reshaping traditional employment models in the United States. This report, based on a comprehensive survey of 250 individuals across 29 states, offers valuable insights into the current state and future prospects of the fractional industry.

Key Findings:

Demographics

The fractional workforce consists of a similar number of men and women, with the largest age concentration in the 44-59 age range (59.0%). Although the survey results found nearly nine in ten respondents were White/Caucasian, it is unknown if this is an artifact of the survey or reflects the broader demographic make-up of the fractional community.

Industries Served

Fractionals serve a diverse number of industries. The technology sector emerges on top at 51.6%, followed by Manufacturing (35.6%), SaaS (34.8%), and Healthcare (32.0%).

Experience & Focus Areas

Notably, more than seven in ten fractional professionals have over 15 years of experience in their field, indicating a highly skilled talent pool. Top three areas of focus by fractional professionals register as Marketing/Communications (30.4%), Operations (16.0%), and Sales Business Development (9.6%).

Client Acquisition

Networking is paramount, with 92.8% of fractionals finding clients through referrals from their network and 72.8% of fractionals indicating they plan to grow their business by networking. Additionally, 73.2% rely on client referrals, highlighting the importance of relationship-building in this industry.



Key Findings, Continued:

Business Models

Fractionals bill mostly either with a monthly retainer (40.0%) or a mix of a monthly retainer and hourly (40.0%). Among those using a monthly retainer, the highest percentage report charging between \$5,001 - \$8,000 per month. The majority (45.6%) maintain average client engagements of 1-2 years.

Income & Satisfaction

While income levels vary, 52.8% of fractionals reported earning \$100,000 or more in the last calendar year. Importantly, 62.0% express satisfaction with their fractional business.

Emerging Trends

68.0% of fractionals are already incorporating AI into their business practices, signaling a tech-forward approach in the industry.

Challenges & Opportunities

Business development and finding clients remains the primary challenge for a majority (59.6%) of fractionals. However, 49.2% are excited about companies increasingly embracing fractional work as an option.

Future Outlook

An overwhelming 78.4% of fractional leaders feel optimistic about the industry and future, indicating strong confidence in the continued growth and potential of this work model.

Implications for the Fractional Industry



Growing Market: The exponential growth in LinkedIn profiles mentioning "fractional" roles since 2022 suggests a rapidly expanding market with increasing opportunities.



Skill Diversification: The wide range of industries and roles served by fractionals indicates a need for continuous skill development and adaptability.



Networking Emphasis: The critical role of networking in client acquisition underscores the importance of community-building and relationship management skills for success in fractional work.



Technology Adoption: The high rate of AI adoption among fractionals suggests that staying current with emerging and useful technology provides a crucial advantage for maintaining a competitive edge.



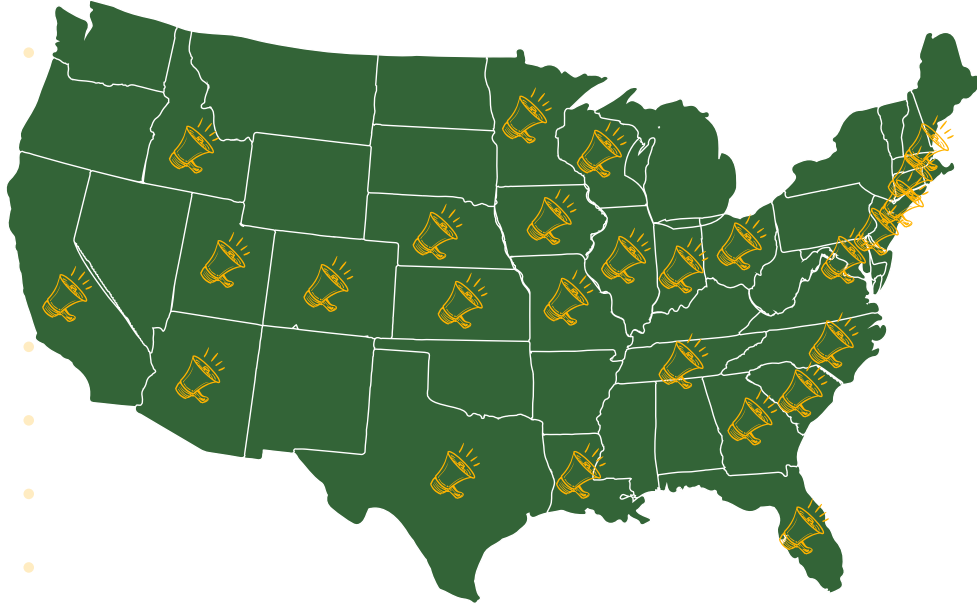
Education and Awareness: With 50% of fractionals citing lack of awareness of what fractional is amongst businesses as the biggest challenge, there's a clear need for education and outreach to potential clients about the benefits of the fractional approach.



Scaling Challenges: As 30.8% of fractionals struggle with scaling beyond themselves, there's an opportunity for innovative solutions and possibly collaborative models within the industry. Indeed, the opportunity to partner with other fractionals to develop new business or serve clients together was expressed as an area of excitement in the coming year by about a third of fractionals.

In conclusion, the fractional industry is poised for continued growth and evolution. While challenges exist, particularly in business development and market education, the high levels of satisfaction and optimism among fractional professionals indicate a robust and promising future for this work model. As companies increasingly recognize the value of fractional talent, the fractional movement is well-positioned to play a significant role in shaping the future of work.

State of Fractional Survey and Results



In an era marked by rapid technological advancement and evolving workforce dynamics, fractional work has emerged as a transformative trend reshaping the traditional employment landscape. This report delves into the current state of the fractional work industry in the United States, providing valuable insights and data to understand its growth, challenges, and future prospects.

The insights presented in this report are derived from a comprehensive survey conducted among 250 individuals across 29 states (Note: 54.4% from Minnesota). These participants represent a diverse cross-section of the fractional workforce, encompassing various industries, roles, and levels of experience. Their responses offer a nuanced view of the opportunities and obstacles faced by fractional workers, as well as the strategies they employ to navigate this unique employment model.

Our objective is to illuminate the key trends and patterns influencing the

fractional work sector, providing stakeholders with the information necessary to make informed decisions. From the motivations driving individuals to adopt fractional work, to the economic and social implications of this shift, this report aims to serve as a vital resource for fractional leaders and those considering fractional work.

As we explore the state of fractional work in the United States, we invite you to consider the broader implications of this trend and its potential to redefine the future of work.



FRACTIONAL

Noun, Adjective

A fractional is a part-time, fully embedded leader.

Survey Demographics

The demographics of the 250 individuals who participated in the State of Fractional Survey provide a snapshot of a dynamic segment of the workforce.

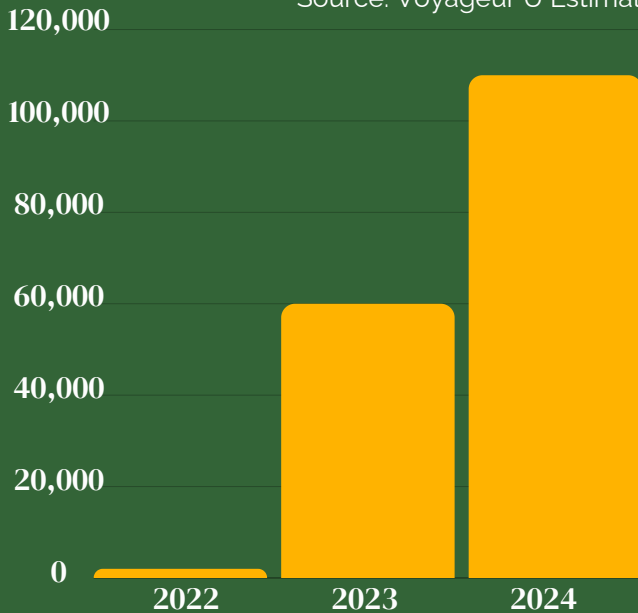
Participants hailed from a wide range of industries, including technology, finance, healthcare, and creative services. The survey respondents varied in age, gender, and geographic location, reflecting a broad spectrum of experiences and perspectives within the fractional work community.



Growing Fractional Community

Since 2022, the fractional movement has exploded. Take a look at the following data, which illustrates the number of individuals on LinkedIn that had the word “fractional” in their job title each year.

Source: Voyageur U Estimates



Gender

Of the survey respondents:
 51.0% — Male
 48.2% — Female
 0.8% — Prefer not to answer

Age

Of the survey respondents:
 59.0% — 44-59
 28.5% — 28-43
 12.0% — 60-78
 0.4% — 79+

Race/Ethnicity

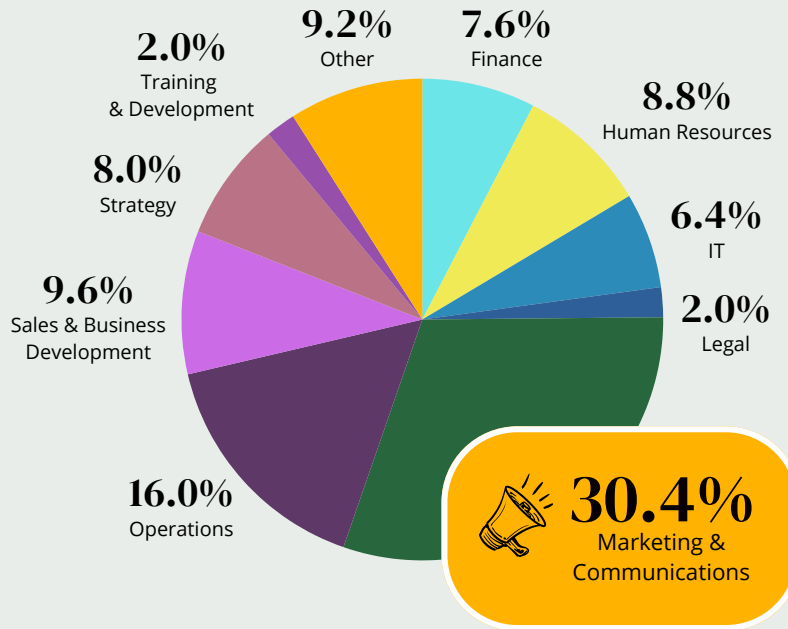
Of the survey respondents:
 89.4% — White/Caucasian
 4.5% — Asian/Pacific Islander
 2.8% — Black or African American
 2.8% — Multiple/Other Ethnicities
 0.4% — American Indian or Alaskan Native

“What Do You Do and Who Do You Do it For?”

What is your main area of fractional focus?

Of the survey respondents:

- 30.4% — Marketing/Communications
- 16.0% — Operations
- 9.6% — Sales & Business Development
- 8.8% — Human Resources
- 8.0% — Strategy
- 7.6% — Finance
- 6.8% — Other
- 6.4% — IT
- 2.0% — Legal
- 2.0% — Training & Development
- 1.2% — Research & Development
- 0.4% — Compliance/Risk Management
- 0.4% — Customer Service/Support
- 0.4% — Procurement/Purchasing



 **30.4%**
Marketing & Communications

How many years of work experience do you have in your field?

Of the survey respondents:

- 6.4% — Less than 10 years
- 20.8% — 10-15 years
- 20.8% — 16-20 years
- 21.6% — 21-25 years
- 30.4% — 26+ years



72.8%

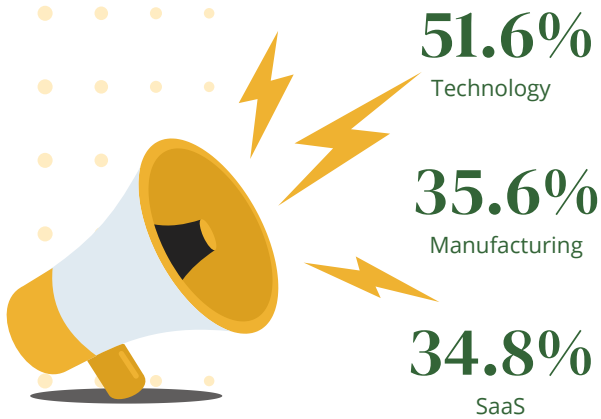
Have more than 15 years of experience in their field.



“What Do You Do and Who Do You Do it For?”

Which industries do you serve?

(Respondents were asked to select all that apply)

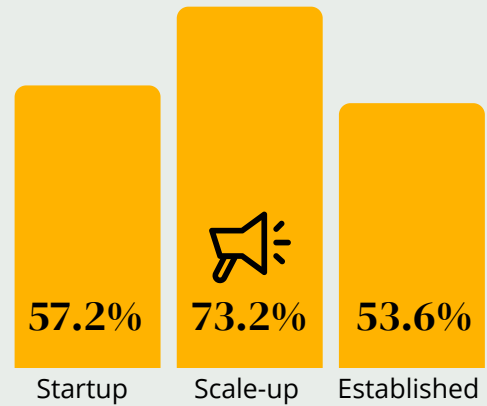


Of the survey respondents:

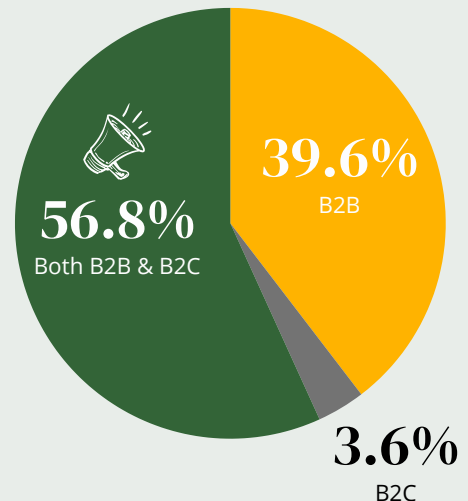
- 51.6% — Technology
- 35.6% — Manufacturing
- 34.8% — SaaS
- 32.0% — Healthcare
- 26.4% — Financial Services/Banking
- 23.2% — Nonprofit
- 21.6% — E-Commerce
- 20.4% — Construction
- 16.8% — Retail
- 14.8% — Media/Publishing
- 14.4% — Education
- 12.4% — Hospitality/Entertainment
- 12.4% — Transportation / Logistics / Supply Chain
- 12.0% — CPG
- 10.0% — Energy/Utilities
- 10.0% — Real Estate
- 10.0% — Legal
- 9.6% — Pharmaceutical/Biotechnology
- 8.4% — Agriculture
- 6.8% — Telecommunications
- 5.2% — Government
- 4.8% — Professional/Business Services
- 16.8% — Other

What growth stage are your current clients in?

(Respondents were asked to select all that apply)



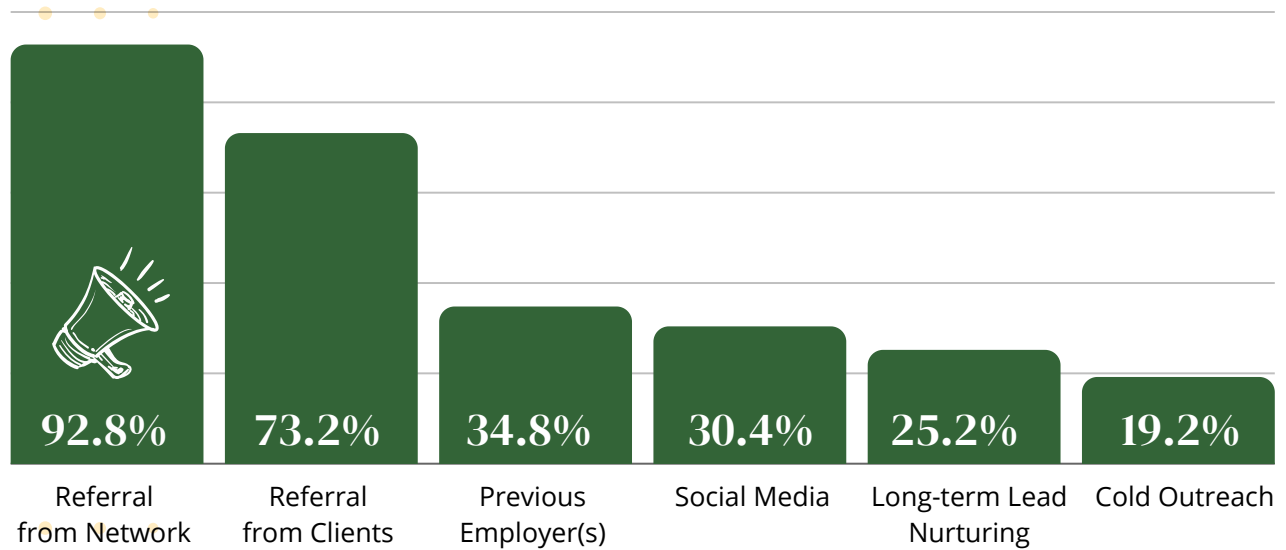
What type of businesses do you serve?



“How Do You Find Your Clients?”

Where do you find clients?

(Respondents were asked to select all that apply)



What role hired you?

(Respondents were asked to select all that apply)

- Of the survey respondents:
- 85.2% — Founder/Owner
- 74.0% — CEO/President
- 18.4% — Marketing/Communications
- 16.8% — Operations
- 10.4% — Sales/Business Development
- 9.2% — Human Resources
- 8.0% — Finance
- 5.2% — IT
- 4.8% — Project Management Office
- 3.2% — Research & Development
- 2.4% — Compliance/Risk Management
- 2.4% — Legal
- 1.2% — Customer Service/Support

85.2%
Say they have been hired by the Founder/Owner of a company.

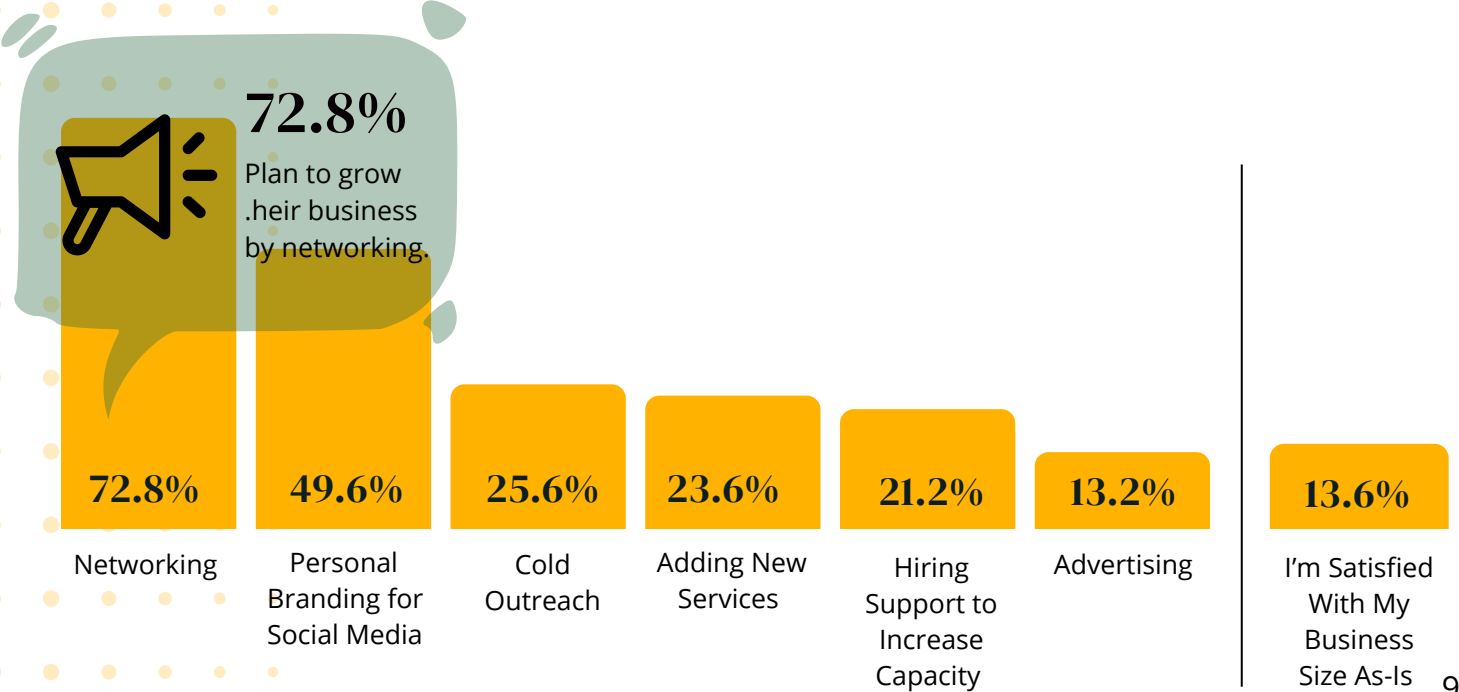


“How Do You Find Your Clients?”



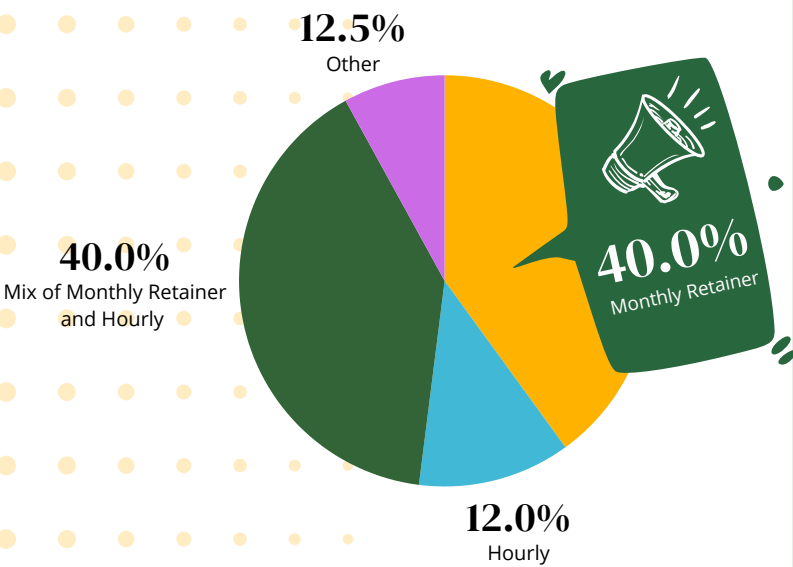
How do you plan to grow your business this year?

(Respondents were asked to select all that apply)

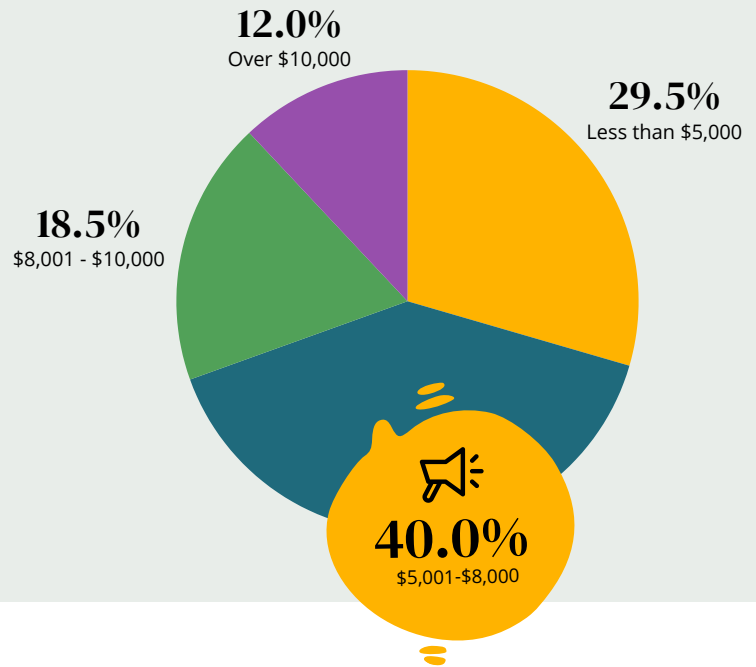


“How Do You Run Your Business?”

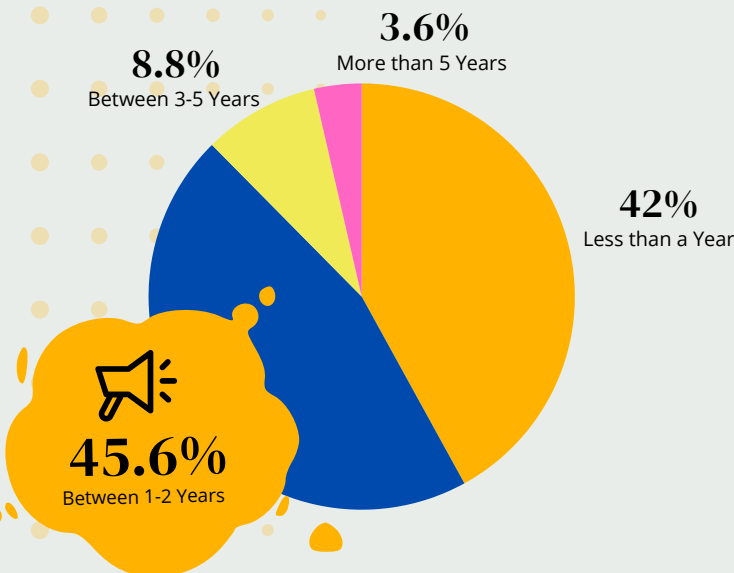
How do you bill for your fractional services?



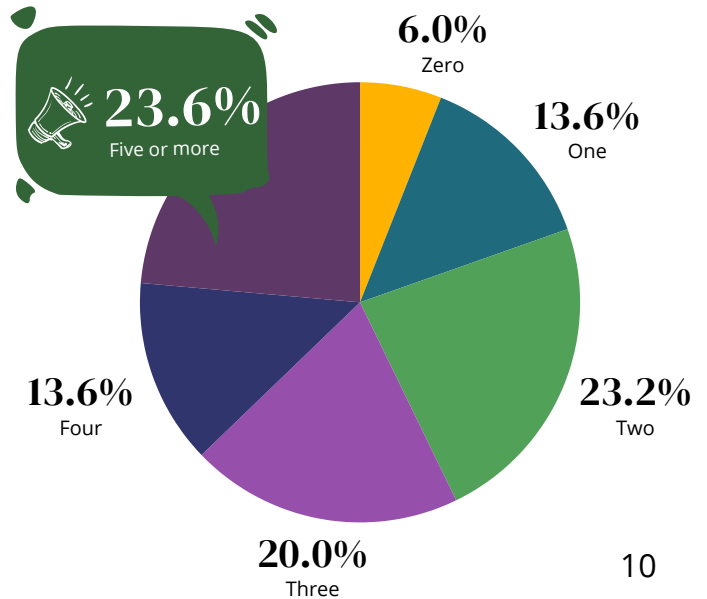
What is your average monthly retainer?



How long is your average client engagement?



How many clients do you currently serve?



“How Do You Run Your Business?”

What types of work do you do in addition to fractional?

(Respondents were asked to select all that apply)

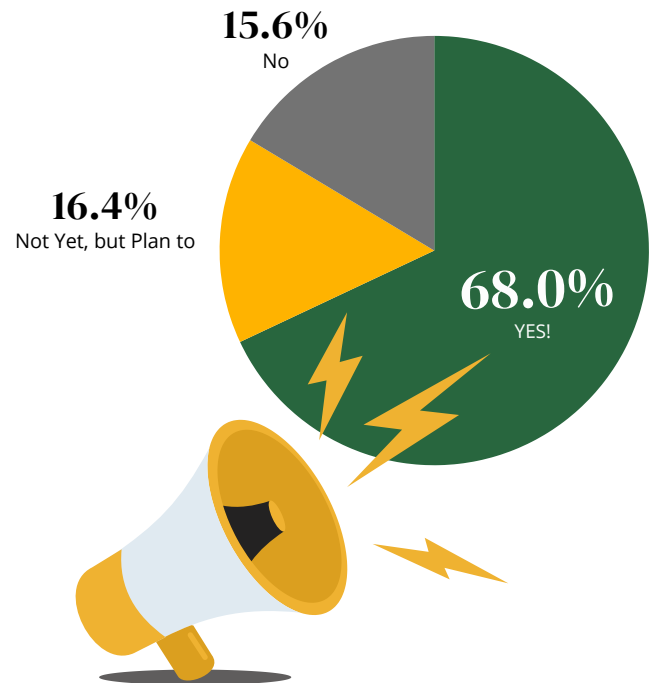


89.2%

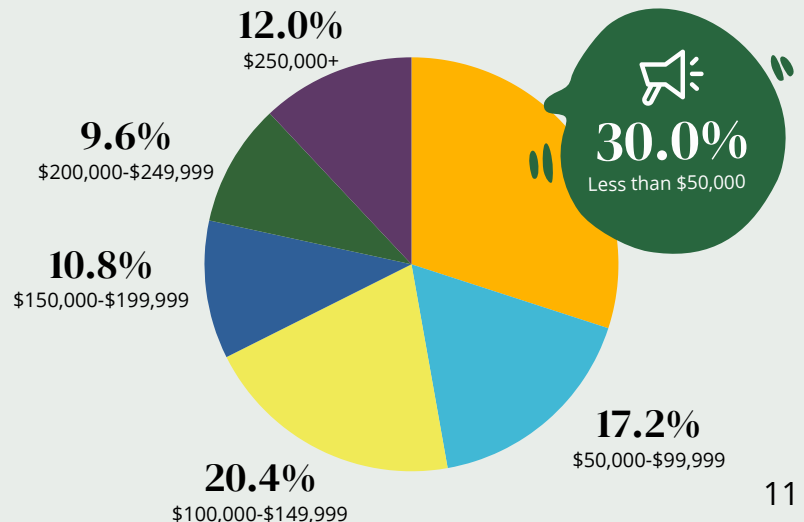
also do consulting & project work

- Of the survey respondents:
- 89.2% — Consulting/Project Work
- 24.4% — Freelance
- 24.0% — Workshops
- 22.4% — Speaking
- 19.6% — Writing
- 16.0% — Informational Products - Books, Courses, etc.
- 12.0% — Podcasts
- 6.0% — Other
- 4.8% — Coaching/Advising
- 3.2% — Founder/Own a Business/Startup
- 2.0% — Nothing
- 1.2% — Teaching
- 1.2% — Training

Are you using Artificial Intelligence (AI) in your business?



What was your total income from fractional work in the last calendar year?



“How Do You Feel About Your Business?”

What are your biggest challenges right now in growing your fractional business?

(Respondents were asked to select all that apply)

Of the survey respondents:

- 59.6% — Business development/finding clients
 - 36.4% — Setting the right prices
 - 30.8% — Figuring out how to scale beyond me
 - 30.4% — Developing my network and partners
 - 30.0% — Balancing multiple clients
 - 19.2% — Building a strong brand
 - 14.8% — Figuring out technology and tools
 - 10.0% — Too much competition
 - 6.8% — Financial management
 - 6.0% — Client retention
 - 5.2% — Delivering high quality work
 - 4.8% — Understanding the basics of running a fractional business
 - 2.8% — Navigating regulatory compliance and legal issues
-
- 8.0% — No challenges



59.6%

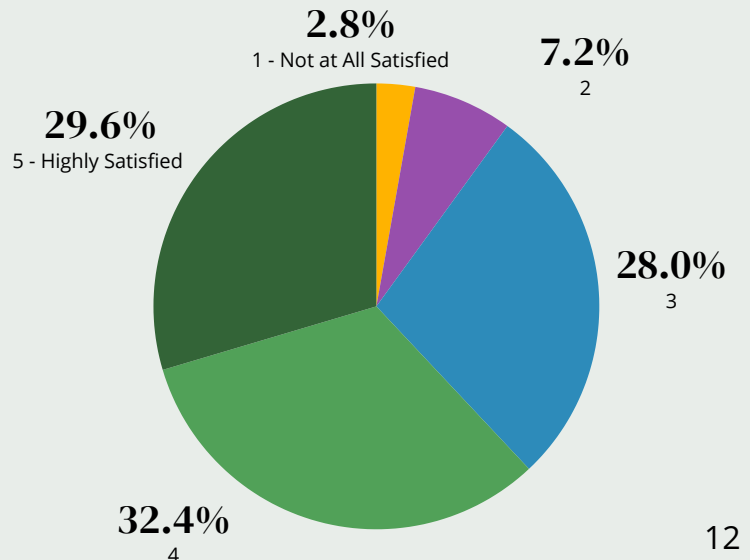
Find business development to be a challenge.



How would you rate your satisfaction with your own fractional business?

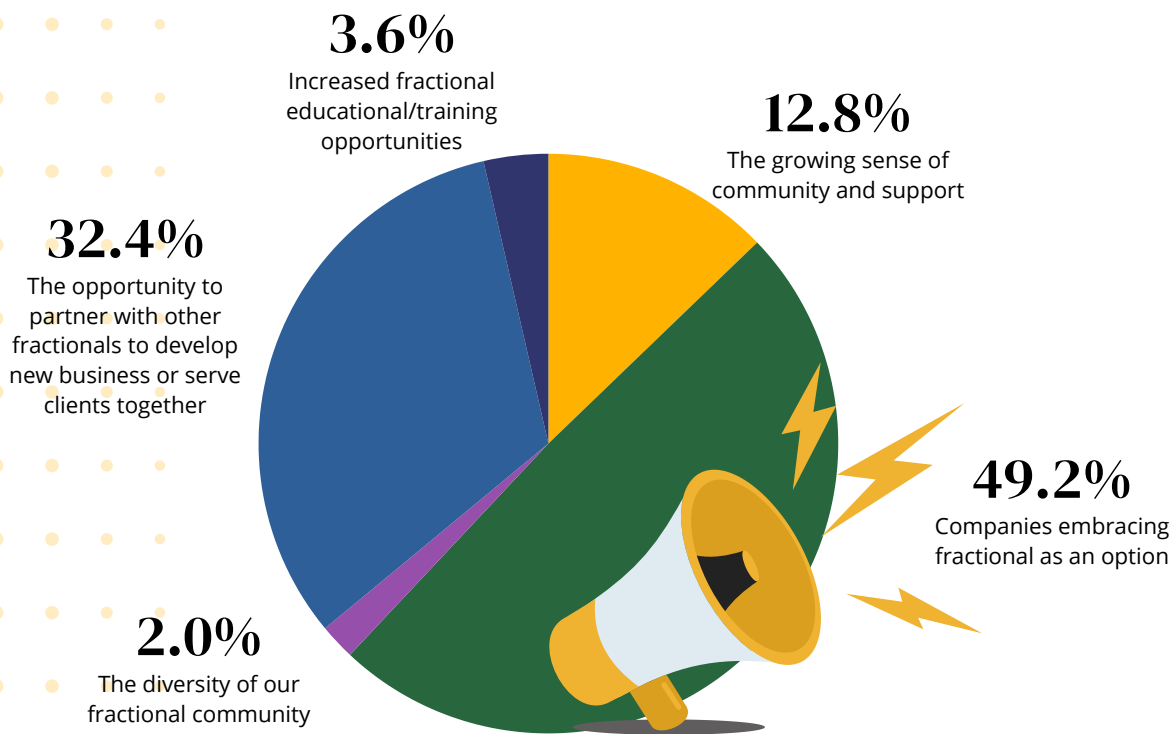


62.0%
Are satisfied with their own fractional business!

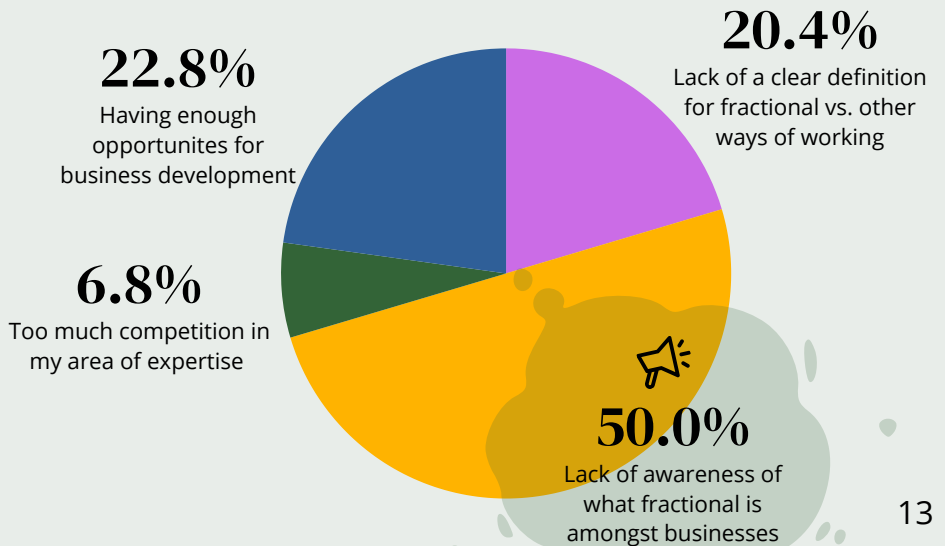


“What’s Your Outlook on the Fractional Industry?”

■ What are you most excited about for the fractional movement in the coming year?



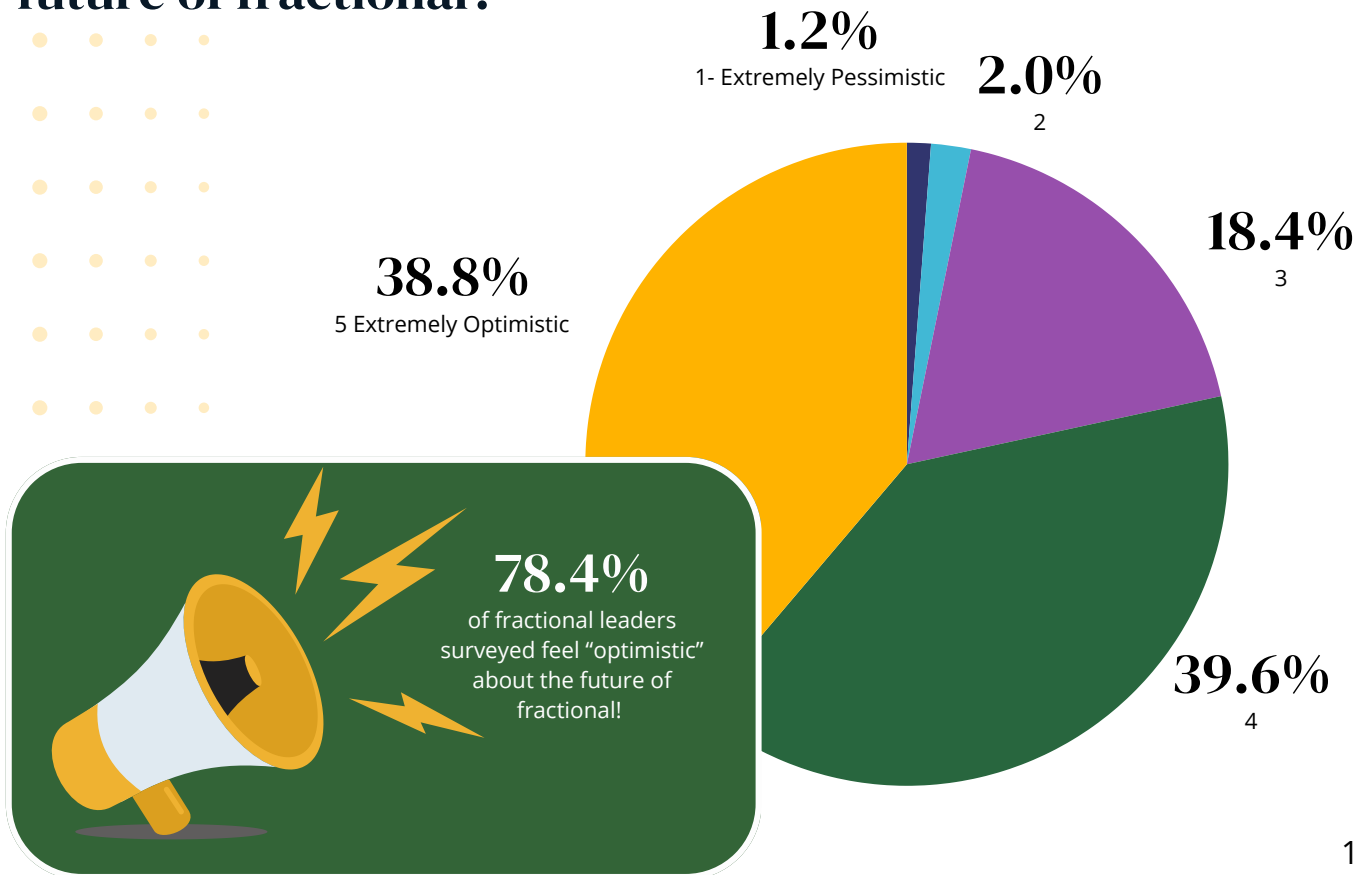
■ What do you see as the biggest challenge for the fractional movement in the coming year?



“What’s Your Outlook on the Fractional Industry?”



How would you describe your outlook on the future of fractional?

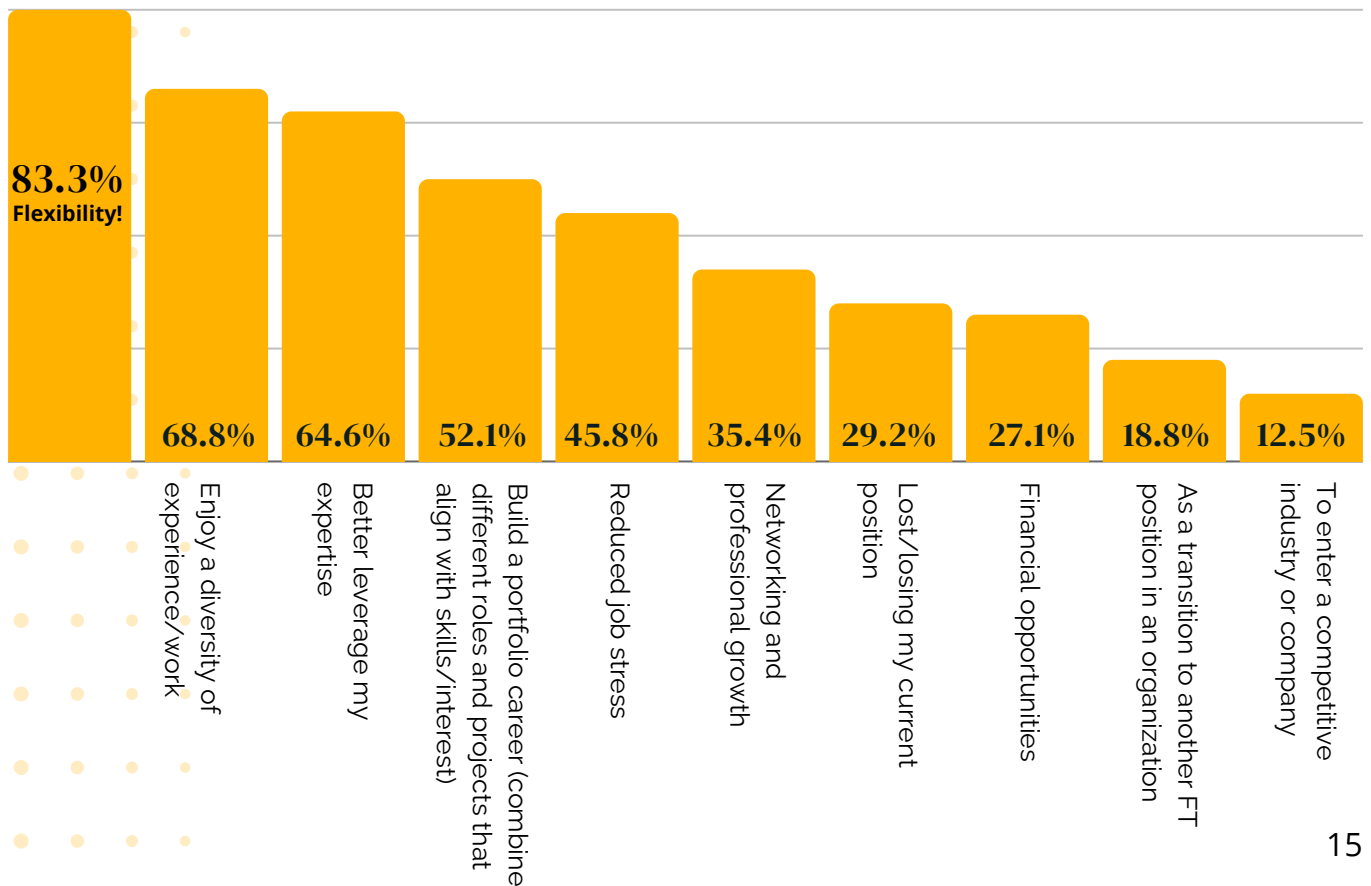


SPECIAL SECTION: FRACTIONALLY CURIOUS

In addition to the 250 individuals who completed the main survey, we received an answer to the following question from 49 individuals who identified as "fractionally curious." This group represents those who are not yet engaged in fractional work but are intrigued by the concept and eager to explore how they might fit into this dynamic and flexible professional landscape.

■ What are the main reasons you are curious about fractional work?

(Respondents were asked to select all that apply)



State of Fractional Industry Report

This survey and report was completed by the leadership team of FRAK 2024.

Special Thanks:

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