

2002 Small Business Profile: ALABAMA

The events of 2001 posed critical challenges to the state of Alabama as well as the nation. Nevertheless, the economic health of Alabama benefited from its small businesses (those with fewer than 500 employees). Small businesses are an important source of new jobs in the state. The small business sector also provides opportunities for women and minorities and is a continual source of innovation and invention. These qualities proved to be economically beneficial to Alabama last year.

Number of Businesses. The number of employer businesses in 2001 decreased by 2.5 percent, and the number of self-employed individuals decreased by an estimated 14.9 percent. Employer businesses numbered 86,007 in 2001. The most recent data by firm size (1999) indicate that 97.3 percent of businesses in the state were small. In 2001, an estimated 122,575 individuals were self-employed. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. Women owned 24.4 percent of the state's firms in 1997 and generated \$10.2 billion in revenues. Of the state's total women-owned businesses, 17.0 percent had employees. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics, U.S. Dept. of Commerce, Census Bureau)

Minority-Owned Businesses. The latest (1997) Census data indicate that minority-owned businesses totaled 28,300 and made up 9.9 percent of the state's businesses, of which 16.6 percent were employer firms. (Source: U.S. Dept. of Commerce, Census Bureau)

Business Turnover. In 2001, there were 10,060 new employer firms, or 0.1 percent fewer new employer firms than in 2000. Business bankruptcies totaled 428 in 2001, a decrease of 3.8 percent over 2000, while business terminations amounted to 14,781, an increase of 58.9 percent over 2000. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau)

Employment. Small businesses employed 801,901 or 49.1 percent of the state's 1,633,909 employees (non-farm private sector) in 1999. The industry with the most small business employees was retail trade. The total number of small employer firms in 1999 was 78,480 (Table 1). (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses)

Small Business Income. Proprietors' income—a partial measure of small business income—totaled \$8.1 billion in 2001, an increase of 9.4 percent over 2000. (Source: U.S. Dept. of Commerce)

Finance. Often, small businesses use commercial lenders and rely on local bank services. Over the last five years, the number of banks in the state has decreased. The Office of Advocacy has identified the small-business-friendly banks within the state and has published the names in its banking studies report. (See Table 2 for the number of banks by asset size.) Small businesses seeking loans should also consider lenders that participate in the SBA's preferred or certified loan programs; for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722.

For additional information on the Office of Advocacy's research reports, data, and analyses on small business, visit www.sba.gov/advo/stats or call (202) 205-6530.

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- Advocacy's News Releases,
- Advocacy's monthly newsletter, *The Small Business Advocate*,
- Advocacy's Small Business Research and Statistics,
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Note: Data on women-owned and minority-owned firms are not comparable between 1992 and 1997, so growth rates are not available. Data on minority owners may not sum to the total because an owner may belong to more than one minority group.

Table 1. Firms and Employment in Alabama by Industry and Firm Size (Thousands), 1999

Industry	Non-employer Firms	Employer Firms		Employment	
		Total	<500	Total	<500
Total	219.9	80.7	78.5	1,633.9	801.9
Agriculture, forestry, fishing, and hunting	4.5	1.2	1.2	9.6	*
Mining	0.5	0.2	0.2	7.9	*
Utilities	0.2	0.1	0.1	15.1	2.8
Construction	38.3	9.8	9.7	105.9	91.5
Manufacturing	4.0	4.7	4.3	341.9	99.0
Wholesale trade	5.3	5.2	4.8	82.1	55.0
Retail trade	28.6	13.6	13.1	224.5	107.1
Transportation and warehousing	11.0	2.9	2.7	47.1	24.6
Information	1.9	0.9	0.8	38.3	10.7
Finance and insurance	6.9	3.0	2.8	72.6	23.9
Real estate; rental and leasing	18.3	3.0	2.9	22.6	15.0
Professional, scientific, and technical services	23.8	7.7	7.6	69.4	51.3
Management of companies and enterprises	N/A	0.4	0.3	20.6	4.3
Admin., support, waste mgnt., and remed., services	14.2	3.5	3.3	111.9	38.9
Educational services	2.7	0.7	0.7	19.6	13.9
Health care and social assistance	11.3	6.9	6.8	203.8	90.3
Arts, entertainment, and recreation	6.2	1.0	1.0	14.1	12.1
Accommodation and food services	2.3	4.8	4.6	133.2	75.9
Other services	40.1	11.0	10.9	81.4	72.9
Auxiliary, except corp, subsidiary, and regional managing	N/A	0.1	0.0	10.8	0.4
Unclassified	N/A	1.2	1.2	1.2	1.2

* Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

Table 2. Number of Banks in Alabama by Asset Size, 1996 – 2001

Number of Banks						Number of Banks by Asset Size, 2001				
1996	1997	1998	1999	2000	2001	Below \$100M	\$100M–\$500M	\$500M–\$1B	\$1B–\$10B	Over \$10B
184	178	170	158	158	157	90	54	5	3	5

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at www.sba.gov/advo/lending.