

## **1996 SMALL BUSINESS PROFILE**

### **SMALL BUSINESS: BACKBONE OF THE VERMONT ECONOMY**

The importance of small business to the state of Vermont is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **18,056** full-time business firms with employees in Vermont, **97.5** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **35,000** full-time self-employed persons in Vermont in 1995, for a total estimated 1995 full-time business population of **53,056** firms.

**Small Business Income** - the income of sole proprietors and partners rose **6.7** percent to **\$1.0** billion in 1995, while wage-and-salary income rose **5.4** percent. Total personal income rose **4.5** percent to **\$12.3** billion. The state also exported **\$1.6** billion of goods and services in 1995.

Vermont's number of women-owned businesses, including part-time firms, increased **52.4** percent from 1987 to 1992, totaling **21,033**. The number of Black-owned firms, including part-time firms, increased **41.8** percent from 1987 to 1992, totaling **139** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **197.5** percent during the same time period with **351** firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders,

American Indians, and Alaska Natives. The number for the group grew from **111** in 1987, to **274** in 1992, representing an **146.8** percent increase.

Small businesses with fewer than 20 employees reported **8.1** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Vermont.

The composition of small business in Vermont is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in Vermont. Other significant small business industries are, in descending order: Eating and Drinking Places, Health Services, Hotel and Other Lodging Places, Miscellaneous Retail, and Social Services. The fast-growing industries include Electric and Electronic Equipment, Educational Services, Food and Kindred Products, Social Services, and Health Services.

The number of new firms increased **5.7** percent. Business bankruptcies increased by **24.6** percent and business failures increased by **14.6** percent.

An SBA Office of Advocacy study found that Vermont's top lenders to small businesses in 1996 were:

Randolph National Bank  
Union Bank  
Merchants Bank  
Chittenden Trust Corporation

In sum, small businesses have a striking impact on Vermont's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in Vermont by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	23,153	10.7	59.1	1
Eating & Drinking Places	16,732	7.8	82.5	2
Electronic & Other Electric Equip.	9,765	4.5	11.7	3
Food Stores	9,641	4.5	55.9	4
Educational Services	9,536	4.4	53.5	5
TOTAL, ALL INDUSTRIES	215,471	100.0	57.4	

Top 5 Small-Business-Dominated Industries in Vermont by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Eating & Drinking Places	13,797	11.2	1
Health Services	13,677	11.1	2
Miscellaneous Retail	6,305	5.1	3
Social Services	5,847	4.7	4
Hotels & Other Lodging Places	5,838	4.7	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	123,583	100.0	

Fastest Growing Industries for Small Business in Vermont, 1991 - 1993

RANK	INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	SMALL BUSINESS EMPLOYMENT IN 1993	PERCENT CHANGE, 1991-1993
1	Electronic & Other Electric Equip.	822	1,143	39.1
2	Health Services	11,746	13,677	16.4
3	Business Services	4,200	4,712	12.2
4	Food Stores	4,870	5,387	10.6
5	Eating & Drinking Places	12,877	13,797	7.1

Office of Advocacy, U.S. Small Business Administration. Based upon Census data,  
prepared  
under contract.