



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE OHIO ECONOMY

The importance of small business to the state of Ohio is evident in the 1997 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. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Ohio had 225,489 businesses with employees; 98.4 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 308,000 self-employed persons in 1996, for an estimated total of 533,489 businesses.

Small Business Income - The income of sole proprietors and partners rose 5.0 percent to \$16.3 billion in 1996, while wage-and-salary income rose 5.0 percent. Total personal income rose 5.0 percent to \$168.4 billion. The state also exported \$22.6 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 305,900 women-owned businesses in Ohio, including part-time firms, employing 739,300 people and generating \$74.8 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 82.5 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 42.0 percent from 1987 to 1992, totaling 22,690 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 115.6 percent during the same time period with 4,289 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 4,011 in 1987, to 7,146 in 1992, representing a 78.2 percent increase.

Business Turnover - The number of new firms decreased 4.6 percent, while new business incorporations decreased 1.6 in 1996. Financial difficulties leading to business bankruptcies increased by 1.2 percent and business failures increased by 6.2 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Ohio was unchanged from 259 in 1994 to 259 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
PEOPLES BKG CO	Findlay
FIRST BK OF MARIETTA	Marietta
SUTTON ST BK	Attica
NEW RICHMOND NB	New Richmond
FIRST NB OF PANDORA	Pandora
NATIONAL B&TC	Wilmington
FIRST NB OF SHELBY	Shelby
UNIBANK	Steubenville
KILLBUCK SVG BK CO	Killbuck
CITIZENS BKG CO	Salineville
FIRST NB SOUTHWESTERN OH	Hamilton
SECOND NB OF WARREN	Warren
FIFTH THIRD BK WESTERN OH	Piqua
KEYBANK NAT ASSN	Cleveland

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 68.7 percent of the small business growth with 286,901 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	201,395	85,506	46,231	84,189	(69,209)	348,113
Manufacturing	6,880	12,940	13,365	30,733	(9,928)	53,991
Retail Trade	46,823	6,126	6,342	2,538	(22,176)	39,653
Services	98,569	40,944	18,200	32,648	(41,805)	148,554
Other	49,124	25,496	8,324	18,269	4,702	105,914

Industries - The composition of small business in Ohio is very diverse. The Health Services industry is the largest small business employer in Ohio, followed by Eating & Drinking Places. The fastest growing industry for small business is Lumber & Wood Products, Except Furniture (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Ohio by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	4,384,853	100.0	50.8
Health Services	8000	503,011	11.5	43.8
Eating & Drinking Places	5800	334,545	7.6	61.2
Business Services	7300	269,933	6.2	46.1
Wholesale Trade - Durable Goods	5000	175,927	4.0	71.3
Industrial & Commercial Machinery & Computer Equipment	3500	150,258	3.4	51.2

Table 2, Top Five Small Business Industries in Ohio by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	2,228,246	100.0	50.8
Health Services	8000	220,509	11.5	43.8
Eating & Drinking Places	5800	204,770	7.6	61.2
Wholesale Trade - Durable Goods	5000	125,409	4.0	71.3
Business Services	7300	124,455	6.2	46.1
Special Trade Contractors	1700	112,208	2.7	94.1

Table 3, Fastest Growing Industries for Small Business in Ohio, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	2,190,173	2,228,246	38,073	1.7
Lumber & Wood Products, Except Furniture	12,983	14,507	1,524	11.7
Apparel	6,022	6,681	659	10.9
Insurance Agents, Brokers, & Service	20,503	22,280	1,777	8.7
Paper & Allied Products	9,695	10,518	823	8.5
Automotive Repair, Services, & Parking	31,482	33,790	2,308	7.3

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.