



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE INDIANA ECONOMY

The importance of small business to the state of Indiana is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Indiana had 123,555 businesses with employees; 97.7 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 183,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.9 percent to \$8.6 billion in 1997, while wage-and-salary income rose 5.0 percent. The state also exported \$13.1 billion of goods in 1997. (In 1992, 75.2 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 167,300 women-owned businesses in Indiana, including part-time firms, employing 521,200 people and generating \$53.3 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 70.1 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 42.3 percent from 1987 to 1992, totaling 8,349 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 72.0 percent during the same time period with 2,454 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 1,808 in 1987, to 3,193 in 1992, representing a 76.6 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 1.5 percent, while new business incorporations increased 0.9 percent in 1997. Financial difficulties leading to business bankruptcies decreased by 9.7 percent and business failures increased by 0.2 percent during 1997.

Finance - An SBA Office of Advocacy study found that the number of banks in Indiana decreased from 226 in 1994 to 193 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
SCOTT COUNTY ST BK	Scottsburg
FOWLER ST BK	Fowler
FARMERS ST BK	Mentone
COMMUNITY BK SOUTHERN IN	New Albany
BANK OF WESTERN IN	Covington
STAR FNCL BK NEW CASTLE IN	New Castle
PEOPLES TC	Linton
FRANCES SLOCUM B&TC	Wabash
FIRST-CITIZENS B&TC	Greencastle
STATE BK OF WASHINGTON	Washington
CENTIER BK	Whiting
1ST SOURCE BK	South Bend

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate 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	103,112	52,090	25,654	37,654	(47,746)	170,764
Manufacturing	3,300	8,680	7,211	11,041	(31,664)	(1,430)
Retail Trade	15,141	3,419	408	2,306	(11,853)	9,420
Services	53,231	22,620	11,334	16,295	12,654	116,134
Other	31,440	17,372	6,700	8,011	(16,882)	46,641

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Indiana, followed by Health Services. The fastest growing industry for small business is Electric, Gas, & Sanitary Services (represents industries that were at least

0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	2,402,917	100.0	51.7
Health Services	8000	246,355	10.3	43.2
Eating & Drinking Places	5800	188,588	7.8	64.3
Business Services	7300	116,923	4.9	52.4
Transportation Equipment	3700	115,566	4.8	15.2
Wholesale Trade - Durable Goods	5000	84,247	3.5	74.4

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,242,103	100.0	51.7
Eating & Drinking Places	5800	121,201	7.8	64.3
Health Services	8000	106,404	10.3	43.2
Special Trade Contractors	1700	73,705	3.3	92.6
Wholesale Trade - Durable Goods	5000	62,703	3.5	74.4
Business Services	7300	61,221	4.9	52.4

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	1,242,103	53,264	4.3
Electric, Gas, & Sanitary Services	4900	4,288	704	16.4
General Merchandise Stores	5300	2,553	376	14.7
Special Trade Contractors	1700	73,705	7,506	10.2
Nondepository Credit Institutions	6100	3,174	311	9.8
Business Services	7300	61,221	5,820	9.5

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 for Women Business Owners, and Cognetics, Inc.