

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE NEVADA ECONOMY

The importance of small business to the state of Nevada 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 **25,989** full-time business firms with employees in Nevada, **96.1** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **50,000** full-time self-employed persons in Nevada in 1995, for a total estimated 1995 full-time business population of **78,989** firms.

Small Business Income - the income of sole proprietors and partners rose **11.8** percent to **\$3.0** billion in 1995, while wage-and-salary income rose **10.3** percent. Total personal income rose **9.7** percent to **\$39.4** billion. The state also exported **\$664.5** million of goods and services in 1995.

Nevada's number of women-owned businesses, including part-time firms, increased **72.2** percent from 1987 to 1992, totaling **32,430**. The number of Black-owned firms, including part-time firms, increased **73.3** percent from 1987 to 1992, totaling **1,736** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **120.7** percent during the same time period with **3,900** 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 **1,395** in 1987, to **2,769** in 1992, representing a **98.5** percent increase.

Small businesses with fewer than 20 employees reported **13.3** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Nevada.

The composition of small business in Nevada is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in Nevada. Other significant small business industries are, in descending order: Special Trade Contractors, Business Services, Health Services, and Hotels and Other Lodging Places. The fast-growing industries include: Insurance Carriers, General Merchandise Stores, Leather and Leather Products, Electric, Gas, and Sanitary Services, and Primary Metals Industries.

The number of new firms increased **10.5** percent. Business bankruptcies decreased by **0.3** percent but business failures increased by **1.8** percent.

An SBA Office of Advocacy study found that Nevada's top ten lenders to small businesses in 1995 were:

1. Sierra Bank of Nevada
2. Laughlin National Bank
3. First Security Bank of Nevada
4. U.S. Bank of Nevada
5. Sun State Bank
6. First National Bank
7. Commercial Bank of Nevada
8. Great Basin Bank
9. Bankwest of Nevada
10. American Bank of Commerce

In sum, small businesses have a striking impact on Nevada'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 Nevada by Employment, 1993

| INDUSTRY | NUMBER OF JOBS | PERCENT OF TOTAL | PERCENT SMALL | RANK |
|-------------------------------|----------------|------------------|---------------|------|
| Hotels & Other Lodging Places | 160,996 | 28.2 | 9.4 | 1 |
| Health Services | 38,131 | 6.7 | 48.0 | 2 |
| Eating & Drinking Places | 37,157 | 6.5 | 66.8 | 3 |
| Business Services | 30,750 | 5.4 | 64.3 | 4 |
| Special Trade Contractors | 27,826 | 4.9 | 93.6 | 5 |
| TOTAL, ALL INDUSTRIES | 571,103 | 100.0 | 43.7 | |

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

| INDUSTRY | NUMBER OF JOBS | PERCENT OF TOTAL | RANK |
|--|----------------|------------------|------|
| Special Trade Contractors | 26,055 | 10.4 | 1 |
| Eating & Drinking Places | 24,817 | 9.9 | 2 |
| Business Services | 19,761 | 7.9 | 3 |
| Health Services | 18,301 | 7.3 | 4 |
| Hotels & Other Lodging Places | 15,214 | 6.1 | 5 |
| TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES | 249,782 | 100.0 | |

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

| INDUSTRY | SMALL BUSINESS EMPLOYMENT IN | | PERCENT CHANGE, 1991-1993 | RANK |
|---------------------------|------------------------------|--------|---------------------------|------|
| | 1991 | 1993 | | |
| Amusement & Recreation | 10,847 | 12,900 | 18.9 | 1 |
| Health Services | 15,731 | 18,301 | 16.3 | 2 |
| Business Services | 17,817 | 19,761 | 10.9 | 3 |
| Special Trade Contractors | 24,216 | 26,055 | 7.6 | 4 |
| Eating & Drinking Places | 23,985 | 24,817 | 3.5 | 5 |

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