



Office of Advocacy

## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE NORTH DAKOTA ECONOMY

The importance of small business to the state of North Dakota 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, North Dakota had 18,831 businesses with employees; 97.2 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 52,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 3.6 percent to \$1.1 billion in 1997, while wage-and-salary income rose 5.3 percent. The state also exported \$0.6 billion of goods in 1997. (In 1992, 67.4 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 19,000 women-owned businesses in North Dakota, including part-time firms, employing 35,700 people and generating \$3.7 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 37.8 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 105.3 percent from 1987 to 1992, totaling 117 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 31.8 percent during the same time period with 116 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 329 in 1987, to 385 in 1992, representing a 17.0 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms decreased 8.5 percent, while new business incorporations increased 0.9 percent. Financial difficulties leading to business bankruptcies increased by 2.0 percent and business failures increased by 70.4 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in North Dakota decreased from 140 in 1994 to 119 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FARMERS & MERCHANTS BK OF VC	Valley City
KIRKWOOD B&TC	Bismarck
CITIZENS ST BK	Mohall
NATIONAL BK OF HARVEY	Harvey
FIRST UNITED BK	Park River
DAKOTA CMNTY BK	Hebron
GOOSE RIVER BK	Mayville
FIRST ST BK OF CAVALIER	Cavalier
FIRST WESTERN B&TC	Minot
STUTSMAN COUNTY ST BK	Jamestown
COMMUNITY NB GRAND FORKS	Larimore
FIRST SOUTHWEST BK	Bismarck
FIRST NB NORTH DAKOTA	Grand Forks
NORWEST BK ND NA	Fargo

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	8,511	3,908	4,518	3,767	(12,021)	8,683
Manufacturing	389	904	2,461	638	633	5,026
Retail Trade	252	526	850	1,784	(1,434)	1,977
Services	4,524	2,340	(53)	2,270	(8,127)	954
Other	3,346	138	1,260	(925)	(3,094)	727

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in North Dakota, followed by Health Services. The fastest growing

industry for small business is Furniture & Fixtures (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	230,090	100.0	69.3
Health Services	8000	35,118	15.3	44.6
Eating & Drinking Places	5800	20,335	8.8	87.2
Wholesale Trade-Nondurable Goods	5100	10,778	4.7	69.8
Wholesale Trade - Durable Goods	5000	9,855	4.3	85.6
Auto. Dealers & Gas Service Stations	5500	8,314	3.6	91.9

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	159,491	100.0	69.3
Eating & Drinking Places	5800	17,732	8.8	87.2
Health Services	8000	15,672	15.3	44.6
Wholesale Trade - Durable Goods	5000	8,437	4.3	85.6
Auto. Dealers & Gas Service Stations	5500	7,639	3.6	91.9
Social Services	8300	7,543	3.6	91.2

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	159,491	7,527	4.7
Furniture & Fixtures	2500	625	154	24.6
Hotels, Rooming Houses, Camps & Oth. Lodg.	7000	5,907	1,410	23.9
Fabricated Metal Products Except Machinery	3400	1,200	157	13.1
General Merchandise Stores	5300	619	74	12.0
Food & Kindred Products	2000	2,257	249	11.0

**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.