



Office of Advocacy

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE NEW MEXICO ECONOMY

The importance of small business to the state of New Mexico 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, New Mexico had 40,462 businesses with employees; 96.5 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 86,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.5 percent to \$2.3 billion in 1997, while wage-and-salary income rose 4.4 percent. The state also exported \$1.8 billion of goods in 1997. (In 1992, 77.2 percent of the exporters in the state were small businesses.)

Small Business Income - The income of sole proprietors and partners rose 6.0 percent to \$2.3 billion in 1996, while wage-and-salary income rose 4.2 percent. Total personal income rose 4.4 percent to \$20.1 billion. The state also exported \$917.4 million of goods in 1996.

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 57,500 women-owned businesses in New Mexico, including part-time firms, employing 114,600 people and generating \$10.8 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 108.0 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 57.6 percent from 1987 to 1992, totaling 925 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 51.0 percent during the same time period with 21,586 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 2,155 in 1987, to 4,608 in 1992, representing a 113.8 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 0.3 percent, while new business incorporations decreased 4.0 percent. Financial difficulties leading to business bankruptcies decreased by 1.5 percent and business failures increased by 52.5 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in New Mexico decreased from 80 in 1994 to 67 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FIRST NB	Tucumcari
CENTINEL BK OF TAOS	Taos
PEOPLES BK	Taos
FIRST NM BK	Deming
SIERRA BK	Truth Or Consequences
CITIZENS BK	Las Cruces
VALLEY NB	Espanola
FIRST ST BK TAOS	Taos
SUNWEST BK OF CLOVIS NA	Clovis
FIRST NB	Clovis
WESTERN BK	Las Cruces
FIRST NB OF FARMINGTON	Farmington
SUNWEST BK OF ALBUQUERQUE NA	Albuquerque
NORWEST BK NM NA	Albuquerque

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	57,962	16,225	12,492	14,309	(20,801)	80,187
Manufacturing	1,164	1,023	468	(192)	(4,665)	(2,202)
Retail Trade	11,773	2,919	2,493	512	(2,778)	14,918
Services	29,321	6,172	8,333	11,279	(7,579)	47,526
Other	15,704	6,110	1,197	2,711	(5,779)	19,943

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in New Mexico, followed by Health Services. The fastest growing industry for small business is Stone, Clay, Glass, & Concrete Products (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	506,631	100.0	61.3
Health Services	8000	58,762	11.6	42.3
Eating & Drinking Places	5800	51,187	10.1	76.3
Eng., Acct., Research, Mngt., & Related Serv.	8700	27,415	5.4	43.1
Business Services	7300	24,365	4.8	57.1
Special Trade Contractors	1700	22,921	4.5	97.1

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	310,720	100.0	61.3
Eating & Drinking Places	5800	39,039	10.1	76.3
Health Services	8000	24,865	11.6	42.3
Special Trade Contractors	1700	22,257	4.5	97.1
Business Services	7300	13,903	4.8	57.1
Auto. Dealers & Gas Service Stations	5500	12,830	3.2	80.3

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	310,720	12,984	4.2
Stone, Clay, Glass, & Concrete Products	3200	1,784	308	17.3
Special Trade Contractors	1700	22,257	3,515	15.8
Fabricated Metal Products Except Machinery	3400	1,435	147	10.2
Food & Kindred Products	2000	1,876	162	8.6
Transportation Services	4700	1,008	82	8.1

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.