SBA OFFICE OF ADVOCACY

ESTABLISHMENT STARTUPS AND EXITS

Come In We're OPEN

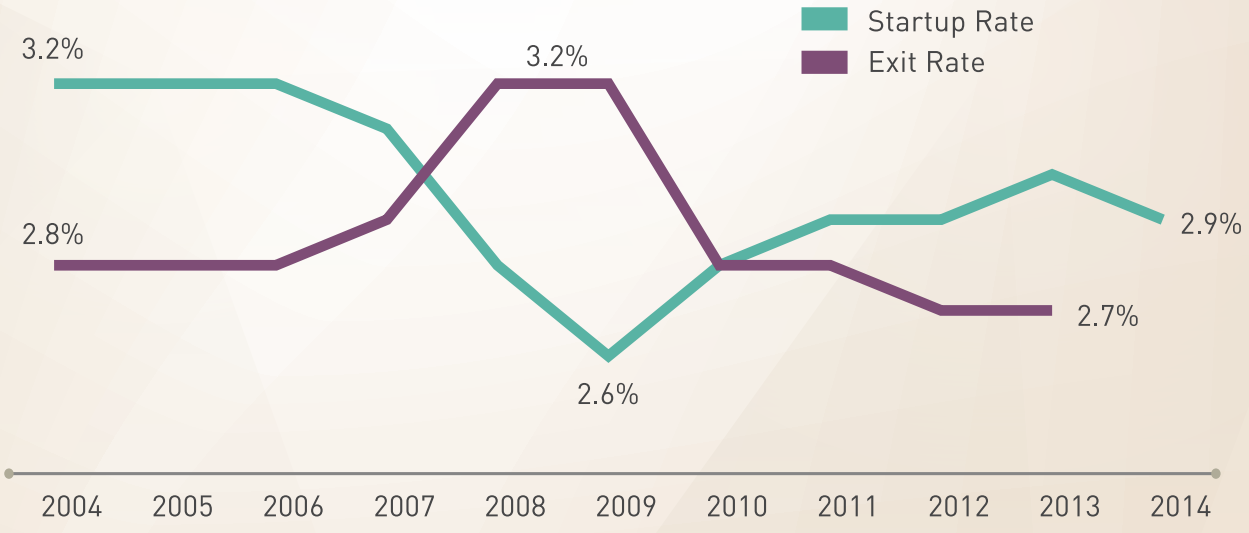
ESTABLISHMENT STARTUPS are counted when business establishments hire at least one employee for the first time. In data from the Bureau of Labor Statistics (BLS), these are referred to as "establishment births." Another BLS category, "establishment openings," includes startups and establishments that reopen after a period of having no employees, such as seasonal businesses. The number of openings tends to be about twice as large as the number of startups.

Sorry We're CLOSED

ESTABLISHMENT EXITS occur when business establishments go from having at least one employee to having none, and then remain closed for at least a year. In BLS statistics, these are termed "deaths." Another statistical category, "establishment closings," combines permanent exits with temporary or seasonal shutdowns. Closings tend to be about twice as large as exits. Recent trends in establishment startups and exits are shown in the two charts that follow.

Private Sector Establishment Rates

Startups and Exits 2004-2014



Source: Business Employment Dynamics, Bureau of Labor Statistics

https://www.sba.gov/sites/default/files/Advocacy_Startup_and_Exit_Infographic.pdf

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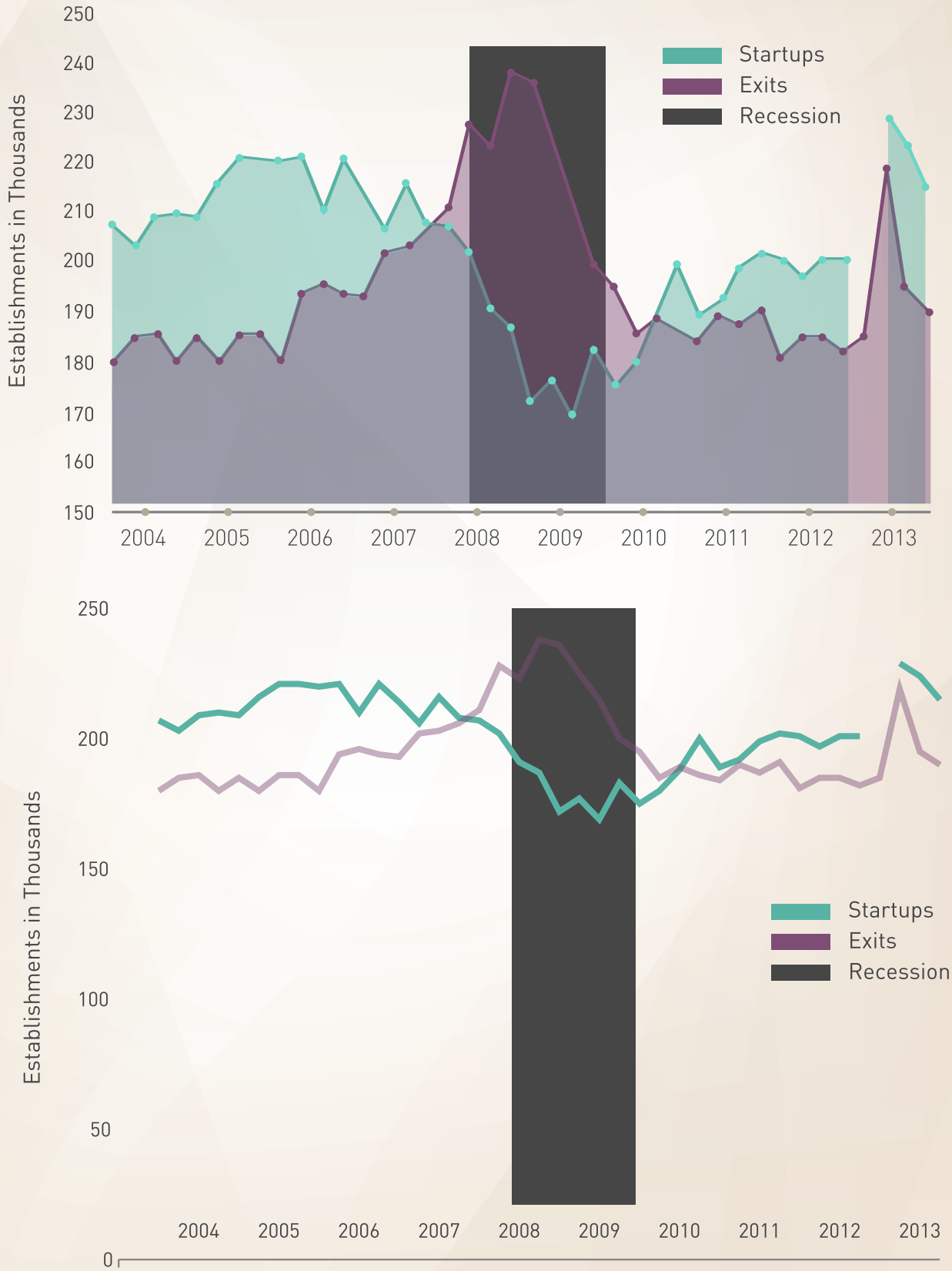
Post-Recession Startups Once Again Outpacing Exits

Private Establishment Startups and Exits, 2004-2013



Source: Business Employment Dynamics, Bureau of Labor Statistics

Note: In the first quarter of 2013, BLS made an administrative data adjustment that overestimated the number of startups. As such they are not presented here.