

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

MINNESOTA



513,118 Small Businesses
99.5% of Minnesota Businesses

1.2 million Small Business Employees
47.8% of Minnesota Employees

EMPLOYMENT
34,242
net new jobs

DIVERSITY
47,277
minority-owned
businesses

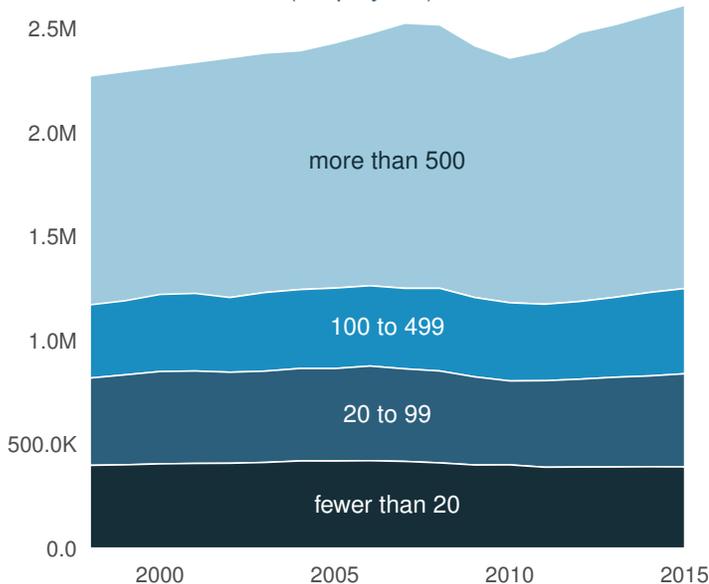
TRADE
7,191
small business
exporters

OVERALL MINNESOTA ECONOMY

- In the third quarter of 2017, Minnesota grew at an annual rate of **2.4%**, which was slower than the overall US growth rate of **3.4%**. Minnesota's 2016 growth rate of **2.1%** was up from the 2015 rate of **1.5%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.3%**, down from **3.8%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Minnesota Employment by Business Size (Employees)



- Minnesota small businesses employed **1.2 million** people, or **47.8%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.3%** during the 12-month period ending in January 2018. This was above the increase of **1.0%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **34,242** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **19,354** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **7,220** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks decreased by 9 between June 2016 and June 2017 to 311 banks. (Source: FDIC)
- In 2016, 97,218 loans under \$100,000 (valued at \$1.4 billion) were issued by Minnesota lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$50,209 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$26,111. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Minnesota Employees per Business by Owner's Demographic, 2015

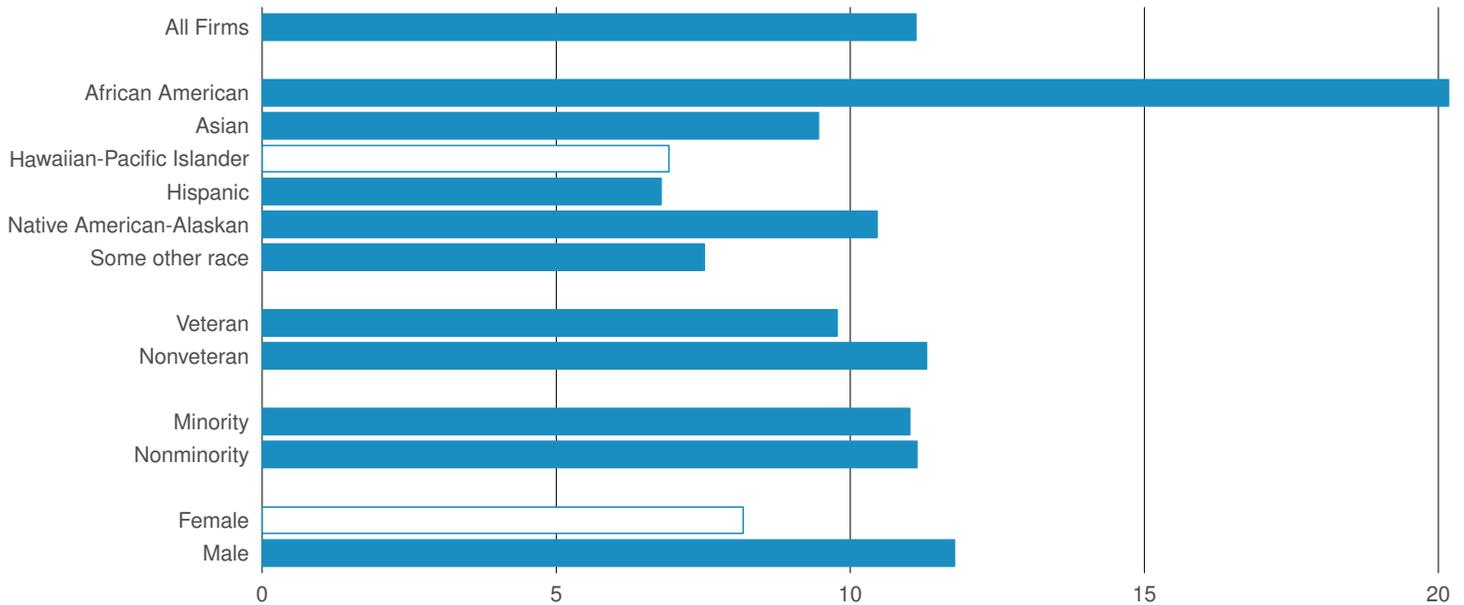
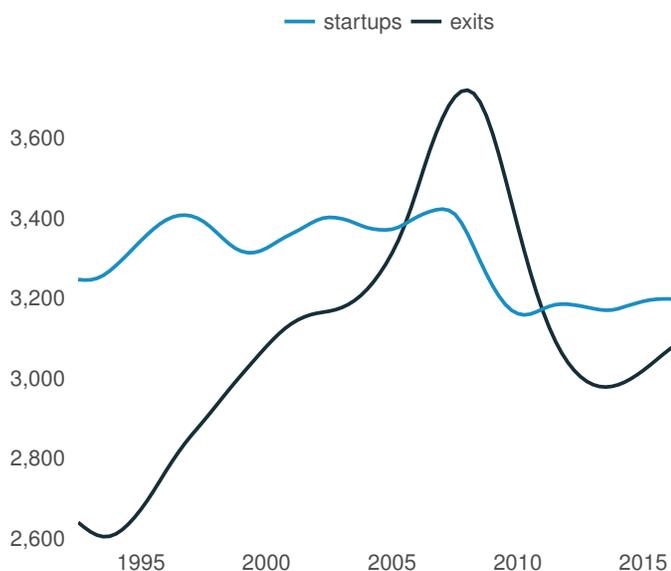


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Minnesota Quarterly Startups and Exits



- In the third quarter of 2016, 2,998 establishments started up, generating 12,603 new jobs in Minnesota. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 2,948 establishments exited resulting in 11,385 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

INTERNATIONAL TRADE

- A total of 8,266 companies exported goods from Minnesota in 2015. Of these, 7,191, or 87.0%, were small firms; they generated 29.4% of Minnesota's \$18.6 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Minnesota Employment by Industry, 2015

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	212,924	452,260	47.1
Accommodation and Food Services	145,876	236,077	61.8
Manufacturing	138,586	304,497	45.5
Retail Trade	118,084	300,197	39.3
Other Services (except Public Administration)	106,089	117,495	90.3
Professional, Scientific, and Technical Services	93,965	179,196	52.4
Construction	90,299	113,779	79.4
Wholesale Trade	73,364	134,535	54.5
Administrative, Support, and Waste Management	63,329	163,693	38.7
Finance and Insurance	44,327	152,797	29.0
Transportation and Warehousing	38,570	80,299	48.0
Educational Services	33,602	73,523	45.7
Arts, Entertainment, and Recreation	28,248	47,068	60.0
Real Estate and Rental and Leasing	25,526	38,106	67.0
Information	19,890	57,814	34.4
Management of Companies and Enterprises	10,002	137,964	7.2
Utilities	2,581	14,207	18.2
Agriculture, Forestry, and Fishing and Hunting	2,359	2,525	93.4
Mining, Quarrying, and Oil and Gas Extraction	1,168	5,968	19.6
Industries not classified	314	314	100.0
Total	1,249,103	2,612,314	47.8

Figure 4: Minnesota Small Business Employment by County, 2015

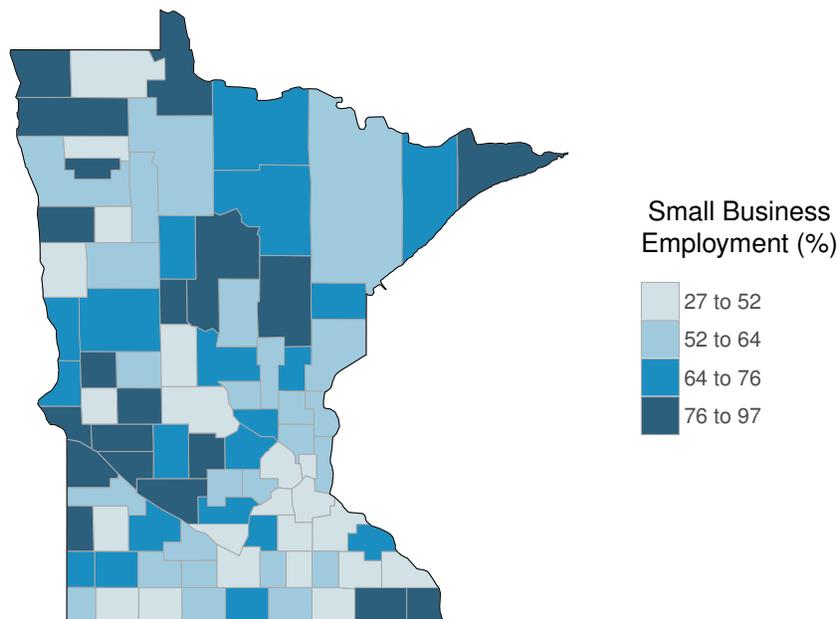


Table 2: Minnesota Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Construction	16,041	15,140	39,913	55,954
Professional, Scientific, and Technical Services	15,485	14,398	60,362	75,847
Other Services (except Public Administration)	14,252	13,073	50,690	64,942
Retail Trade	11,653	10,267	38,789	50,442
Health Care and Social Assistance	10,015	7,901	30,080	40,095
Accommodation and Food Services	8,317	6,062	4,020	12,337
Administrative, Support, and Waste Management	6,282	5,566	24,734	31,016
Manufacturing	6,276	4,548	7,538	13,814
Wholesale Trade	6,065	4,825	6,719	12,784
Finance and Insurance	5,662	5,134	13,138	18,800
Real Estate and Rental and Leasing	5,166	4,848	43,418	48,584
Transportation and Warehousing	3,973	3,432	24,425	28,398
Arts, Entertainment, and Recreation	2,660	2,320	28,702	31,362
Educational Services	1,770	1,328	14,131	15,901
Information	1,442	1,179	5,286	6,728
Agriculture, Forestry, and Fishing and Hunting	526	502	4,964	5,490
Mining, Quarrying, and Oil and Gas Extraction	120	101	145	265
Utilities	95	43	324	419
Total	115,740	101,002	397,378	513,118

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau