

# SMALL BUSINESS PROFILE

# MINNESOTA




**503,733**  
97.7% Small Businesses of Minnesota Businesses

**1.2 million**  
47.9% Small Business Employees of Minnesota Employees

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47.9% Small Business Employees of Minnesota Employees



**EMPLOYMENT**  
**26,326**  
net new jobs<sup>1</sup>



**DIVERSITY**  
**52.2%**  
increase in minority ownership<sup>2</sup>



**TRADE**  
**87.1%**  
of Minnesota exporters<sup>3</sup>

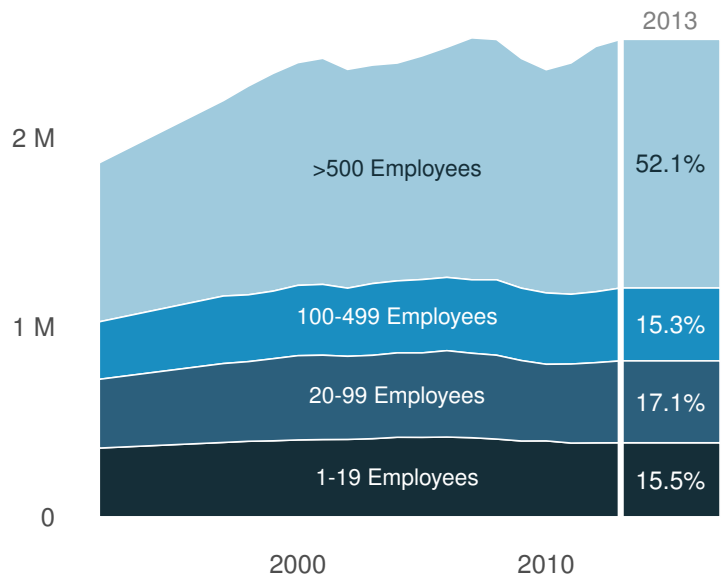
### OVERALL MINNESOTA ECONOMY

- In the third quarter of 2015, Minnesota grew at an annual rate of 2.9% which was faster than the overall US growth rate of 1.9%. By comparison, Minnesota's 2014 growth of 3.5% was down from the 2013 level of 4.0%. (Source: BEA)
- The employment situation in Minnesota improved. At the close of 2015, unemployment was 3.7%, down from 3.8% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

### EMPLOYMENT

- Minnesota small businesses employed 1.2 million people, or 47.9% of the private workforce, in 2013. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)
- Private-sector employment increased 1.6% in 2015. This was above the previous year's increase of 1.5%. (Source: CES)
- The number of proprietors increased in 2014 by 1.1% relative to the previous year. (Source: BEA)
- Small businesses created 26,326 net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 8,591 net jobs. The smallest gains were in firms employing 1 to 4 employees which added 1,049 net jobs. (Source: BDS)

Figure 1: Minnesota Employment by Firm Size



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 as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

<sup>1,3</sup> Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

<sup>2</sup> Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 94,442 loans under \$100,000 (and valued at \$1.3 billion) were issued by Minnesota lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income<sup>4</sup> for individuals who were self-employed at their own incorporated businesses was \$46,960 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$24,908. (Source: ACS)

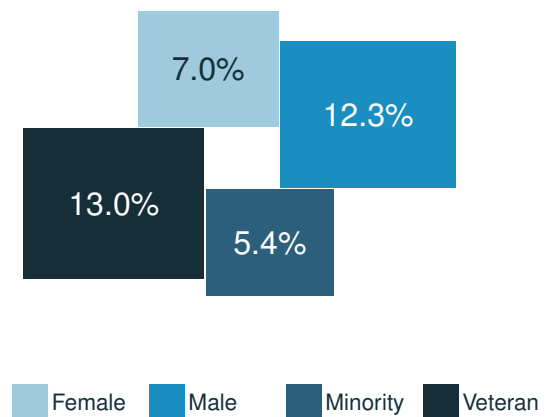
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Minnesota Changes in Business Ownership by Demographic Group

African American-owned	●	59.7%
Asian-owned	●	36.2%
Hawaiian/Pacific Islander-owned		-
Hispanic-owned	●	75.5%
Native American/Alaskan-owned	●	42.5%
Minority-owned	●	52.2%
Nonminority-owned	●	-3.4%

Figure 3: Minnesota Self-Employment within Demographic Group

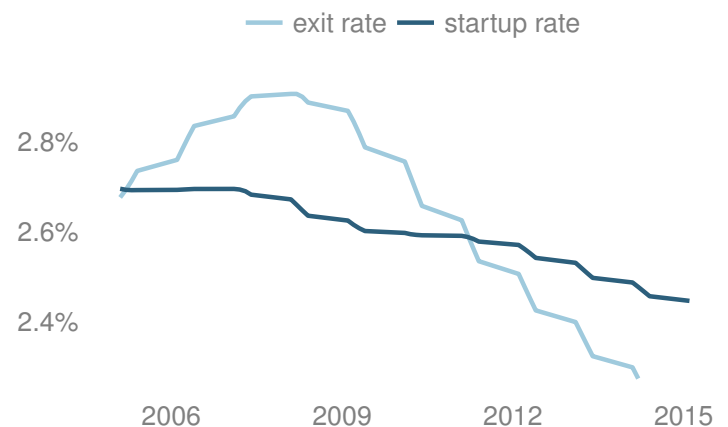


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Minnesota, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

## BUSINESS TURNOVER

- In the second quarter of 2014, 4,878 establishments started up<sup>5</sup> in Minnesota and 2,844 exited.<sup>6</sup> Startups generated 20,997 new jobs while exits caused 10,934 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Minnesota Private Startup and Exit Rates



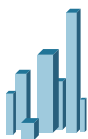




<sup>5</sup> **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 8,579 companies exported goods from Minnesota in 2013. Among these, 7,472, or 87.1%, were small firms; they generated 27.7% of Minnesota's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: Minnesota Small Firms by Industry, 2013  
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Construction	15,795	15,017	40,370	56,165
Professional, Scientific, and Technical Services	15,313	14,257	58,875	74,188
Other Services (except Public Administration)	14,081	12,969	50,995	65,076
Retail Trade	11,931	10,507	37,967	49,898
Health Care and Social Assistance	9,831	7,856	31,421	41,252
Accommodation and Food Services	8,274	6,131	3,869	12,143
Wholesale Trade	6,288	5,046	6,742	13,030
Manufacturing	6,247	4,575	7,541	13,788
Administrative, Support, and Waste Management	6,205	5,506	25,334	31,539
Finance and Insurance	5,660	5,137	13,440	19,100
Real Estate and Rental and Leasing	5,060	4,741	41,094	46,154
Transportation and Warehousing	3,937	3,407	20,181	24,118
Arts, Entertainment, and Recreation	2,582	2,258	27,518	30,100
Educational Services	1,713	1,277	12,420	14,133
Information	1,432	1,167	5,439	6,871
Agriculture, Forestry, Fishing and Hunting	503	477	5,162	5,665
Mining, Quarrying, and Oil and Gas Extraction	117	102	175	292
Utilities	102	49	357	459
<b>Total</b>	<b>115,071</b>	<b>100,479</b>	<b>388,900</b>	<b>503,971</b>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Minnesota Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	203,434	444,946	45.7%
Accommodation and Food Services	139,973	226,540	61.8%
Manufacturing	136,082	299,567	45.4%
Retail Trade	118,513	293,281	40.4%
Other Services (except Public Administration)	101,617	114,827	88.5%
Professional, Scientific, and Technical Services	89,549	136,574	65.6%
Construction	80,662	100,095	80.6%
Wholesale Trade	73,324	131,534	55.7%
Administrative, Support, and Waste Management	62,270	160,737	38.7%
Finance and Insurance	43,980	158,001	27.8%
Transportation and Warehousing	37,633	77,561	48.5%
Educational Services	32,276	71,439	45.2%
Real Estate and Rental and Leasing	25,794	35,786	72.1%
Arts, Entertainment, and Recreation	25,789	42,026	61.4%
Information	20,106	62,114	32.4%
Utilities	2,505	s	-
Agriculture, Forestry, Fishing and Hunting	2,447	2,578	94.9%
Mining, Quarrying, and Oil and Gas Extraction	1,108	5,809	19.1%
<b>Total</b>	<b>1,197,062</b>	<b>2,363,415</b>	<b>50.6%</b>

Figure 5: Minnesota County-Level Job Changes, 2015 (CEW)

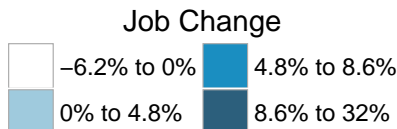
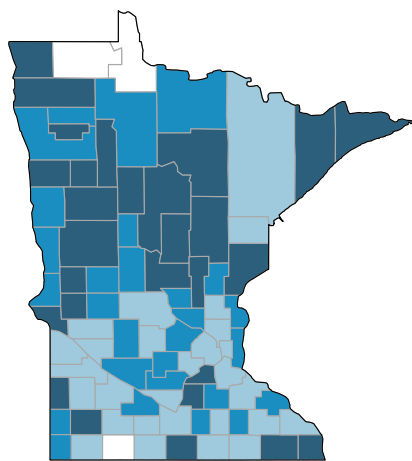


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

