

# SMALL BUSINESS PROFILE

## MONTANA




**115,054**  
97.4% Small Businesses  
of Montana Businesses


**235,935**  
67.4% Small Business Employees  
of Montana Employees



**EMPLOYMENT**  
**6,895**  
net new jobs<sup>1</sup>



**DIVERSITY**  
**30.1%**  
increase in minority  
ownership<sup>2</sup>



**TRADE**  
**85.4%**  
of Montana exporters<sup>3</sup>

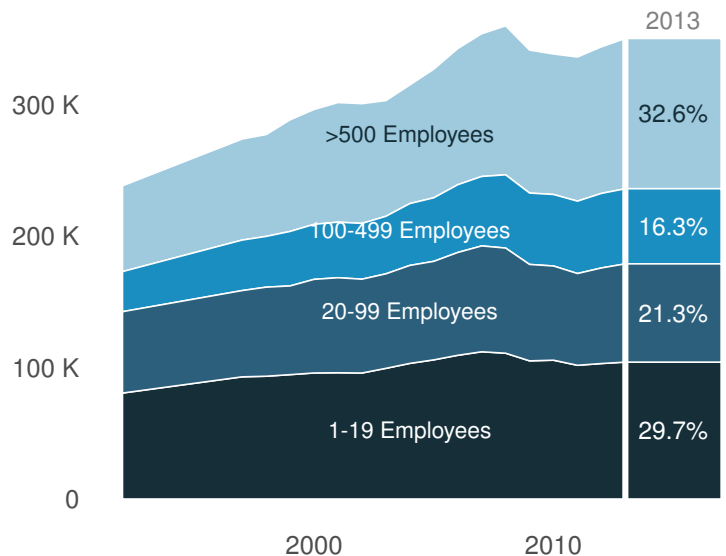
### OVERALL MONTANA ECONOMY

- In the third quarter of 2015, Montana grew at an annual rate of 3.5% which was faster than the overall US growth rate of 1.9%. By comparison, Montana's 2014 growth of 3.3% was up from the 2013 level of 2.9%. (Source: BEA)
- The employment situation in Montana improved. At the close of 2015, unemployment was 4.1%, down from 4.3% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

### EMPLOYMENT

- Montana small businesses employed 235,935 people, or 67.4% 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 0.5% in 2015. This was below the previous year's increase of 1.1%. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 6,895 net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 1,365 net jobs. The smallest gains were in firms employing 10 to 19 employees which added 577 net jobs. (Source: BDS)

Figure 1: Montana 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, 24,870 loans under \$100,000 (and valued at \$351.3 million) were issued by Montana 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 \$37,132 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,534. (Source: ACS)

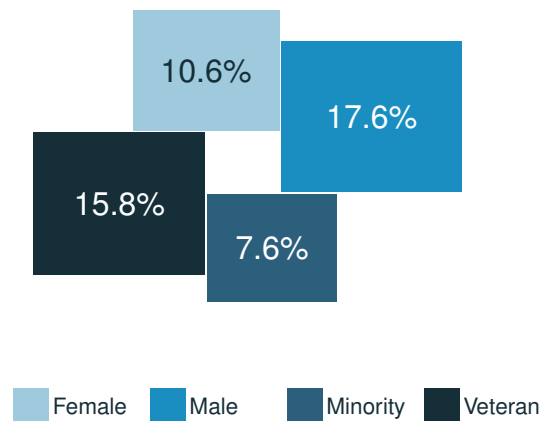
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Montana Changes in Business Ownership by Demographic Group



Figure 3: Montana Self-Employment within Demographic Group

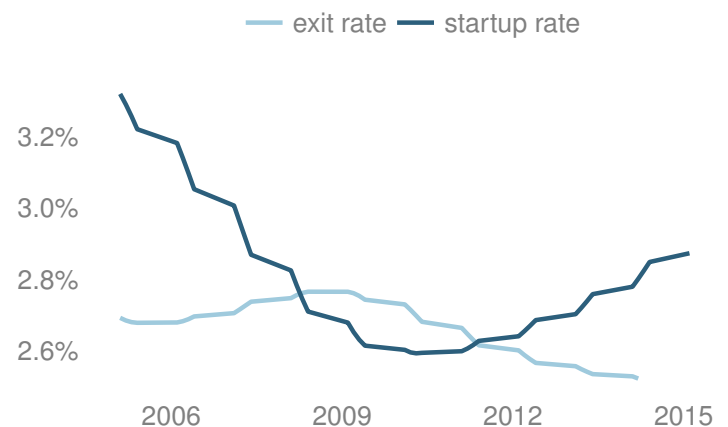


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Montana, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

## BUSINESS TURNOVER

- In the second quarter of 2014, 789 establishments started up<sup>5</sup> in Montana and 898 exited.<sup>6</sup> Startups generated 2,362 new jobs while exits caused 2,488 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: Montana 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.

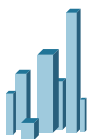




<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

## INTERNATIONAL TRADE

- A total of 1,556 companies exported goods from Montana in 2013. Among these, 1,329, or 85.4%, were small firms; they generated 70.6% of Montana's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

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

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Construction	4,887	4,733	11,582	16,469
Retail Trade	3,484	3,132	8,230	11,714
Professional, Scientific, and Technical Services	3,351	3,189	10,581	13,932
Accommodation and Food Services	3,082	2,479	1,446	4,528
Other Services (except Public Administration)	3,026	2,880	11,576	14,602
Health Care and Social Assistance	2,862	2,527	5,202	8,064
Administrative, Support, and Waste Management	1,561	1,462	5,008	6,569
Real Estate and Rental and Leasing	1,547	1,502	11,187	12,734
Transportation and Warehousing	1,218	1,107	2,894	4,112
Manufacturing	1,165	1,003	2,031	3,196
Finance and Insurance	1,163	1,063	2,231	3,394
Wholesale Trade	1,059	849	1,271	2,330
Arts, Entertainment, and Recreation	1,001	907	4,828	5,829
Educational Services	356	297	1,576	1,932
Agriculture, Forestry, Fishing and Hunting	349	339	2,776	3,125
Information	346	299	955	1,301
Mining, Quarrying, and Oil and Gas Extraction	335	298	776	1,111
Utilities	73	51	101	174
<b>Total</b>	<b>30,865</b>	<b>28,117</b>	<b>84,251</b>	<b>115,116</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: Montana Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Accommodation and Food Services	40,537	47,745	84.9%
Health Care and Social Assistance	39,191	66,154	59.2%
Retail Trade	29,502	56,008	52.7%
Construction	19,741	21,045	93.8%
Other Services (except Public Administration)	15,212	15,795	96.3%
Professional, Scientific, and Technical Services	14,840	17,529	84.7%
Manufacturing	12,385	17,196	72.0%
Wholesale Trade	10,012	15,064	66.5%
Administrative, Support, and Waste Management	9,383	19,305	48.6%
Arts, Entertainment, and Recreation	8,652	10,284	84.1%
Transportation and Warehousing	8,127	12,387	65.6%
Finance and Insurance	8,121	15,808	51.4%
Educational Services	5,224	6,184	84.5%
Real Estate and Rental and Leasing	4,643	5,492	84.5%
Information	4,049	9,043	44.8%
Mining, Quarrying, and Oil and Gas Extraction	2,878	7,447	38.6%
Utilities	995	2,951	33.7%
Agriculture, Forestry, Fishing and Hunting	981	1,043	94.1%
<b>Total</b>	<b>234,473</b>	<b>346,480</b>	<b>67.7%</b>

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

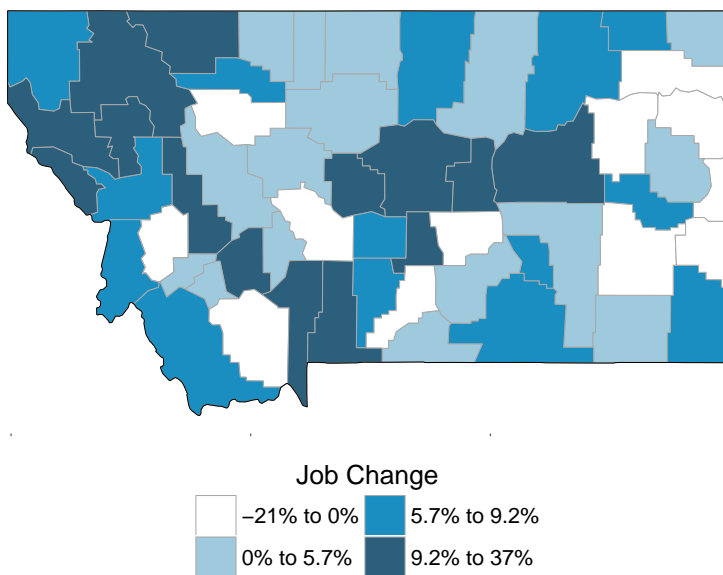


Table 3: Abbreviations and Resources

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>

