

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### TENNESSEE



580,453  
99.5%

Small Businesses  
of Tennessee Businesses

1.1 million  
42.9%

Small Business Employees  
of Tennessee Employees



**EMPLOYMENT**  
25,067  
net new jobs



**DIVERSITY**  
105,187  
minority-owned  
businesses



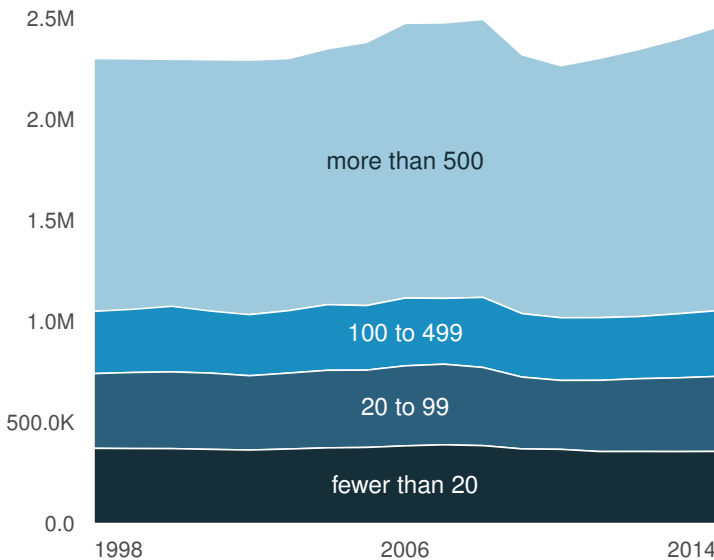
**TRADE**  
83.1%  
of Tennessee exporters

#### OVERALL TENNESSEE ECONOMY

- In the second quarter of 2016, Tennessee grew at an annual rate of 1.7%, which was faster than the overall US growth rate of 1.2%. Tennessee's 2015 growth rate of 2.7% was up from the 2014 rate of 1.7%. (Source: BEA)
- In November 2016, the unemployment rate was 4.8%, down from 5.6% at the close of 2015. This was above the November 2016 national unemployment rate of 4.6%. (Source: CPS)

#### EMPLOYMENT

Figure 1: Tennessee Employment by Business Size (Employees)



- Tennessee small businesses employed 1.1 million people, or 42.9% of the private workforce, in 2014. (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)
- During the year ending November 2016, private-sector employment increased 5.0%. This was above the previous year's increase of 1.6%. (Source: CPS)
- The number of proprietors increased in 2015 by 2.8% relative to the previous year. (Source: BEA)
- Small businesses created 25,067 net jobs in 2014. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 7,267 net jobs. The largest losses were in firms employing 1 to 4 employees, which lost 278 net jobs. (Source: BDS)

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. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

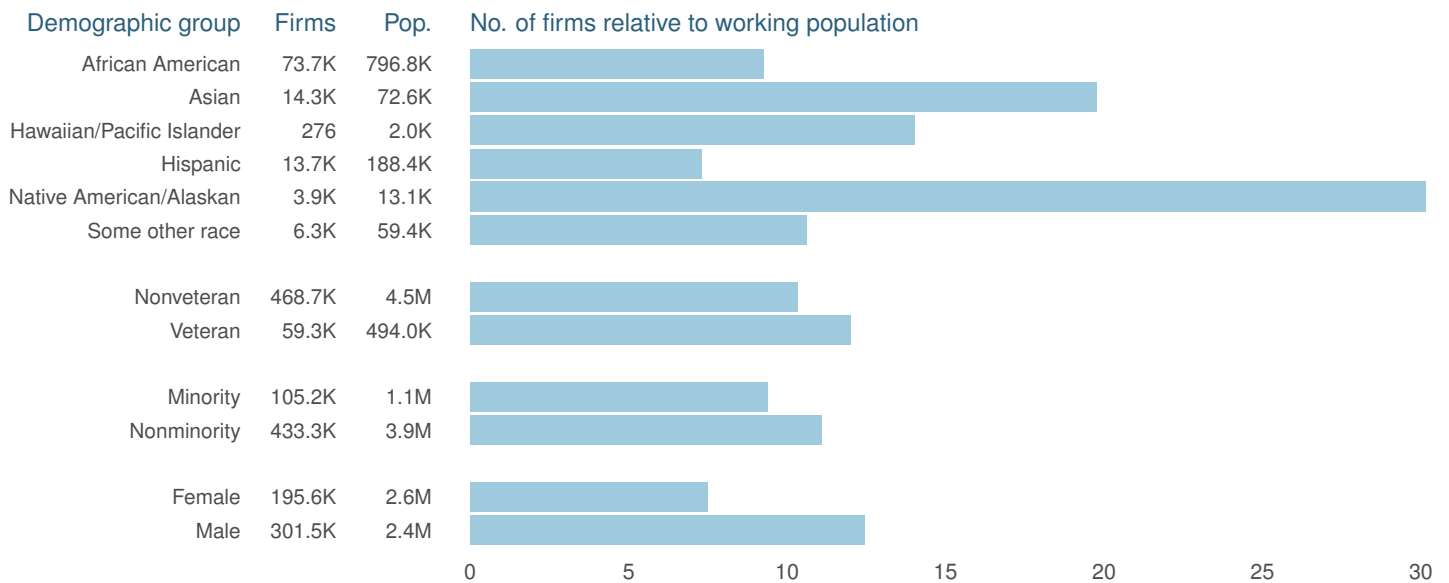
## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, **69,897** loans under \$100,000 (valued at **\$960.4 million**) were issued by Tennessee lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$50,778** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$22,410**. (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.*

## BUSINESS OWNER DEMOGRAPHICS

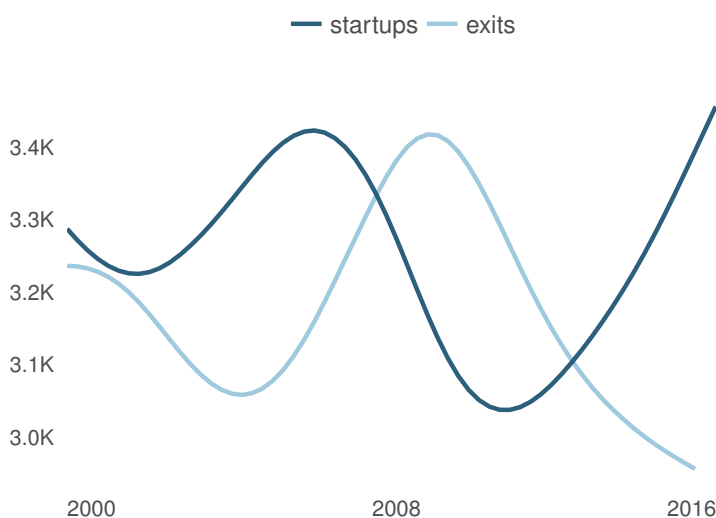
Figure 2: Tennessee Small Business Ownership, 2012



*Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or  $195.6K \div 2.6M \times 100$ . ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.*

## BUSINESS TURNOVER

Figure 3: Tennessee Quarterly Startups and Exits



- In the second quarter of 2015, **3,424** establishments started up, generating **14,071** new jobs in Tennessee. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **3,194** establishments exited resulting in **11,826** 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

*The 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.*

## INTERNATIONAL TRADE

- A total of 7,326 companies exported goods from Tennessee in 2014. Among these, 6,091, or 83.1%, were small firms; they generated 15.9% of Tennessee's \$31.0 billion in total known exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Tennessee Employment by Industry, 2014





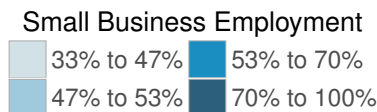
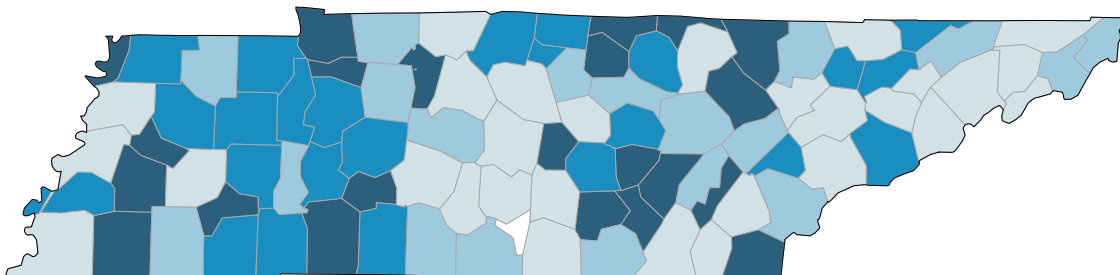





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	157,468	391,560	40%
Accommodation and Food Services	139,559	257,733	54%
Retail Trade	105,170	316,203	33%
Manufacturing	101,927	308,546	33%
Other Services (Except Public Administration)	94,276	107,552	88%
Construction	83,123	102,065	81%
Administrative, Support, and Waste Management	68,643	237,740	29%
Professional, Scientific, and Technical Services	67,282	116,294	58%
Wholesale Trade	60,878	113,776	54%
Finance and Insurance	40,546	110,664	37%
Transportation and Warehousing	31,660	129,497	24%
Educational Services	27,811	58,354	48%
Arts, Entertainment, and Recreation	24,140	33,244	73%
Real Estate and Rental and Leasing	21,207	31,947	66%
Information	12,963	47,427	27%
Utilities	2,447	3,236	76%
Mining, Quarrying, and Oil and Gas Extraction	2,151	3,265	66%
Agriculture, Forestry, and Fishing and Hunting	1,824	1,925	95%
<b>Total</b>	<b>1,051,943</b>	<b>2,453,470</b>	<b>43%</b>

Figure 4: Tennessee Small Business Percent of Employment by County



## SMALL BUSINESSES BY INDUSTRY

Table 2: Tennessee Small Businesses by Industry and Firm Size, 2014

				
Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Other Services (Except Public Administration)	12,834	11,805	90,777	103,611
Construction	9,007	8,007	62,600	71,607
Professional, Scientific, and Technical Services	9,708	8,852	54,756	64,464
Retail Trade	13,011	11,778	43,057	56,068
Administrative, Support, and Waste Management	5,135	4,352	50,852	55,987
Health Care and Social Assistance	10,543	8,956	36,127	46,670
Real Estate and Rental and Leasing	3,695	3,398	39,407	43,102
Arts, Entertainment, and Recreation	2,237	1,940	29,815	32,052
Transportation and Warehousing	2,705	2,223	21,584	24,289
Finance and Insurance	4,097	3,606	13,351	17,448
Accommodation and Food Services	8,088	5,991	7,829	15,917
Educational Services	1,169	864	11,747	12,916
Wholesale Trade	4,788	3,671	7,252	12,040
Manufacturing	4,585	3,232	6,391	10,976
Information	1,248	1,045	6,725	7,973
Agriculture, Forestry, and Fishing and Hunting	228	215	4,440	4,668
Mining, Quarrying, and Oil and Gas Extraction	109	82	327	436
Utilities	47	17	304	351
<b>Total</b>	<b>93,112</b>	<b>80,234</b>	<b>487,341</b>	<b>580,453</b>

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

## REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

ACS	American Community Survey, 5-year estimates, U.S. Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, U.S. Census Bureau
BLS	Bureau of Labor Statistics, U.S. 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, U.S. Census Bureau
SBO	Survey of Business Owners, U.S. Census Bureau
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau

