

Tennessee

566,578 Small Businesses

93,127 Small Businesses with Employees

473,451 Small Businesses without Employees (Nonemployers)

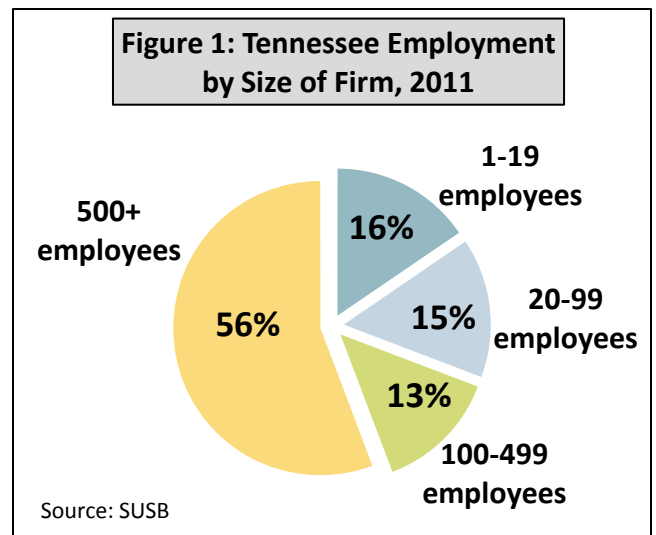
1,017,917 Workers Employed by Small Businesses

State Economy Overall

- Tennessee's economy grew at a faster rate than the United States in 2012. Tennessee's real gross state product increased by **3.3 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in Tennessee has weakened. The unemployment rate in Tennessee modestly increased from **7.6 percent** in December 2012 to **7.8 percent** in December 2013. This is above the national average of **6.7 percent**. (Source: BLS)

Employment

- Tennessee's small businesses employed over two-fifths or **1.0 million** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **96.9 percent** of all employers in the state. **Table 3** offers further industry detail on small firms.
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.
- The three industries with the most small business employment were: health care & social assistance, accommodation & food services, and retail trade (**Table 4**).



- In Tennessee, small businesses created **35,511** net new jobs in 2011. The biggest gain was in the smallest firm size category of 100-499 employees. (Source: BDS)
- The number of people who were primarily self-employed decreased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.

The *Small Business State and Territory Profiles* report on the economic status of small business from 2010 to 2013. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. *Note that this report defines small businesses as firms with fewer than 500 employees.*

- The state's private-sector employment increased in 2013 by **1.7 percent**, which was below the national average growth rate of **2.1 percent**. (Source: BEA, BLS)

Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **5.8 percent** in the 3rd quarter of 2013 and totaled **\$33.1 billion**. (Source: BEA)
- The Federal Deposit Insurance Corporation tracks banks and bank branches and publishes annual data for each state. For more detailed information see www2.fdic.gov/sod/sodSummary.asp?barItem=3.
- In 2012, **82,268** loans under \$100,000 (and valued at **\$1.1 billion**) were issued by Community Reinvestment Act lending institutions in Tennessee. (Source: FFIEC)

Business Owner Demographics

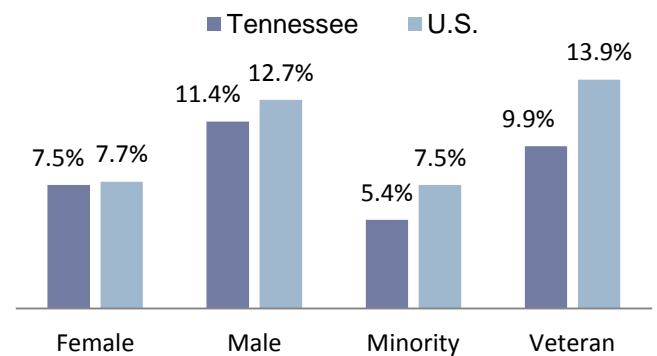
- In 2011, there were an estimated **148,000** woman-owned businesses and **71,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

Table 1. Demographics of All Tennessee Businesses, 2011

	Number of All Businesses ^e	Share of All Businesses (%) [*]
Male Owned	310,000	54.5
Woman Owned	148,000	25.9
Equally Male and Female Owned	97,000	17.0
Minority Owned	71,000	12.5
Veteran Owned	68,000	11.9

e = Advocacy estimate. *2007 SBO. Note: This estimate is based on the share of business owners in the 2007 SBO. This share is multiplied by the total number of businesses in 2011 (employer + nonemployer firms). These shares will not be updated to 2012 until fall 2015. Thus, the 2011 estimates assume the 2011 shares are the same as 2007. For more information, visit www.sba.gov/sites/default/files/files/tn10.pdf.

Figure 2: Tennessee Self-Employment Demographics, 2012



Source: CPS
Note: Share of self-employed workers within a demographic group.

Business Turnover

- Table 2** gives Tennessee's establishment survival rates over an eight-year period, 2002-2010.
- In the 2nd quarter of 2013, **4,079** establishments opened and **4,292** closed in the state of Tennessee. (Source: BED)
- Business bankruptcies declined in net from 2010 to 2013, signaling a stronger state economy. (Source: U.S. Courts)

Table 2. Survival Rates of Establishments in Tennessee

	Establishments Opened [*]	Share Surviving Until 2012 (%)
2002	10,463	34.1
2007	11,868	43.2
2010	9,261	65.5

Source: BLS, BED. *Data year ending in March.

International Trade

- A total of **7,172** companies exported goods from the state in 2012. Of these, **5,958** or **83.1 percent** were small firms; they generated over a seventh (**15 percent**) of the state's total known export value. (Source: ITA)

Table 3: Number of Tennessee Small Firms by Industry, 2011
(ranked by number of small employer firms)

Industry	Employer Firms With 1-499 Employees	Employer Firms With 1-19 Employees	Nonemployer Firms	Total Small Firms
Retail trade	13,311	12,028	40,549	53,860
Other services (except public admin.)	12,748	11,743	91,477	104,225
Health care & social assistance	10,692	9,133	35,600	46,292
Professional, scientific, & tech. svcs.	9,619	8,822	51,769	61,388
Construction	9,250	8,330	65,220	74,470
Accommodation & food services	7,758	5,903	7,140	14,898
Admin., supp., waste mgt., remed. svcs.	5,006	4,265	50,297	55,303
Wholesale trade	4,898	3,826	7,256	12,154
Manufacturing	4,744	3,425	6,142	10,886
Finance & insurance	4,191	3,714	13,136	17,327
Real estate & rental & leasing	3,569	3,288	36,867	40,436
Transportation & warehousing	2,709	2,259	20,243	22,952
Arts, entertainment, & recreation	2,116	1,854	26,414	28,530
Information	1,209	1,012	6,504	7,713
Educational services	1,061	798	9,717	10,778
Management of comp. & enterprises	396	55	0	396
Forestry, etc. & agriculture support	228	217	4,520	4,748
Unclassified	215	215	0	215
Mining	107	80	313	420
Utilities	45	16	287	332
Total	93,127	80,881	473,451	566,578

Table 4: Employment in Tennessee by Industry and Firm Size, 2011
(ranked by small firm employment)

Industry	Employment		Small Firm Share of Industry Employment (%)
	Small Firms	Total Firms	
Health care & social assistance	157,337	377,420	42
Accommodation & food services	124,747	232,398	54
Retail trade	105,817	305,578	35
Manufacturing	100,623	289,477	35
Other services (except public admin.)	92,801	107,533	86
Construction	79,618	96,312	83
Professional, scientific, & tech. svcs.	65,761	99,809	66
Admin., supp., waste mgt., remed. svcs.	64,761	198,786	33
Wholesale trade	57,652	111,428	52
Finance & insurance	41,391	109,092	38
Transportation & warehousing	31,719	121,437	26
Educational services	26,348	57,064	46
Arts, entertainment, & recreation	21,737	30,058	72
Real estate & rental & leasing	21,012	31,686	66
Information	13,077	48,967	27
Management of comp. & enterprises	7,538	74,911	10
Utilities	2,326	3,451	67
Mining	2,049	3,436	60
Forestry, etc. & agriculture support	1,355	1,451	93
Unclassified	248	248	100
Total	1,017,917	2,300,542	44

Source, Tables 3 and 4: SUSB

See www.sba.gov/advocacy/847/841921 for more detailed data.

Note: Small firms are defined as nonfarm firms having fewer than 500 employees.

Abbreviations and Resources

BEA	Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov .
BED	Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/bdm .
BDS	Business Dynamics Statistics, U.S. Census Bureau, www.census.gov/ces/dataproducts/bds .
BLS	Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov .
CPS	Current Population Survey, U.S. Census Bureau, and U.S. Department of Labor, Bureau of Labor Statistics, www.census.gov/cps .
FDIC	Federal Deposit Insurance Corporation, www.fdic.gov .
FFIEC	Federal Financial Institutions Examination Council, www.ffiec.gov .
ITA	International Trade Administration, U.S. Department of Commerce, www.trade.gov .
SBO	Survey of Business Owners, U.S. Census Bureau, www.census.gov/econ/sbo .
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau, www.census.gov/econ/susb .
U.S. Courts	Administrative Office of the U.S. Courts, www.uscourts.gov .