

Minnesota

Small businesses totaled 478,949 in Minnesota in 2009. They represent 97.9 percent of all employers and employ 49.9 percent of the private-sector workforce. Being such a large part of the state's economy, these businesses are central to Minnesota's health and well-being.

This profile uses the latest available data to illustrate the status of Minnesota's small businesses. (Note that a small business is defined as one with fewer than 500 employees.)

- Minnesota's economy struggled in 2010, with real gross state product decreasing 1.4 percent and private-sector employment decreasing 0.8 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).
- Most of Minnesota's small businesses are very small as 75.3 percent of all businesses did not have employees and most employers have fewer than 20 employees.
- Small businesses employed 1.2 million workers in 2009 (Table 1) with most of the employment coming from firms with 20-499 employees.
- While the employment situation in 2008-2009 was weak (Table 2), small businesses in Minnesota represented 46.4 percent of the net new private-sector jobs from 2005-2008.
- Self-employment in Minnesota declined over the last decade. Male self-employment fared the best compared with other demographic groups during the decade.*
- Throughout 2010, the number of opening establishments was lower than closing establishments and the net employment change from this turnover was negative (Table 3).

For Further Information

- Data on all states and territories are available at www.sba.gov/advocacy/848.
- For other small business data and analysis, visit www.sba.gov/advocacy/847, call (202) 205-6533, or email advocacy@sba.gov.
- Visit <http://web.sba.gov/list> to subscribe to Advocacy's Listservs.

* Because of the relatively low number of veterans in the survey data source, the veteran self-employment figure is susceptible to large fluctuations.

Minnesota Small Business Facts

	2009*	2008	2000
Number of Businesses			
Small employers (<500 employees)	116,210	118,391	113,707
Large employers (500+ employees)	2,534	2,559	2,492
Nonemployers	362,739	376,397	317,874
Level in 2007* (000)			
	Firms	Employment	Receipts(\$)
Business Owner Demographics			
Male-owned	252	793	165,605
Woman-owned	133	140	16,158
Equally male/female-owned	94	173	22,595
African American-owned	12	10	681
Asian-owned	11	17	2,091
Hispanic-owned	5	6	1,491
Native American/Alaskan-owned	3	4	477
Hawaiian/Pacific Islander-owned	--	--	--
Veteran-owned	68	166	33,722
Publicly held, unclassified	18	1,275	377,383
	Level in 2010*	% Change from 2009 2000	
Workforce (Thousands)			
Private-sector employment	2,221	-0.8	-2.5
Government employment	417	-0.1	2.3
Self-employed (incorp. & uninc.)	291	2.1	-22.2
Female self-employment	107	4.8	-29.2
Male self-employment	183	0.6	-17.5
Minority self-employment	12	-13.3	-44.6
Veteran self-employment	42	61.8	-18.2
Unemployment Rate (Percent)	7.3	-0.8†	4.2‡
Business Turnover			
Quarterly establishment openings	23,197	-6.2	-18.8
Quarterly establishment closings	26,094	-3.2	-0.4
Business bankruptcies	788	-8.3	-47.2
	2010*	2009	2000
Income and Finance			
Proprietors' income (\$billion)	18.6	15.6	13.4
Number of bank branches	1,842	1,866	1,577
No. of bus. loans under \$100,000‡	80,319	113,070	55,073
Total value of business loans under \$100,000 (\$million)‡	1,256	1,602	787
Source: U.S. Dept. of Commerce, Census Bureau, Bureau of Economic Analysis; U.S. Dept. of Labor, Bureau of Labor Statistics; Admin. Office of the U.S. Courts; Federal Deposit Insurance Corporation; and U.S. Small Business Admin., Office of Advocacy.			
* Latest available data. †Percentage point change. ‡Data are for CRA loans.			

**Table 1: Firms and Employment in Minnesota by Industry and Firm Size, 2009
(Nonfarm, Thousands)**

Industry	Nonemployer Firms	Employer Firms			Employment		
		Total	1-19 Employees	1-499 Employees	Total	1-19 Employees	1-499 Employees
Total	362.7	118.7	102.2	116.2	2,417.2	400.0	1,205.7
Forestry, etc. and agriculture support	4.7	0.5	0.4	0.4	2.5	1.4	2.4
Mining	0.1	0.1	0.1	0.1	4.7	0.4	0.8
Utilities	0.3	0.1	0.0	0.1	D	0.3	2.6
Construction	42.1	16.8	15.9	16.7	99.1	43.2	81.8
Manufacturing	6.9	6.9	4.8	6.5	307.8	25.5	141.1
Wholesale trade	6.5	7.0	5.3	6.5	131.6	22.4	73.5
Retail trade	35.9	13.1	11.2	12.7	291.3	54.1	125.4
Transportation and warehousing	18.0	4.1	3.4	3.9	75.4	11.5	36.5
Information	5.1	1.7	1.2	1.5	64.1	5.2	21.6
Finance and insurance	13.4	6.1	5.2	5.8	148.6	16.6	46.4
Real estate and rental and leasing	29.8	5.1	4.7	5.0	36.3	10.9	26.8
Professional, scientific, and technical svcs.	55.2	15.6	14.2	15.2	139.3	40.8	89.4
Management of companies and enterprises	--	0.8	0.1	0.5	118.1	0.3	9.4
Admin., support, waste mgt., remed. svcs.	24.6	6.3	5.4	6.1	123.9	18.4	60.7
Educational services	11.0	1.7	1.3	1.6	66.5	6.1	30.1
Health care and social assistance	33.6	9.7	7.7	9.5	421.9	38.5	194.5
Arts, entertainment, and recreation	24.4	2.6	2.3	2.6	39.6	8.3	25.8
Accommodation and food services	3.8	8.3	6.1	8.1	213.1	39.5	133.7
Other services (except public admin.)	47.4	14.1	12.8	14.0	119.3	56.4	102.8
Unclassified	--	0.2	0.2	0.2	0.3	0.2	0.3

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See www.sba.gov/advocacy/849/12162 for data from other years, and for starts, closures, job creation and destruction by industry and by size category.)

Table 2: Net Job Change by Firm Size, 2005–2009 (Nonfarm)

	Total Net New Jobs	Employment Size of Firm						
		1-4	5-9	10-19	20-99	100-499	<500	500+
2005 - 2006	49,175	15,826	2,784	2,872	5,214	4,216	30,912	18,263
2006 - 2007	49,577	13,125	-2,298	-2,486	-3,549	-2,387	2,405	47,172
2007 - 2008	-8,077	11,986	-1,883	-1,933	639	-90	8,719	-16,796
2008 - 2009	-98,963	8,857	-3,475	-6,964	-21,419	-22,232	-45,233	-53,730

Source: U.S. Dept. of Commerce, Bureau of the Census. (For more detailed data see www.sba.gov/advocacy/849/12162.)

Table 3: Establishment and Employment Turnover by Quarter, 2010 (Nonfarm, Thousands)

	Establishments				Employment			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Openings	6.1	5.7	5.4	6.0	25.1	22.5	16.9	22.9
Expansions	25.3	27.3	26.7	27.1	95.5	115.2	105.2	105.9
Contractions	27.9	25.9	26.8	26.8	103.5	95.3	100.1	104.0
Closings	7.6	5.6	6.8	6.1	27.6	18.2	23.6	26.1

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics. (For more detailed data see www.bls.gov/bdm/.)

Note: These figures contain all firm sizes; Census data from 2009 show that 85 percent of establishment births and deaths were in firms with fewer than 500 employees.