

## Minnesota

**501,551** Small Businesses

**114,111** Small Businesses with Employees

**387,440** Small Businesses without Employees (Nonemployers)

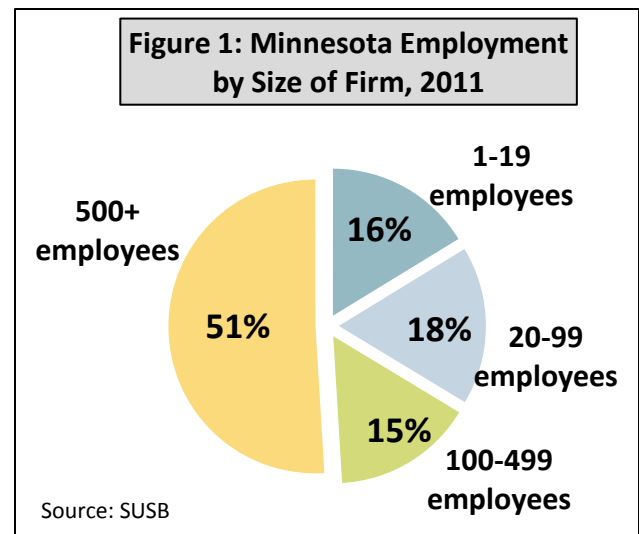
**1,173,793** Workers Employed by Small Businesses

### State Economy Overall

- Minnesota's economy grew at a faster rate than the United States in 2012. Minnesota's real gross state product increased by **3.5 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in Minnesota has improved. The unemployment rate in Minnesota declined from **5.5 percent** in December 2012 to **4.6 percent** in December 2013. This is below the national average of **6.7 percent**. (Source: BLS)

### Employment

- Minnesota's small businesses employed about half or **1.2 million** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **97.8 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, manufacturing, and accommodation & food services (**Table 4**).
- In Minnesota, small businesses created **14,429** net new jobs in 2011. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)
- The number of people who were primarily self-employed increased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.
- The state's private-sector employment increased in 2013 by **2.0 percent**, which was below the national average growth rate of **2.1 percent**. (Source: BEA, BLS)



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.*

## Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **7 percent** in the 3<sup>rd</sup> quarter of 2013 and totaled **\$18.6 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](http://www2.fdic.gov/sod/sodSummary.asp?barItem=3).
- In 2012, **122,451** loans under \$100,000 (and valued at **\$1.5 billion**) were issued by Community Reinvestment Act lending institutions in Minnesota. (Source: FFIEC)

## Business Owner Demographics

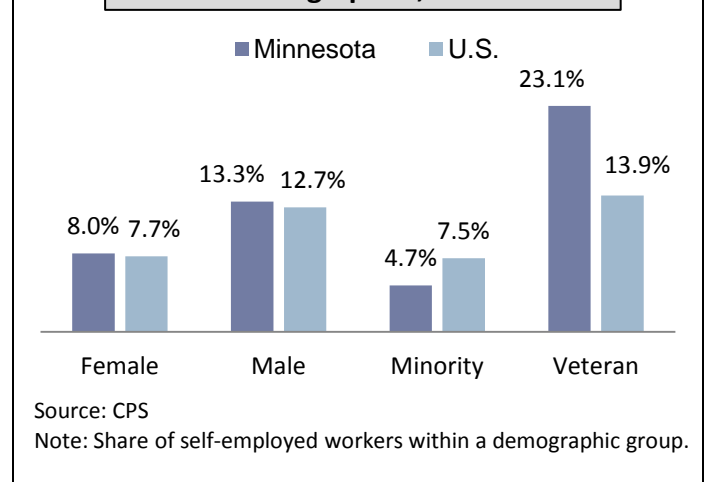
- In 2011, there were an estimated **135,000** woman-owned businesses and **32,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

**Table 1. Demographics of All Minnesota Businesses, 2011**

	Number of All Businesses <sup>e</sup>	Share of All Businesses (%) <sup>*</sup>
Male Owned	256,000	50.7
Woman Owned	135,000	26.8
Equally Male and Female Owned	95,000	18.9
Minority Owned	32,000	6.3
Veteran Owned	44,000	8.8

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/mn10.pdf](http://www.sba.gov/sites/default/files/files/mn10.pdf).

**Figure 2: Minnesota Self-Employment Demographics, 2012**



## Business Turnover

- **Table 2** gives Minnesota's establishment survival rates over an eight-year period, 2002-2010.
- In the 2<sup>nd</sup> quarter of 2013, **6,511** establishments opened and **6,297** closed in the state of Minnesota. (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 Minnesota**

	Establishments Opened <sup>*</sup>	Share Surviving Until 2012 (%)
2002	8,442	36.7
2007	9,742	48.6
2010	8,472	70.7

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

## International Trade

- A total of **8,659** companies exported goods from the state in 2012. Of these, **7,564** or **87.4 percent** were small firms; they generated about a third (**32.7 percent**) of the state's total known export value. (Source: ITA)

**Table 3: Number of Minnesota 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
Construction	15,823	15,130	41,860	57,683
Professional, scientific, & tech. svcs.	15,281	14,275	58,548	73,829
Other services (except public admin.)	13,913	12,800	51,322	65,235
Retail trade	12,306	10,876	36,846	49,152
Health care & social assistance	9,646	7,729	33,709	43,355
Accommodation & food services	8,135	6,120	3,987	12,122
Manufacturing	6,323	4,670	7,384	13,707
Wholesale trade	6,314	5,090	6,731	13,045
Admin., supp., waste mgt., remed. svcs.	6,076	5,418	25,652	31,728
Finance & insurance	5,612	5,089	13,884	19,496
Real estate & rental & leasing	4,787	4,489	39,819	44,606
Transportation & warehousing	3,813	3,311	19,272	23,085
Arts, entertainment, & recreation	2,536	2,249	26,153	28,689
Educational services	1,625	1,225	11,276	12,901
Information	1,453	1,194	5,338	6,791
Forestry, etc. & agriculture support	462	434	5,149	5,611
Management of comp. & enterprises	460	95	0	460
Unclassified	218	218	0	218
Mining	123	109	168	291
Utilities	90	44	342	432
<b>Total</b>	<b>114,111</b>	<b>100,472</b>	<b>387,440</b>	<b>501,551</b>

**Table 4: Employment in Minnesota 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	197,538	441,665	45
Manufacturing	134,743	291,463	46
Accommodation & food services	133,021	210,659	63
Retail trade	120,052	286,361	42
Other services (except public admin.)	100,521	113,859	88
Professional, scientific, & tech. svcs.	86,702	136,937	63
Construction	75,739	90,724	83
Wholesale trade	71,943	126,179	57
Admin., supp., waste mgt., remed. svcs.	59,781	140,057	43
Finance & insurance	42,907	148,501	29
Transportation & warehousing	35,390	75,074	47
Educational services	30,469	69,545	44
Real estate & rental & leasing	24,937	34,534	72
Arts, entertainment, & recreation	24,368	42,049	58
Information	20,028	61,068	33
Management of comp. & enterprises	9,551	103,082	9
Utilities	2,604	D	D
Forestry, etc. & agriculture support	2,317	2,412	96
Mining	971	5,587	17
Unclassified	211	211	100
<b>Total</b>	<b>1,173,793</b>	<b>2,393,746</b>	<b>49</b>

Source, Tables 3 and 4: SUSB

See [www.sba.gov/advocacy/847/841921](http://www.sba.gov/advocacy/847/841921) for more detailed data.

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

(D) Data suppressed to protect the confidentiality of individual firms.

## Abbreviations and Resources

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