

SMALL BUSINESS PROFILE

MICHIGAN



856,352
98.2% Small Businesses
of Michigan Businesses

1.8 million
50.2% Small Business Employees
of Michigan Employees

1.8 million
50.2% Small Business Employees
of Michigan Employees

EMPLOYMENT
43,866
net new jobs¹

DIVERSITY
45.9%
increase in minority
ownership²

TRADE
89.4%
of Michigan exporters³

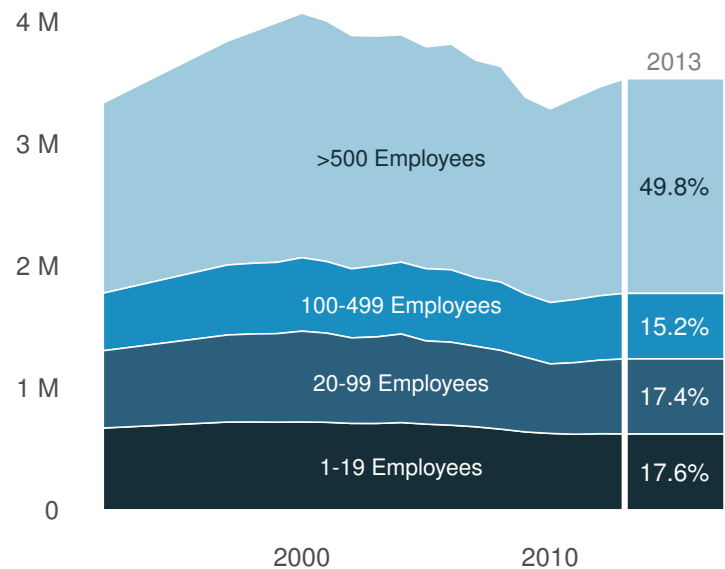
OVERALL MICHIGAN ECONOMY

- In the third quarter of 2015, Michigan grew at an annual rate of **2.9%** which was faster than the overall US growth rate of **1.9%**. By comparison, Michigan's 2014 growth of **3.8%** was down from the 2013 level of **4.3%**. (Source: BEA)
- The employment situation in Michigan improved. At the close of 2015, unemployment was **5.1%**, down from **6.2%** at the close of 2014. This was above the national unemployment rate of **5.0%**. (Source: CPS)

EMPLOYMENT

- Michigan small businesses employed **1.8 million** people, or **50.2%** 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 **2.4%** in 2015. This was above the previous year's increase of **2.1%**. (Source: CES)
- The number of proprietors increased in 2014 by **1.4%** relative to the previous year. (Source: BEA)
- Small businesses created **43,866** net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding **11,659** net jobs. The largest losses were in firms employing 1 to 4 employees which lost **13** net jobs. (Source: BDS)

Figure 1: Michigan 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.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² 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, 130,801 loans under \$100,000 (and valued at \$1.9 billion) were issued by Michigan lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$44,012 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$18,806. (Source: ACS)

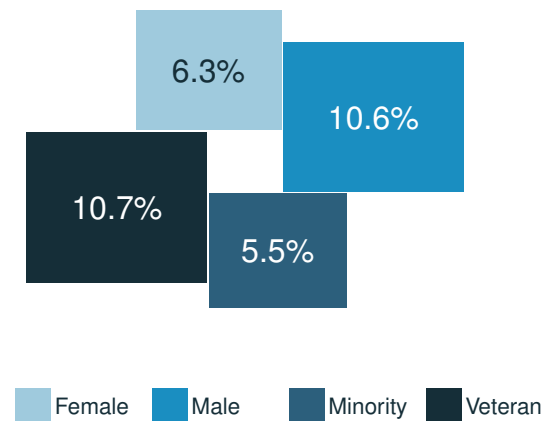
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Michigan Changes in Business Ownership by Demographic Group

African American-owned	●	46.7%
Asian-owned	●	23.5%
Hawaiian/Pacific Islander-owned	○	-6.2%
Hispanic-owned	●	84.7%
Native American/Alaskan-owned	●	36.3%
Minority-owned	●	45.9%
Nonminority-owned	●	-2.4%

Figure 3: Michigan Self-Employment within Demographic Group

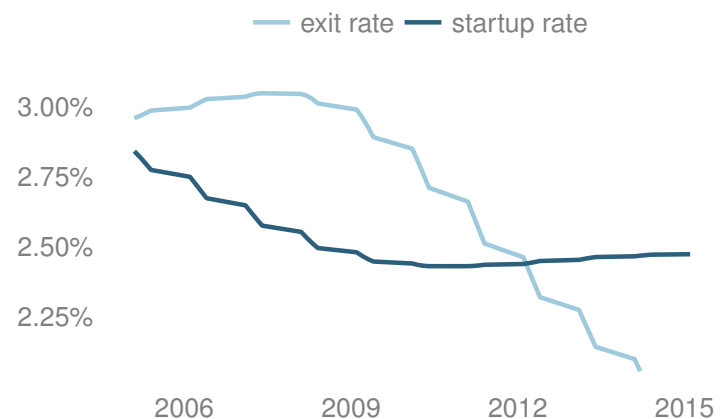


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Michigan, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

BUSINESS TURNOVER

- In the second quarter of 2014, 4,867 establishments started up⁵ in Michigan and 4,773 exited.⁶ Startups generated 24,339 new jobs while exits caused 19,208 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: Michigan Private Startup and Exit Rates



⁵ **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.

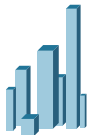




⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

INTERNATIONAL TRADE

- A total of 14,843 companies exported goods from Michigan in 2013. Among these, 13,263, or 89.4%, were small firms; they generated 21.0% of Michigan's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

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

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	22,111	20,148	57,485	79,596
Other Services (except Public Administration)	21,021	19,653	125,222	146,243
Health Care and Social Assistance	20,025	17,463	66,074	86,099
Professional, Scientific, and Technical Services	19,492	17,938	83,591	103,083
Construction	17,979	16,952	74,612	92,591
Accommodation and Food Services	14,810	11,458	9,763	24,573
Manufacturing	10,871	7,791	12,081	22,952
Administrative, Support, and Waste Management	9,508	8,263	58,466	67,974
Wholesale Trade	8,790	7,172	11,386	20,176
Finance and Insurance	6,629	6,004	17,926	24,555
Real Estate and Rental and Leasing	5,795	5,397	72,960	78,755
Transportation and Warehousing	4,648	4,037	27,429	32,077
Arts, Entertainment, and Recreation	3,167	2,726	33,181	36,348
Educational Services	2,008	1,601	20,240	22,248
Information	1,786	1,513	8,166	9,952
Agriculture, Forestry, Fishing and Hunting	530	500	5,838	6,368
Mining, Quarrying, and Oil and Gas Extraction	299	248	2,380	2,679
Utilities	78	57	336	414
Total	169,547	148,921	687,136	856,683

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: Michigan Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	275,168	590,060	46.6%
Manufacturing	252,729	525,565	48.1%
Accommodation and Food Services	221,429	354,094	62.5%
Retail Trade	183,849	448,929	41.0%
Other Services (except Public Administration)	139,984	153,704	91.1%
Professional, Scientific, and Technical Services	135,141	242,932	55.6%
Administrative, Support, and Waste Management	118,934	311,352	38.2%
Construction	101,605	114,852	88.5%
Wholesale Trade	100,663	167,592	60.1%
Finance and Insurance	59,519	150,244	39.6%
Transportation and Warehousing	42,264	100,454	42.1%
Educational Services	35,149	74,312	47.3%
Real Estate and Rental and Leasing	34,279	49,379	69.4%
Arts, Entertainment, and Recreation	33,804	43,801	77.2%
Information	19,601	71,069	27.6%
Agriculture, Forestry, Fishing and Hunting	3,116	3,294	94.6%
Mining, Quarrying, and Oil and Gas Extraction	2,773	5,614	49.4%
Utilities	1,706	s	-
Total	1,761,713	3,407,247	51.7%

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

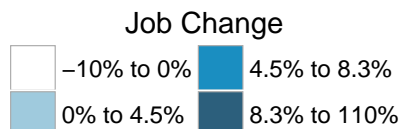
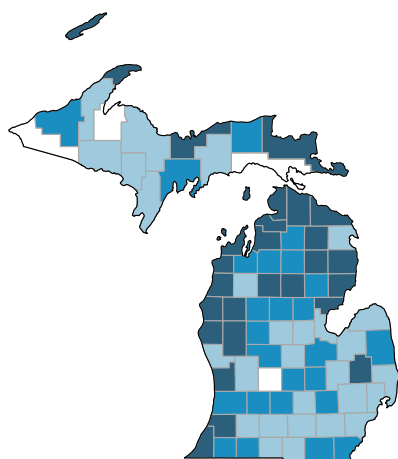


Table 3: Abbreviations and Resources

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>

