

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

MINNESOTA



509,732
99.5%

Small Businesses
of Minnesota Businesses

1.2 million
47.9%

Small Business Employees
of Minnesota Employees



EMPLOYMENT
29,624
net new jobs



DIVERSITY
47,277
minority-owned
businesses



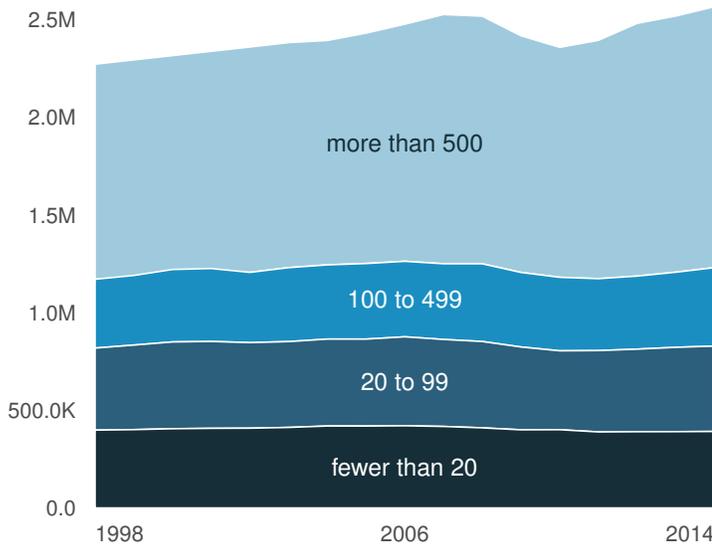
TRADE
86.9%
of Minnesota exporters

OVERALL MINNESOTA ECONOMY

- In the second quarter of 2016, Minnesota grew at an annual rate less than 0.1%, which was slower than the overall US growth rate of 1.2%. Minnesota's 2015 growth rate of 1.9% was down from the 2014 rate of 2.4%. (Source: BEA)
- In November 2016, the unemployment rate was 3.8%, up from 3.7% at the close of 2015. This was below the November 2016 national unemployment rate of 4.6%. (Source: CPS)

EMPLOYMENT

Figure 1: Minnesota Employment by Business Size (Employees)



- Minnesota small businesses employed 1.2 million people, or 47.9% 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 decreased 1.4%. This was below the previous year's increase of 1.1%. (Source: CPS)
- The number of proprietors increased in 2015 by 2.7% relative to the previous year. (Source: BEA)
- Small businesses created 29,624 net jobs in 2014. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 9,580 net jobs. The smallest gains were in firms employing 250 to 499 employees, which added 985 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, **94,442** loans under \$100,000 (valued at **\$1.3 billion**) were issued by Minnesota lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$48,241** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$25,811**. (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: Minnesota Small Business Ownership, 2012

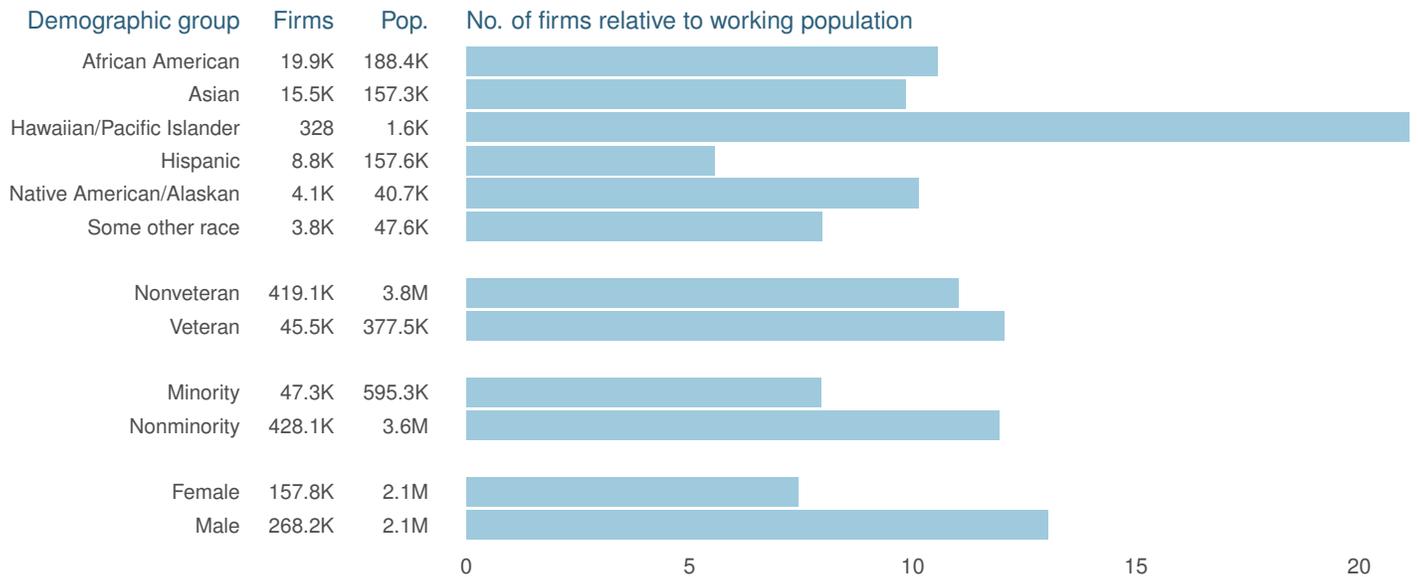
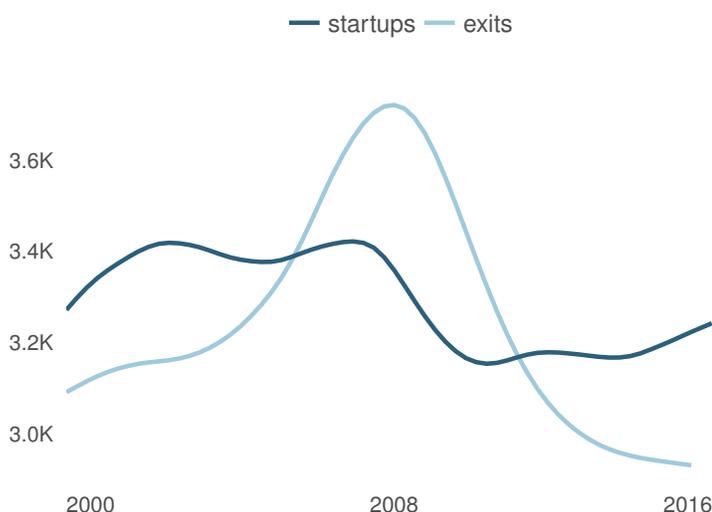


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or $157.8K \div 2.1M \times 100$. ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

BUSINESS TURNOVER

Figure 3: Minnesota Quarterly Startups and Exits



- In the second quarter of 2015, **3,936** establishments started up, generating **16,203** new jobs in Minnesota. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **3,021** establishments exited resulting in **11,788** 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 8,628 companies exported goods from Minnesota in 2014. Among these, 7,502, or 86.9%, were small firms; they generated 26.7% of Minnesota's \$19.6 billion in total known exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Minnesota Employment by Industry, 2014

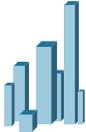
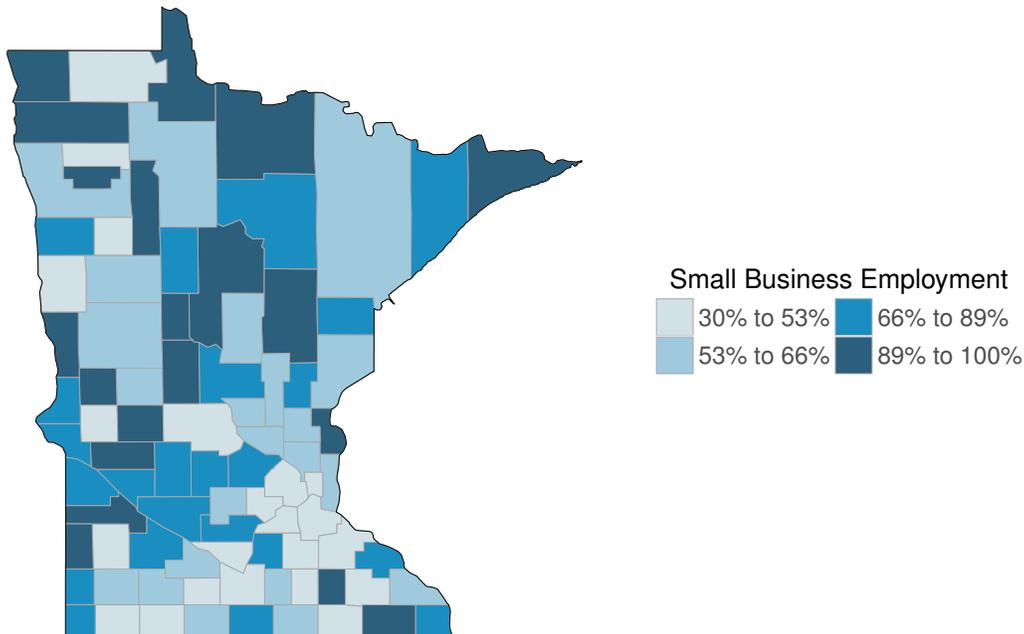
 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	207,940	444,786	47%
Accommodation and Food Services	144,522	230,754	63%
Manufacturing	138,330	298,024	46%
Retail Trade	118,537	296,383	40%
Other Services (Except Public Administration)	104,282	116,102	90%
Professional, Scientific, and Technical Services	91,185	166,364	55%
Construction	85,374	106,485	80%
Wholesale Trade	72,953	132,737	55%
Administrative, Support, and Waste Management	64,196	165,381	39%
Finance and Insurance	44,690	151,068	30%
Transportation and Warehousing	38,043	76,845	50%
Educational Services	32,331	71,699	45%
Arts, Entertainment, and Recreation	26,839	45,169	59%
Real Estate and Rental and Leasing	25,173	36,878	68%
Information	19,889	61,478	32%
Utilities	2,527	s	-
Agriculture, Forestry, and Fishing and Hunting	2,359	2,480	95%
Mining, Quarrying, and Oil and Gas Extraction	1,157	6,223	19%
Total	1,230,362	2,566,086	48%

Figure 4: Minnesota Small Business Percent of Employment by County



SMALL BUSINESSES BY INDUSTRY

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

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	15,379	14,293	60,221	75,600
Other Services (Except Public Administration)	14,171	13,042	51,189	65,360
Construction	15,928	15,086	40,599	56,527
Retail Trade	11,768	10,379	38,831	50,599
Real Estate and Rental and Leasing	5,030	4,716	42,051	47,081
Health Care and Social Assistance	9,898	7,854	30,804	40,702
Administrative, Support, and Waste Management	6,252	5,539	25,098	31,350
Arts, Entertainment, and Recreation	2,624	2,299	28,149	30,773
Transportation and Warehousing	3,923	3,387	21,979	25,902
Finance and Insurance	5,677	5,147	13,195	18,872
Educational Services	1,713	1,279	13,490	15,203
Manufacturing	6,261	4,547	7,542	13,803
Wholesale Trade	6,169	4,950	6,797	12,966
Accommodation and Food Services	8,241	6,054	3,927	12,168
Information	1,459	1,200	5,335	6,794
Agriculture, Forestry, and Fishing and Hunting	491	467	4,965	5,456
Utilities	96	45	343	439
Mining, Quarrying, and Oil and Gas Extraction	126	108	175	301
Total	115,042	100,637	394,690	509,732

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

