

2019 Small Business Profile

Michigan

873,722 Small Businesses
99.6% of Michigan Businesses

1.9 million Small Business Employees
49.1% of Michigan Employees

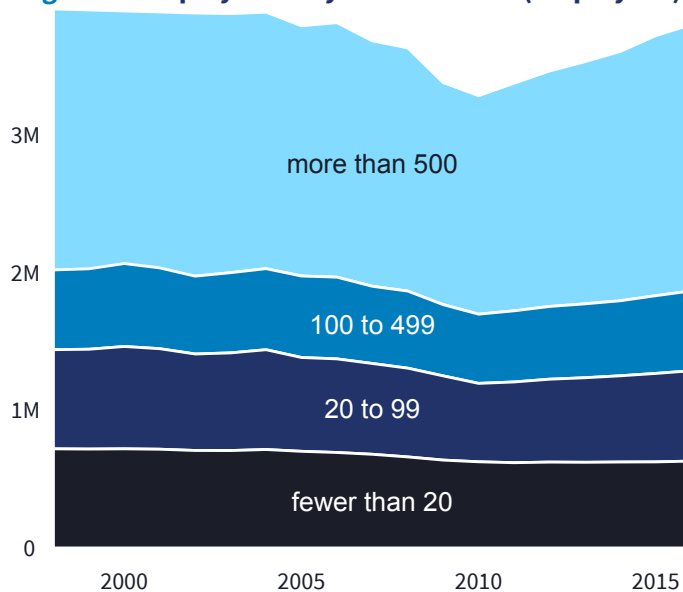


Overall Michigan Economy

- In the third quarter of 2018, Michigan grew at an annual rate of **2.8%**, which was slower than the overall US growth rate of **3.4%**. Michigan's 2017 growth rate of **2.2%** was up from the 2016 rate of **2.0%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **4.0%**, down from **4.4%** in February 2018. This was above the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Michigan small businesses employed **1.9 million** people, or **49.1%** of the private workforce, in 2016. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.0%** during the 12-month period ending in February 2019. This was above the increase of **0.9%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.8%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **55,325** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **30,857** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **11,220** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 International Trade Administration (ITA) data, respectively.

Income and Finance

- The number of banks decreased by 8 between June 2016 and June 2017 to 100 banks. (Source: FDIC)
- In 2017, 145,529 loans under \$100,000 (valued at \$2.2 billion) were issued by Michigan lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$49,302 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$22,597. (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.

Employer Business Owner Demographics

Figure 2: Michigan Employees per Business by Owner's Demographic, 2016

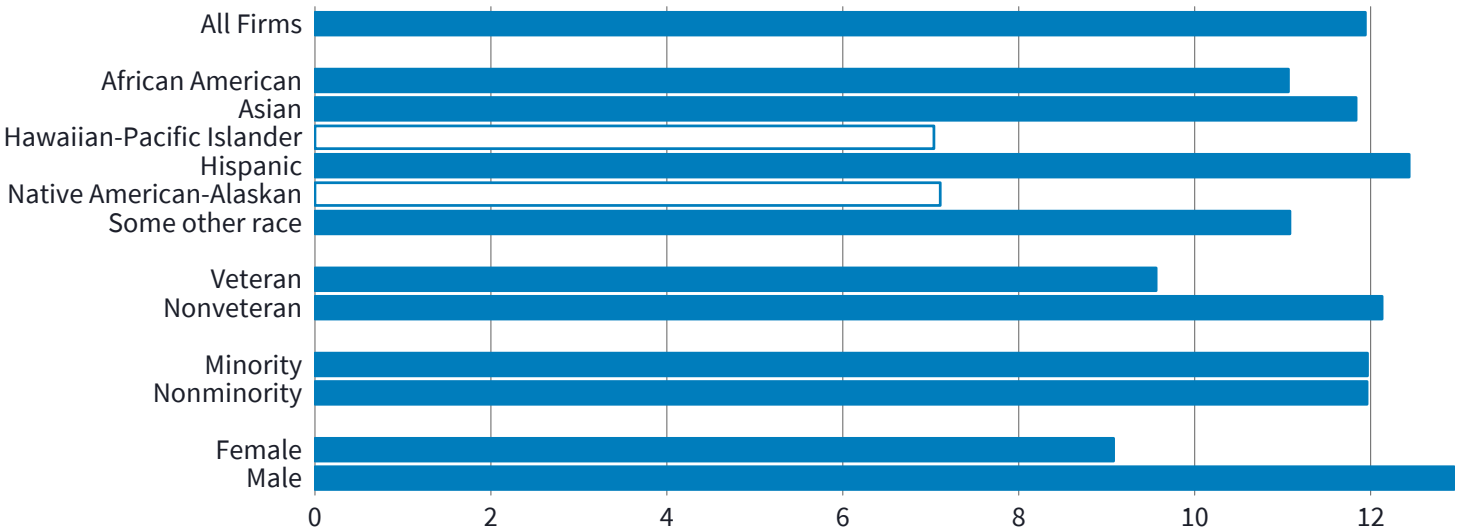
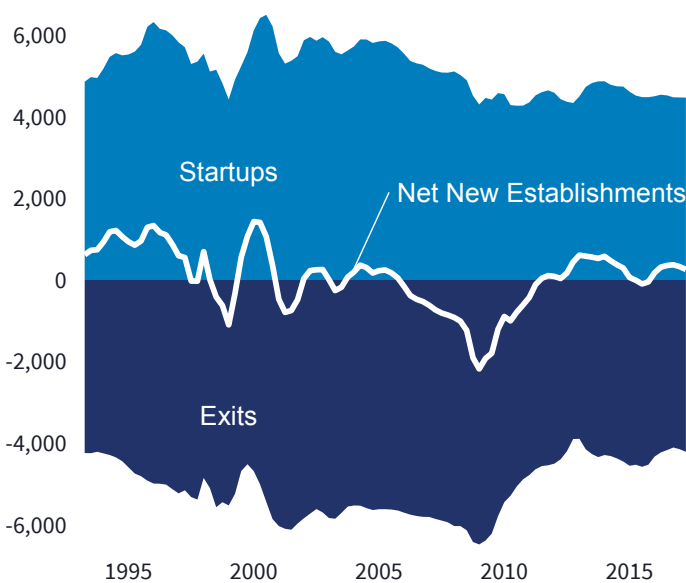


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

Turnover among Establishments with Employees

Figure 3: Michigan Quarterly Startups and Exits



- In the third quarter of 2017, 4,634 establishments started up, generating 19,864 new jobs in Michigan. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 5,334 establishments exited resulting in 22,745 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 1993 to 2017. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. 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. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

International Trade

- A total of 14,446 companies exported goods from Michigan in 2016. Of these, 12,873, or 89.1%, were small firms; they generated 23.8% of Michigan's \$50.5 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Michigan Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	276,124	615,103	44.9
Manufacturing	261,211	579,509	45.1
Accommodation and Food Services	243,661	385,880	63.1
Retail Trade	192,717	470,993	40.9
Professional, Scientific, and Technical Services	146,951	266,869	55.1
Other Services (except Public Administration)	143,578	159,612	90.0
Administrative, Support, and Waste Management	122,590	337,870	36.3
Construction	122,553	138,920	88.2
Wholesale Trade	103,284	180,432	57.2
Finance and Insurance	58,979	160,029	36.9
Transportation and Warehousing	46,650	114,357	40.8
Arts, Entertainment, and Recreation	36,738	48,434	75.9
Educational Services	35,277	72,796	48.5
Real Estate and Rental and Leasing	34,777	51,699	67.3
Information	21,935	65,937	33.3
Management of Companies and Enterprises	12,978	125,266	10.4
Agriculture, Forestry, and Fishing and Hunting	3,727	3,876	96.2
Mining, Quarrying, and Oil and Gas Extraction	2,363	4,843	48.8
Utilities	1,663	22,024	7.6
Industries not classified	1,129	1,129	100.0
Total	1,868,885	3,805,578	49.1

Figure 4: Michigan Self-Employment Rates by County, 2017

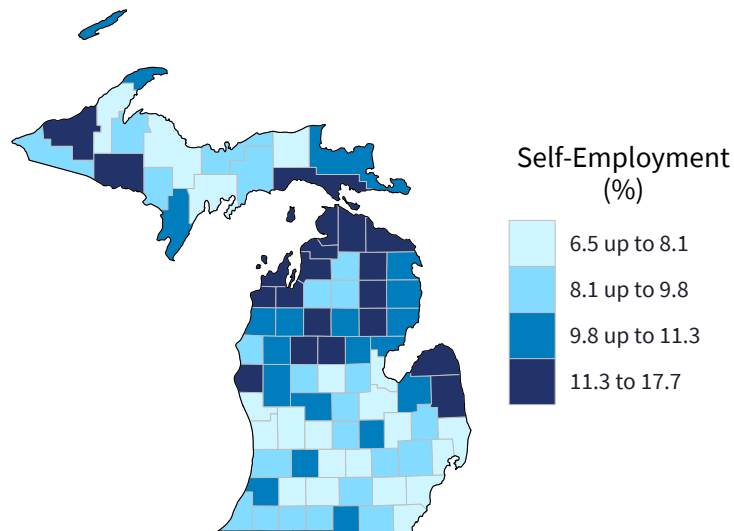


Table 2: Michigan Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	21,308	19,892	119,989	141,297
Professional, Scientific, and Technical Services	19,332	17,666	85,451	104,783
Construction	18,566	17,287	77,549	96,115
Real Estate and Rental and Leasing	5,873	5,484	78,528	84,401
Retail Trade	21,760	19,729	59,513	81,273
Health Care and Social Assistance	19,525	16,810	61,639	81,164
Administrative, Support, and Waste Management	9,616	8,345	57,744	67,360
Transportation and Warehousing	5,124	4,463	37,637	42,761
Arts, Entertainment, and Recreation	3,198	2,738	35,939	39,137
Accommodation and Food Services	15,042	11,270	10,048	25,090
Educational Services	2,014	1,576	22,835	24,849
Finance and Insurance	6,522	5,902	17,862	24,384
Manufacturing	10,713	7,596	12,013	22,726
Wholesale Trade	8,199	6,590	11,108	19,307
Information	2,192	1,903	8,258	10,450
Agriculture, Forestry, and Fishing and Hunting	577	534	5,614	6,191
Mining, Quarrying, and Oil and Gas Extraction	270	224	1,547	1,817
Utilities	84	62	321	405
Total	170,127	148,875	703,595	873,722

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau