

2019 Small Business Profile

Minnesota



520,110 Small Businesses
99.5% of Minnesota Businesses

1.3 million Small Business Employees
47.2% of Minnesota Employees



EMPLOYMENT
26,114
net new jobs



DIVERSITY
85,570
minority-owned
business employees



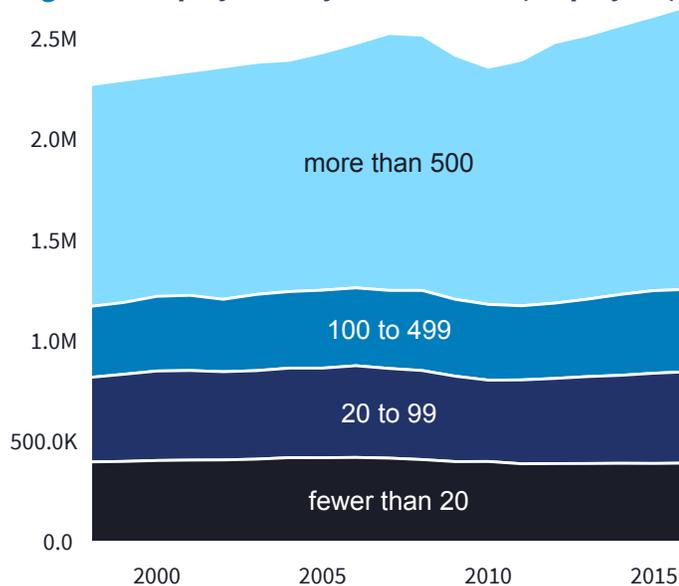
TRADE
7,036
small business
exporters

Overall Minnesota Economy

- In the third quarter of 2018, Minnesota grew at an annual rate of **2.7%**, which was slower than the overall US growth rate of **3.4%**. Minnesota's 2017 growth rate of **1.6%** was down from the 2016 rate of **2.0%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.1%**, unchanged from **3.1%** in February 2018. This was below the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Minnesota small businesses employed **1.3 million** people, or **47.2%** 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 **0.7%** during the 12-month period ending in February 2019. This was below the increase of **1.1%** 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 **26,114** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **16,818** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **4,159** 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 9 between June 2016 and June 2017 to 311 banks. (Source: FDIC)
- In 2017, 89,043 loans under \$100,000 (valued at \$1.5 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 \$52,316 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$30,269. (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: Minnesota Employees per Business by Owner's Demographic, 2016

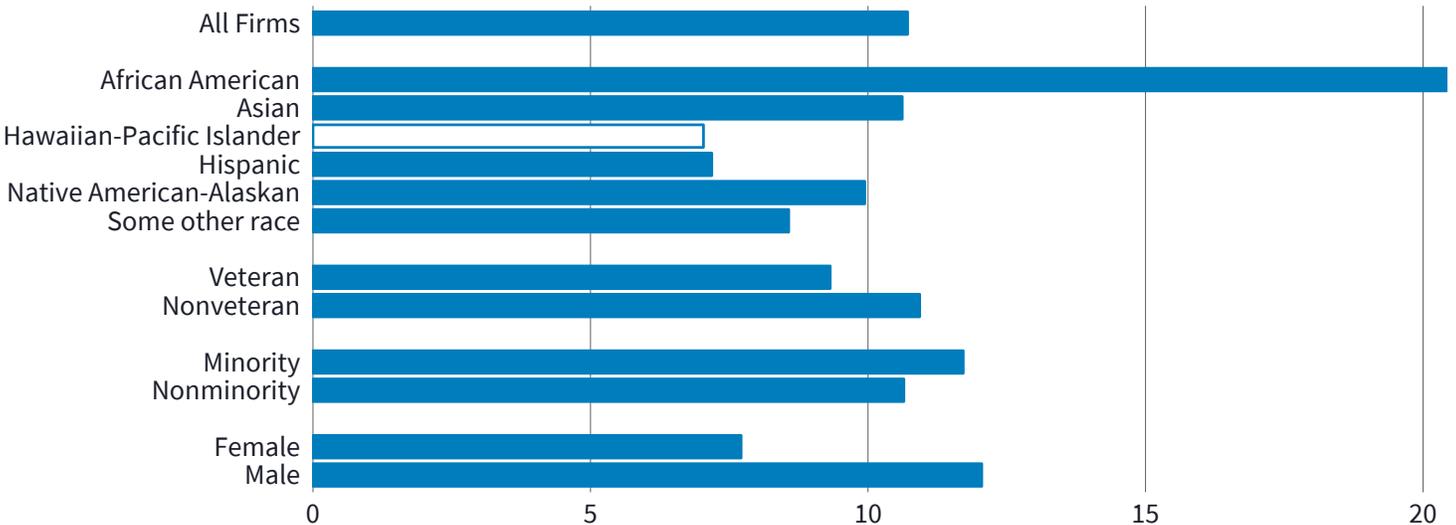
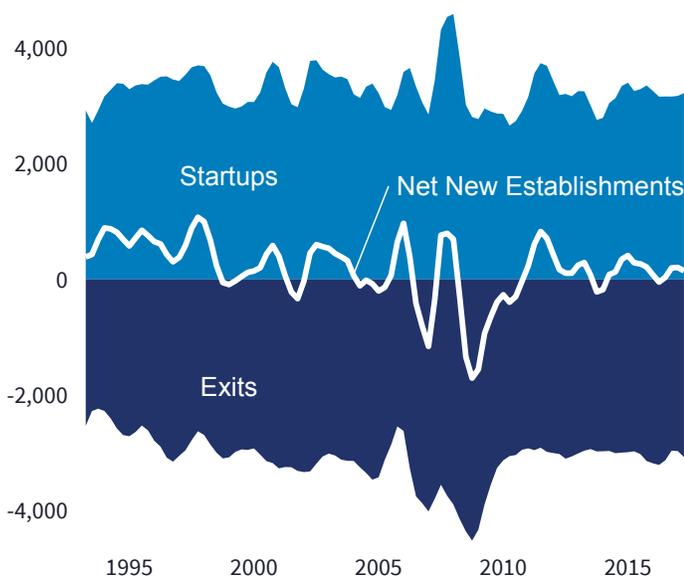


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information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

Turnover among Establishments with Employees

Figure 3: Minnesota Quarterly Startups and Exits



- In the third quarter of 2017, 3,229 establishments started up, generating 11,679 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, 3,268 establishments exited resulting in 12,541 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 **8,116** companies exported goods from Minnesota in 2016. Of these, **7,036**, or **86.7%**, were small firms; they generated **29.7%** of Minnesota's **\$17.9 billion** in total exports. (Source: [ITA](#))

Small Business Employment by Industry and Self-Employment by County

Table 1: Minnesota Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	212,610	460,279	46.2
Accommodation and Food Services	150,366	243,181	61.8
Manufacturing	136,372	305,782	44.6
Retail Trade	118,745	307,266	38.6
Other Services (except Public Administration)	106,622	118,202	90.2
Professional, Scientific, and Technical Services	96,997	183,069	53.0
Construction	94,183	118,033	79.8
Wholesale Trade	71,928	138,136	52.1
Administrative, Support, and Waste Management	60,744	166,463	36.5
Finance and Insurance	44,443	163,505	27.2
Transportation and Warehousing	38,096	83,446	45.7
Educational Services	34,072	72,216	47.2
Arts, Entertainment, and Recreation	28,453	48,324	58.9
Real Estate and Rental and Leasing	26,155	39,639	66.0
Information	19,059	58,844	32.4
Management of Companies and Enterprises	9,365	132,894	7.0
Utilities	2,583	13,662	18.9
Agriculture, Forestry, and Fishing and Hunting	2,464	2,686	91.7
Mining, Quarrying, and Oil and Gas Extraction	1,385	5,684	24.4
Industries not classified	316	316	100.0
Total	1,254,958	2,661,627	47.2

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

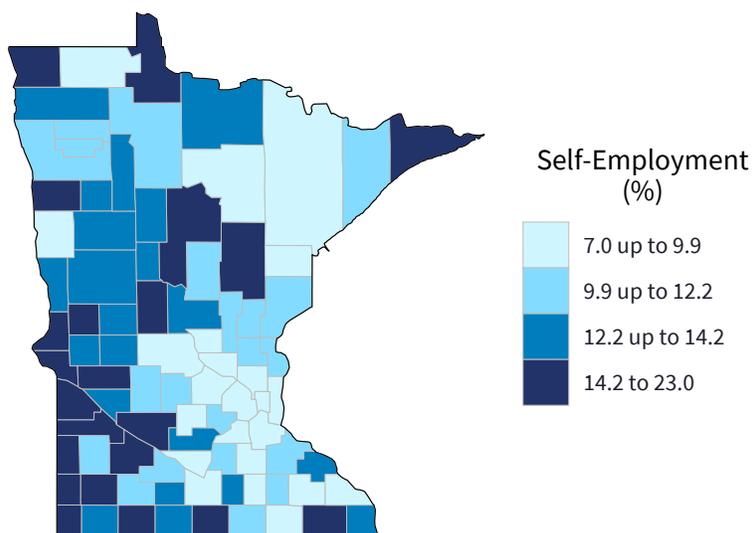


Table 2: Minnesota Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	15,480	14,378	60,738	76,218
Other Services (except Public Administration)	14,462	13,275	50,515	64,977
Construction	16,136	15,169	39,659	55,795
Retail Trade	11,580	10,180	39,138	50,718
Real Estate and Rental and Leasing	5,327	5,000	44,464	49,791
Health Care and Social Assistance	10,031	7,898	29,612	39,643
Transportation and Warehousing	3,987	3,450	28,881	32,868
Arts, Entertainment, and Recreation	2,698	2,348	29,833	32,531
Administrative, Support, and Waste Management	6,385	5,713	24,694	31,079
Finance and Insurance	5,700	5,178	12,984	18,684
Educational Services	1,786	1,346	14,422	16,208
Manufacturing	6,190	4,512	7,407	13,597
Accommodation and Food Services	8,392	6,057	4,173	12,565
Wholesale Trade	5,983	4,775	6,489	12,472
Information	1,421	1,167	5,404	6,825
Agriculture, Forestry, and Fishing and Hunting	525	501	5,059	5,584
Utilities	97	46	309	406
Mining, Quarrying, and Oil and Gas Extraction	122	100	145	267
Total	116,184	101,365	403,926	520,110

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