

## Minnesota

Small businesses totaled 478,949 in Minnesota in 2009. They represent 97.9 percent of all employers and employ 49.9 percent of the private-sector workforce. Being such a large part of the state's economy, these businesses are central to Minnesota's health and well-being.

This profile uses the latest available data to illustrate the status of Minnesota's small businesses. (Note that a small business is defined as one with fewer than 500 employees.)

- Minnesota's economy struggled in 2010, with real gross state product decreasing 1.4 percent and private-sector employment decreasing 0.8 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).
- Most of Minnesota's small businesses are very small as 75.3 percent of all businesses did not have employees and most employers have fewer than 20 employees.
- Small businesses employed 1.2 million workers in 2009 (Table 1) with most of the employment coming from firms with 20-499 employees.
- While the employment situation in 2008-2009 was weak (Table 2), small businesses in Minnesota represented 46.4 percent of the net new private-sector jobs from 2005-2008.
- Self-employment in Minnesota declined over the last decade. Male self-employment fared the best compared with other demographic groups during the decade.\*
- Throughout 2010, the number of opening establishments was lower than closing establishments and the net employment change from this turnover was negative (Table 3).

### For Further Information

- Data on all states and territories are available at [www.sba.gov/advocacy/848](http://www.sba.gov/advocacy/848).
- For other small business data and analysis, visit [www.sba.gov/advocacy/847](http://www.sba.gov/advocacy/847), call (202) 205-6533, or email [advocacy@sba.gov](mailto:advocacy@sba.gov).
- Visit <http://web.sba.gov/list> to subscribe to Advocacy's Listservs.

\* Because of the relatively low number of veterans in the survey data source, the veteran self-employment figure is susceptible to large fluctuations.

### Minnesota Small Business Facts

|   | 2009*                 | 2008                           | 2000                 |
|---|-----------------------|--------------------------------|----------------------|
| <b>Number of Businesses</b>   |                       |                                |                      |
| Small employers (<500 employees)  | 116,210               | 118,391                        | 113,707              |
| Large employers (500+ employees)  | 2,534                 | 2,559                          | 2,492                |
| Nonemployers  | 362,739               | 376,397                        | 317,874              |
| <b>Level in 2007* (000)</b>   |                       |                                |                      |
|   | <b>Firms</b>          | <b>Employment</b>              | <b>Receipts(\$M)</b> |
| <b>Business Owner Demographics</b>  |                       |                                |                      |
| Male-owned  | 252                   | 793                            | 165,605              |
| Woman-owned   | 133                   | 140                            | 16,158               |
| Equally male/female-owned   | 94                    | 173                            | 22,595               |
| African American-owned  | 12                    | 10                             | 681                  |
| Asian-owned   | 11                    | 17                             | 2,091                |
| Hispanic-owned  | 5                     | 6                              | 1,491                |
| Native American/Alaskan-owned   | 3                     | 4                              | 477                  |
| Hawaiian/Pacific Islander-owned   | --                    | --                             | --                   |
| Veteran-owned   | 68                    | 166                            | 33,722               |
| Publicly held, unclassified   | 18                    | 1,275                          | 377,383              |
|   | <b>Level in 2010*</b> | <b>% Change from 2009 2000</b> |                      |
| <b>Workforce (Thousands)</b>  |                       |                                |                      |
| Private-sector employment   | 2,221                 | -0.8                           | -2.5                 |
| Government employment   | 417                   | -0.1                           | 2.3                  |
| Self-employed (incorp. & uninc.)  | 291                   | 2.1                            | -22.2                |
| Female self-employment  | 107                   | 4.8                            | -29.2                |
| Male self-employment  | 183                   | 0.6                            | -17.5                |
| Minority self-employment  | 12                    | -13.3                          | -44.6                |
| Veteran self-employment   | 42                    | 61.8                           | -18.2                |
| <b>Unemployment Rate (Percent)</b>  | 7.3                   | -0.8†                          | 4.2‡                 |
| <b>Business Turnover</b>  |                       |                                |                      |
| Quarterly establishment openings  | 23,197                | -6.2                           | -18.8                |
| Quarterly establishment closings  | 26,094                | -3.2                           | -0.4                 |
| Business bankruptcies   | 788                   | -8.3                           | -47.2                |
|   | <b>2010*</b>          | <b>2009</b>                    | <b>2000</b>          |
| <b>Income and Finance</b>   |                       |                                |                      |
| Proprietors' income (\$billion)   | 18.6                  | 15.6                           | 13.4                 |
| Number of bank branches   | 1,842                 | 1,866                          | 1,577                |
| No. of bus. loans under \$100,000‡  | 80,319                | 113,070                        | 55,073               |
| Total value of business loans under \$100,000 (\$million)‡  | 1,256                 | 1,602                          | 787                  |
| Source: U.S. Dept. of Commerce, Census Bureau, Bureau of Economic Analysis; U.S. Dept. of Labor, Bureau of Labor Statistics; Admin. Office of the U.S. Courts; Federal Deposit Insurance Corporation; and U.S. Small Business Admin., Office of Advocacy. |                       |                                |                      |
| * Latest available data. †Percentage point change. ‡Data are for CRA loans.   |                       |                                |                      |

**Table 1: Firms and Employment in Minnesota by Industry and Firm Size, 2009  
(Nonfarm, Thousands)**

| Industry                                      | Nonemployer<br>Firms | Employer Firms |                   |                    | Employment |                   |                    |
|---|----------------------|----------------|-------------------|--------------------|------------|-------------------|--------------------|
|   |                      | Total          | 1-19<br>Employees | 1-499<br>Employees | Total      | 1-19<br>Employees | 1-499<br>Employees |
| Total   | 362.7                | 118.7          | 102.2             | 116.2              | 2,417.2    | 400.0             | 1,205.7            |
| Forestry, etc. and agriculture support        | 4.7                  | 0.5            | 0.4               | 0.4                | 2.5        | 1.4               | 2.4                |
| Mining  | 0.1                  | 0.1            | 0.1               | 0.1                | 4.7        | 0.4               | 0.8                |
| Utilities                                     | 0.3                  | 0.1            | 0.0               | 0.1                | D          | 0.3               | 2.6                |
| Construction                                  | 42.1                 | 16.8           | 15.9              | 16.7               | 99.1       | 43.2              | 81.8               |
| Manufacturing                                 | 6.9                  | 6.9            | 4.8               | 6.5                | 307.8      | 25.5              | 141.1              |
| Wholesale trade                               | 6.5                  | 7.0            | 5.3               | 6.5                | 131.6      | 22.4              | 73.5               |
| Retail trade                                  | 35.9                 | 13.1           | 11.2              | 12.7               | 291.3      | 54.1              | 125.4              |
| Transportation and warehousing                | 18.0                 | 4.1            | 3.4               | 3.9                | 75.4       | 11.5              | 36.5               |
| Information                                   | 5.1                  | 1.7            | 1.2               | 1.5                | 64.1       | 5.2               | 21.6               |
| Finance and insurance                         | 13.4                 | 6.1            | 5.2               | 5.8                | 148.6      | 16.6              | 46.4               |
| Real estate and rental and leasing            | 29.8                 | 5.1            | 4.7               | 5.0                | 36.3       | 10.9              | 26.8               |
| Professional, scientific, and technical svcs. | 55.2                 | 15.6           | 14.2              | 15.2               | 139.3      | 40.8              | 89.4               |
| Management of companies and enterprises       | --                   | 0.8            | 0.1               | 0.5                | 118.1      | 0.3               | 9.4                |
| Admin., support, waste mgt., remed. svcs.     | 24.6                 | 6.3            | 5.4               | 6.1                | 123.9      | 18.4              | 60.7               |
| Educational services                          | 11.0                 | 1.7            | 1.3               | 1.6                | 66.5       | 6.1               | 30.1               |
| Health care and social assistance             | 33.6                 | 9.7            | 7.7               | 9.5                | 421.9      | 38.5              | 194.5              |
| Arts, entertainment, and recreation           | 24.4                 | 2.6            | 2.3               | 2.6                | 39.6       | 8.3               | 25.8               |
| Accommodation and food services               | 3.8                  | 8.3            | 6.1               | 8.1                | 213.1      | 39.5              | 133.7              |
| Other services (except public admin.)         | 47.4                 | 14.1           | 12.8              | 14.0               | 119.3      | 56.4              | 102.8              |
| Unclassified                                  | --                   | 0.2            | 0.2               | 0.2                | 0.3        | 0.2               | 0.3                |

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See [www.sba.gov/advocacy/849/12162](http://www.sba.gov/advocacy/849/12162) for data from other years, and for starts, closures, job creation and destruction by industry and by size category.)

**Table 2: Net Job Change by Firm Size, 2005–2009 (Nonfarm)**

|             | Total Net<br>New Jobs | Employment Size of Firm |        |        |         |         |         |         |
|-------------|-----------------------|-------------------------|--------|--------|---------|---------|---------|---------|
|             |                       | 1-4                     | 5-9    | 10-19  | 20-99   | 100-499 | <500    | 500+    |
| 2005 - 2006 | 49,175                | 15,826                  | 2,784  | 2,872  | 5,214   | 4,216   | 30,912  | 18,263  |
| 2006 - 2007 | 49,577                | 13,125                  | -2,298 | -2,486 | -3,549  | -2,387  | 2,405   | 47,172  |
| 2007 - 2008 | -8,077                | 11,986                  | -1,883 | -1,933 | 639     | -90     | 8,719   | -16,796 |
| 2008 - 2009 | -98,963               | 8,857                   | -3,475 | -6,964 | -21,419 | -22,232 | -45,233 | -53,730 |

Source: U.S. Dept. of Commerce, Bureau of the Census. (For more detailed data see [www.sba.gov/advocacy/849/12162](http://www.sba.gov/advocacy/849/12162).)

**Table 3: Establishment and Employment Turnover by Quarter, 2010 (Nonfarm, Thousands)**

|              | Establishments |           |           |           | Employment |           |           |           |
|--------------|----------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
|              | Quarter 1      | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1  | Quarter 2 | Quarter 3 | Quarter 4 |
| Openings     | 6.1            | 5.7       | 5.4       | 6.0       | 25.1       | 22.5      | 16.9      | 22.9      |
| Expansions   | 25.3           | 27.3      | 26.7      | 27.1      | 95.5       | 115.2     | 105.2     | 105.9     |
| Contractions | 27.9           | 25.9      | 26.8      | 26.8      | 103.5      | 95.3      | 100.1     | 104.0     |
| Closings     | 7.6            | 5.6       | 6.8       | 6.1       | 27.6       | 18.2      | 23.6      | 26.1      |

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics. (For more detailed data see [www.bls.gov/bdm/](http://www.bls.gov/bdm/).)

Note: These figures contain all firm sizes; Census data from 2009 show that 85 percent of establishment births and deaths were in firms with fewer than 500 employees.