

SMALL BUSINESS PROFILE

SOUTH DAKOTA




83,334
96.2% Small Businesses
of South Dakota Businesses

200,080
58.8% Small Business Employees
of South Dakota Employees



EMPLOYMENT
358
net new jobs¹



DIVERSITY
42.3%
increase in minority
ownership²



TRADE
75.4%
of South Dakota
exporters³

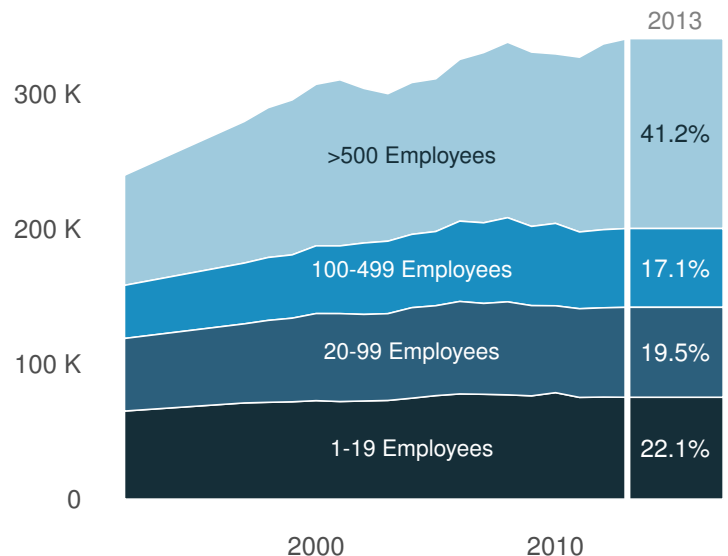
OVERALL SOUTH DAKOTA ECONOMY

- In the third quarter of 2015, South Dakota grew at an annual rate of **9.2%** which was faster than the overall US growth rate of **1.9%**. By comparison, South Dakota's 2014 growth of **3.4%** was up from the 2013 level of **3.1%**. (Source: BEA)
- The employment situation in South Dakota improved. At the close of 2015, unemployment was **2.9%**, down from **3.3%** at the close of 2014. This was below the national unemployment rate of **5.0%**. (Source: CPS)

EMPLOYMENT

- South Dakota small businesses employed **200,080** people, or **58.8%** 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 **2.5%** in 2015. This was above the previous year's increase of **1.0%**. (Source: CES)
- The number of proprietors increased in 2014 by **0.7%** relative to the previous year. (Source: BEA)
- Small businesses created **358** net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding **933** net jobs. The largest losses were in firms employing 250 to 499 employees which lost **861** net jobs. (Source: BDS)

Figure 1: South Dakota 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, 14,222 loans under \$100,000 (and valued at \$256.4 million) were issued by South Dakota 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 \$43,410 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$30,623. (Source: ACS)

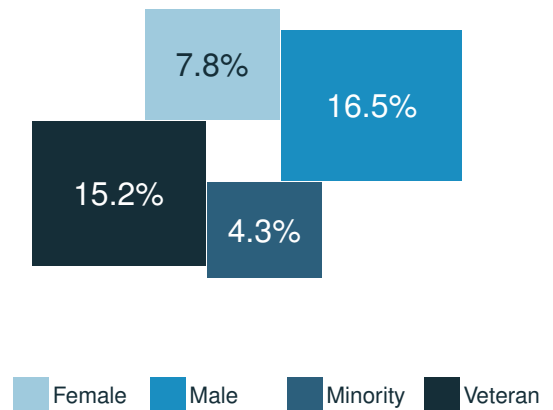
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: South Dakota Changes in Business Ownership by Demographic Group

African American-owned	●	155.1%
Asian-owned	●	74.8%
Hawaiian/Pacific Islander-owned	●	37.5%
Hispanic-owned	●	39.5%
Native American/Alaskan-owned	●	16.7%
Minority-owned	●	42.3%
Nonminority-owned	●	5.7%

Figure 3: South Dakota Self-Employment within Demographic Group

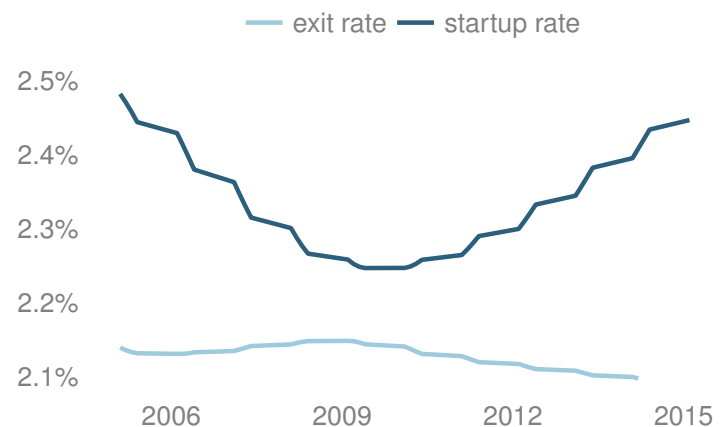


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for South Dakota, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

BUSINESS TURNOVER

- In the second quarter of 2014, 628 establishments started up⁵ in South Dakota and 508 exited.⁶ Startups generated 1,616 new jobs while exits caused 1,603 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: South Dakota 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.

- A total of 939 companies exported goods from South Dakota in 2013. Among these, 708, or 75.4%, were small firms; they generated 36.0% of South Dakota's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

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

Industry	 1 – 499 Employees	 1 – 19 Employees	 Nonemployer Firms	 Total Small Firms
Construction	3,179	3,009	7,299	10,478
Retail Trade	2,721	2,391	7,428	10,149
Other Services (except Public Administration)	2,601	2,466	8,935	11,536
Accommodation and Food Services	1,971	1,534	982	2,953
Professional, Scientific, and Technical Services	1,740	1,625	5,929	7,669
Health Care and Social Assistance	1,712	1,406	5,006	6,718
Finance and Insurance	1,119	1,019	2,965	4,084
Transportation and Warehousing	1,046	962	2,878	3,924
Wholesale Trade	968	690	866	1,834
Administrative, Support, and Waste Management	956	884	3,959	4,915
Manufacturing	840	621	986	1,826
Real Estate and Rental and Leasing	807	756	7,655	8,462
Arts, Entertainment, and Recreation	609	550	3,270	3,879
Information	259	206	574	833
Educational Services	209	153	1,411	1,620
Agriculture, Forestry, Fishing and Hunting	146	143	2,119	2,265
Utilities	57	36	74	131
Mining, Quarrying, and Oil and Gas Extraction	48	38	78	126
Total	20,988	18,489	62,414	83,402

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

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	30,005	38,827	77.3%
Health Care and Social Assistance	29,501	65,548	45.0%
Retail Trade	26,335	50,992	51.6%
Manufacturing	18,050	43,702	41.3%
Construction	17,216	17,872	96.3%
Other Services (except Public Administration)	13,897	14,425	96.3%
Wholesale Trade	13,014	18,431	70.6%
Finance and Insurance	9,629	26,758	36.0%
Professional, Scientific, and Technical Services	9,096	11,268	80.7%
Transportation and Warehousing	6,417	9,686	66.3%
Administrative, Support, and Waste Management	6,114	10,342	59.1%
Educational Services	5,516	7,975	69.2%
Arts, Entertainment, and Recreation	4,945	5,632	87.8%
Information	3,536	6,676	53.0%
Real Estate and Rental and Leasing	3,357	3,840	87.4%
Utilities	1,099	2,151	51.1%
Mining, Quarrying, and Oil and Gas Extraction	760	1,085	70.0%
Agriculture, Forestry, Fishing and Hunting	372	379	98.2%
Total	198,859	335,589	59.3%

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

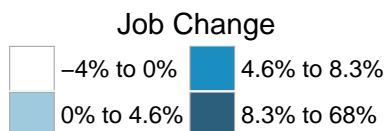
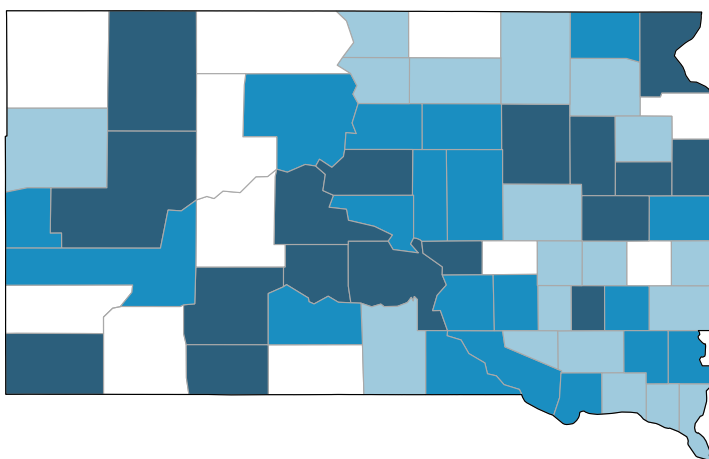


Table 3: Abbreviations and Resources

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>

