

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

MICHIGAN



870,301 Small Businesses
99.6% of Michigan Businesses

1.8 million Small Business Employees
49.2% of Michigan Employees

EMPLOYMENT
66,240
net new jobs

DIVERSITY
158,892
minority-owned
businesses

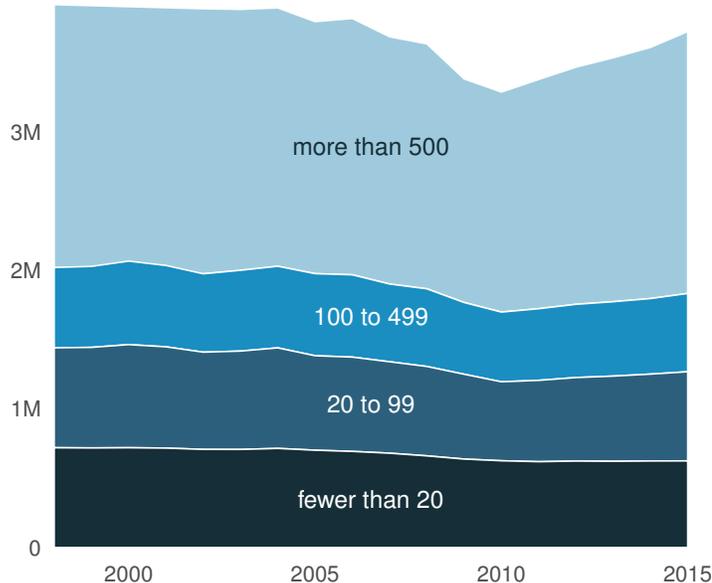
TRADE
13,114
small business
exporters

OVERALL MICHIGAN ECONOMY

- In the third quarter of 2017, Michigan grew at an annual rate of **3.5%**, which was faster than the overall US growth rate of **3.4%**. Michigan's 2016 growth rate of **2.2%** was down from the 2015 rate of **2.9%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.7%**, down from **5.0%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Michigan Employment by Business Size (Employees)



- Michigan small businesses employed **1.8 million** people, or **49.2%** of the private workforce, in 2015. (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 **0.8%** during the 12-month period ending in January 2018. This was below the increase of **1.4%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.4%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **66,240** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **30,799** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **16,020** net jobs. (Source: [SUSB](#))

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 for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 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 2016, 139,013 loans under \$100,000 (valued at \$2.1 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 \$45,005 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$20,580. (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, 2015

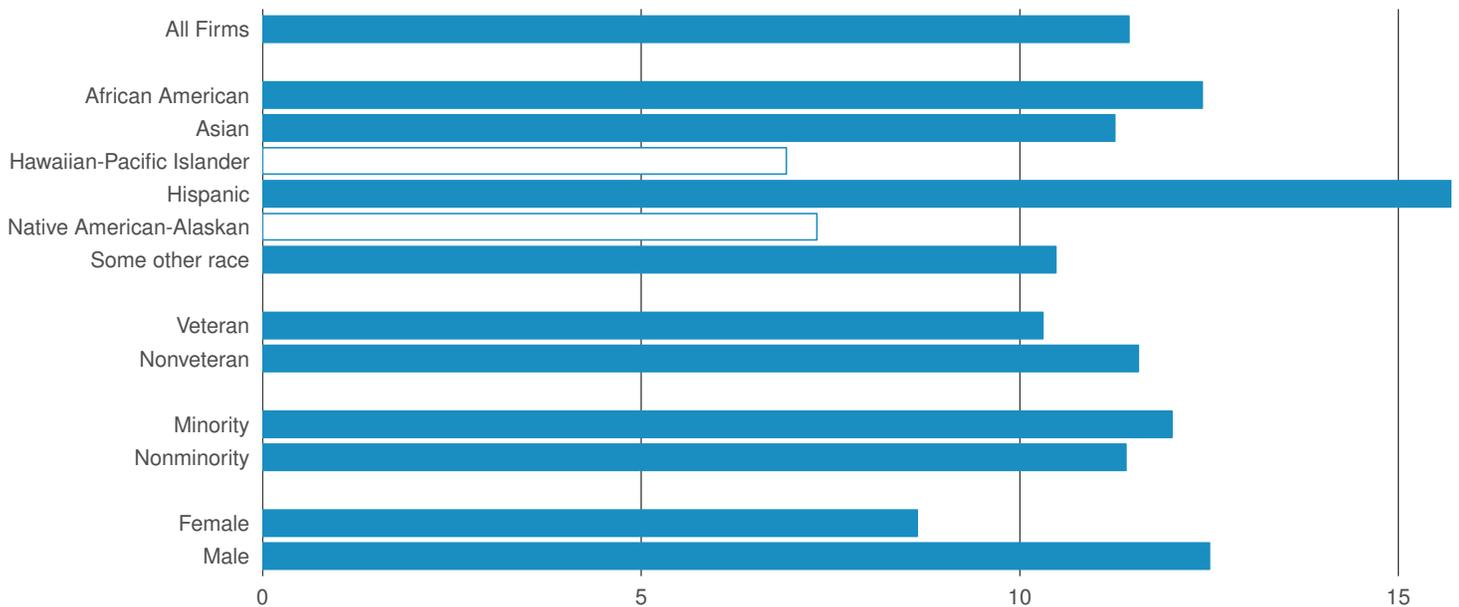
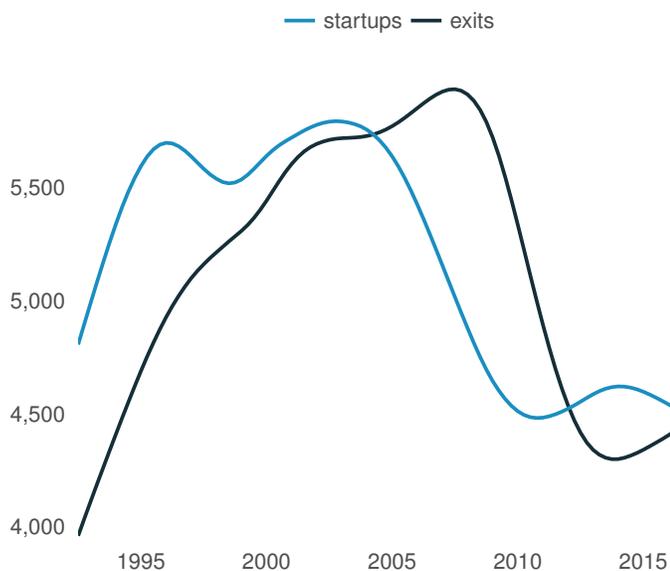


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Michigan Quarterly Startups and Exits



- In the third quarter of 2016, 4,577 establishments started up, generating 18,517 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, 5,348 establishments exited resulting in 18,778 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 1992 to 2016. 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 14,680 companies exported goods from Michigan in 2015. Of these, 13,114, or 89.3%, were small firms; they generated 23.9% of Michigan's \$49.7 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Michigan Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	271,807	601,090	45.2
Manufacturing	263,022	566,793	46.4
Accommodation and Food Services	234,179	371,152	63.1
Retail Trade	190,741	465,941	40.9
Other Services (except Public Administration)	142,923	157,538	90.7
Professional, Scientific, and Technical Services	141,340	263,238	53.7
Administrative, Support, and Waste Management	120,145	334,014	36.0
Construction	115,691	132,230	87.5
Wholesale Trade	103,619	176,798	58.6
Finance and Insurance	57,976	151,233	38.3
Transportation and Warehousing	45,900	112,260	40.9
Arts, Entertainment, and Recreation	34,783	46,486	74.8
Educational Services	34,737	72,957	47.6
Real Estate and Rental and Leasing	34,143	51,755	66.0
Information	21,793	69,379	31.4
Management of Companies and Enterprises	12,714	120,315	10.6
Agriculture, Forestry, and Fishing and Hunting	3,596	3,803	94.6
Mining, Quarrying, and Oil and Gas Extraction	2,662	5,298	50.2
Utilities	1,585	22,078	7.2
Industries not classified	922	922	100.0
Total	1,834,278	3,725,280	49.2

Figure 4: Michigan Small Business Employment by County, 2015

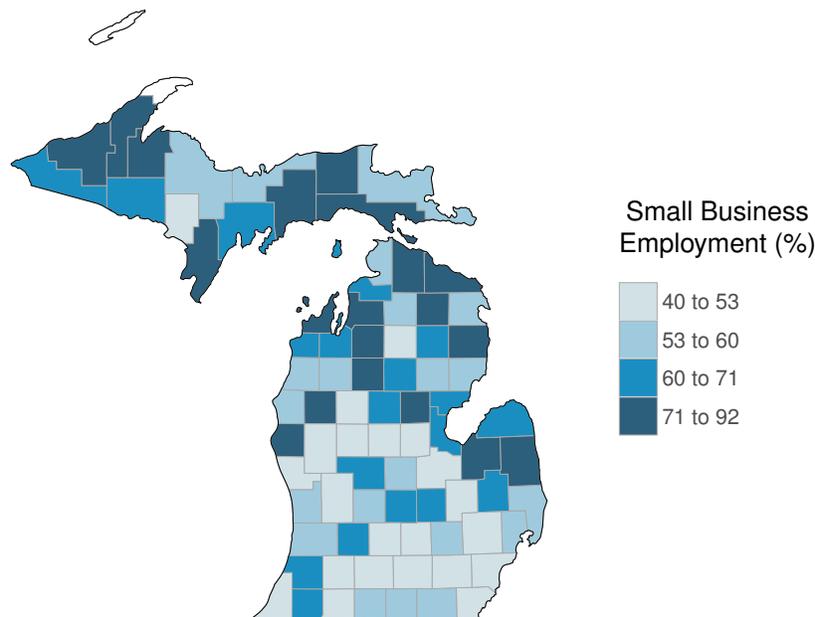


Table 2: Michigan Small Businesses by Industry and Firm Size, 2015



Industry



1-499 Employees



1-20 Employees



Nonemployer
Firms



Total Small Firms

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	21,960	19,950	58,890	80,850
Other Services (except Public Administration)	21,199	19,775	123,070	144,269
Health Care and Social Assistance	19,566	16,939	62,763	82,329
Professional, Scientific, and Technical Services	19,309	17,693	85,129	104,438
Construction	18,333	17,149	77,236	95,569
Accommodation and Food Services	14,933	11,301	9,937	24,870
Manufacturing	10,818	7,678	12,214	23,032
Administrative, Support, and Waste Management	9,713	8,424	57,855	67,568
Wholesale Trade	8,407	6,792	11,157	19,564
Finance and Insurance	6,499	5,881	17,895	24,394
Real Estate and Rental and Leasing	5,797	5,390	77,039	82,836
Transportation and Warehousing	5,001	4,339	33,515	38,516
Arts, Entertainment, and Recreation	3,134	2,701	34,797	37,931
Information	2,105	1,818	8,301	10,406
Educational Services	2,043	1,629	22,608	24,651
Agriculture, Forestry, and Fishing and Hunting	566	527	5,670	6,236
Mining, Quarrying, and Oil and Gas Extraction	278	229	1,866	2,144
Utilities	82	63	312	394
Total	170,047	149,192	700,254	870,301

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES). Data for counties shown in white in Figure 4 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses.

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

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
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau