

2020 Small Business Profile

Michigan

886,557 Small Businesses
99.6% of Michigan Businesses

1.9 million Small Business Employees
49.0% of Michigan Employees



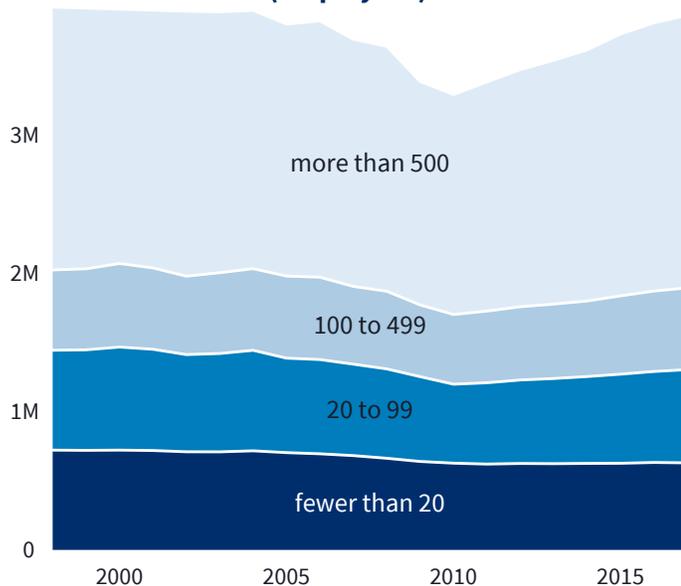
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Michigan grew at an annual rate of **2.3%**, which was faster than the overall US growth rate of **2.1%**. Michigan's 2019 overall growth rate of **0.7%** was down from the 2018 rate of **2.5%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **22.7%**, up from **4.3%** in April 2019. This was above the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Michigan Employment by Business Size (Employees)



- Michigan small businesses employed **1.9 million** people, or **49.0%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **25.9%** during the 12-month period ending in April 2020. This was below the increase of **0.6%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **26,199** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **24,203** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **1,887** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$51,171** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$22,563**. (Source: [ACS](#))
- The total number of banks decreased by **3** between June 2018 and June 2019 to **93** banks. During the same period, the number of banks with assets under \$1 billion decreased by **2** to **80** banks. (Source: [FDIC](#))
- In 2018, Michigan lending institutions reporting under the Community Reinvestment Act issued **155,841** loans under \$100,000, a total value of **\$2.2 billion**. (Source: [FFIEC](#))

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

Self-Employment Demographics

Figure 2: Michigan Self-Employment Rates by Gender & Demographic, 2018

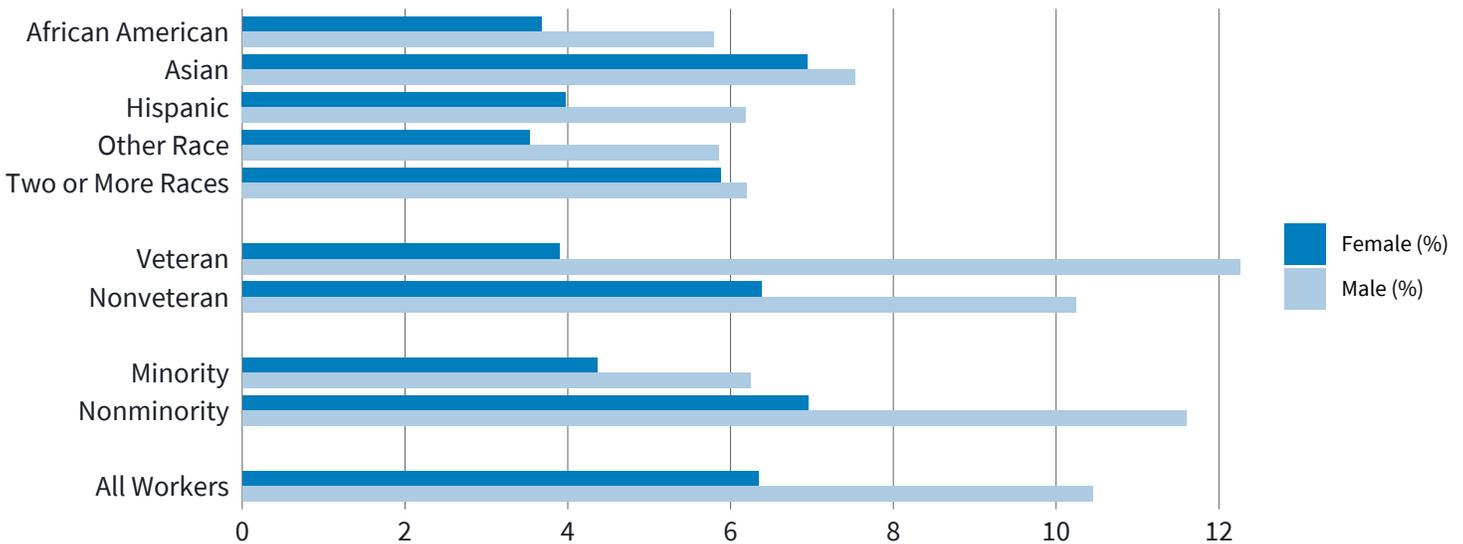
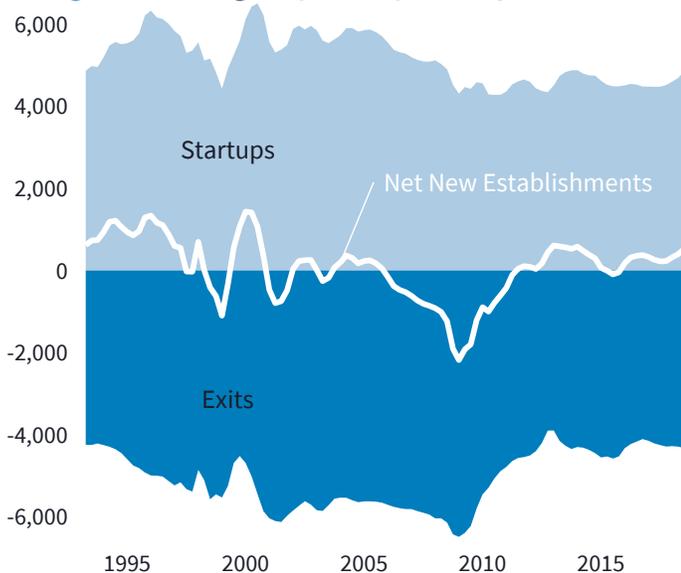


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Michigan Quarterly Startups and Exits



- In the fourth quarter of 2018, **5,127** establishments started up, generating **19,728** 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, **4,046** establishments exited, resulting in **19,014** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 15,015 firms exported goods from Michigan in 2018. Of these, 13,369, or 89.0%, were small firms, which generated 21.5% of Michigan's \$53.4 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Michigan Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	279,680	616,371	45.4
Manufacturing	264,952	593,951	44.6
Accommodation and Food Services	250,202	399,366	62.6
Retail Trade	189,698	460,257	41.2
Professional, Scientific, and Technical Services	147,791	272,094	54.3
Other Services (except Public Administration)	143,565	161,255	89.0
Construction	129,392	148,071	87.4
Administrative, Support, and Waste Management	121,736	346,616	35.1
Wholesale Trade	103,931	183,536	56.6
Finance and Insurance	57,469	166,262	34.6
Transportation and Warehousing	46,540	116,051	40.1
Arts, Entertainment, and Recreation	37,667	50,051	75.3
Educational Services	35,961	71,495	50.3
Real Estate and Rental and Leasing	35,158	52,505	67.0
Information	23,101	69,295	33.3
Management of Companies and Enterprises	17,403	121,297	14.3
Agriculture, Forestry, and Fishing and Hunting	3,703	3,868	95.7
Mining, Quarrying, and Oil and Gas Extraction	2,353	4,190	56.2
Utilities	1,784	23,110	7.7
Industries Not Classified	308	308	100.0
Total	1,892,394	3,859,949	49.0

Figure 4: Michigan Self-Employment Rates by County, 2018

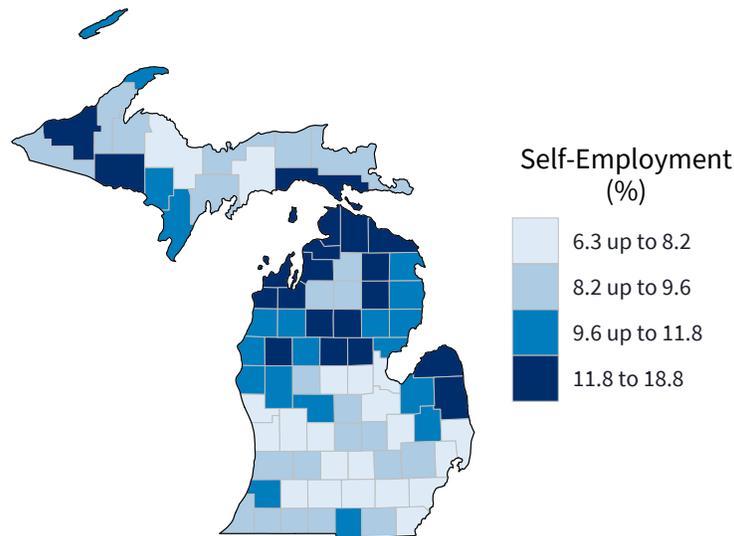


Table 2: Michigan Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	19,954	21,375	120,801	142,176
Professional, Scientific, and Technical Services	17,683	19,396	85,999	105,395
Construction	17,658	19,009	77,158	96,167
Real Estate and Rental and Leasing	5,649	6,058	80,200	86,258
Retail Trade	19,644	21,695	61,451	83,146
Health Care and Social Assistance	16,813	19,595	60,906	80,501
Administrative, Support, and Waste Management	8,406	9,688	58,681	68,369
Transportation and Warehousing	4,623	5,312	42,997	48,309
Arts, Entertainment, and Recreation	2,799	3,261	37,620	40,881
Accommodation and Food Services	11,419	15,350	10,448	25,798
Educational Services	1,629	2,061	22,598	24,659
Finance and Insurance	5,940	6,556	17,918	24,474
Manufacturing	7,551	10,673	12,138	22,811
Wholesale Trade	6,423	8,080	10,876	18,956
Information	1,881	2,181	8,464	10,645
Agriculture, Forestry, and Fishing and Hunting	580	618	5,902	6,520
Mining, Quarrying, and Oil and Gas Extraction	213	253	1,439	1,692
Utilities	67	89	228	317
Total	149,073	170,733	715,824	886,557

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

References

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC 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