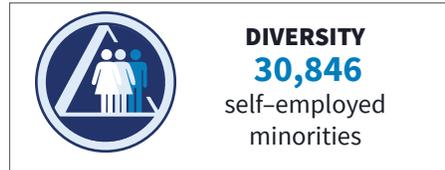


# 2020 Small Business Profile

## Minnesota

**526,350** Small Businesses  
**99.5%** of Minnesota Businesses

**1.3 million** Small Business Employees  
**46.9%** of Minnesota Employees



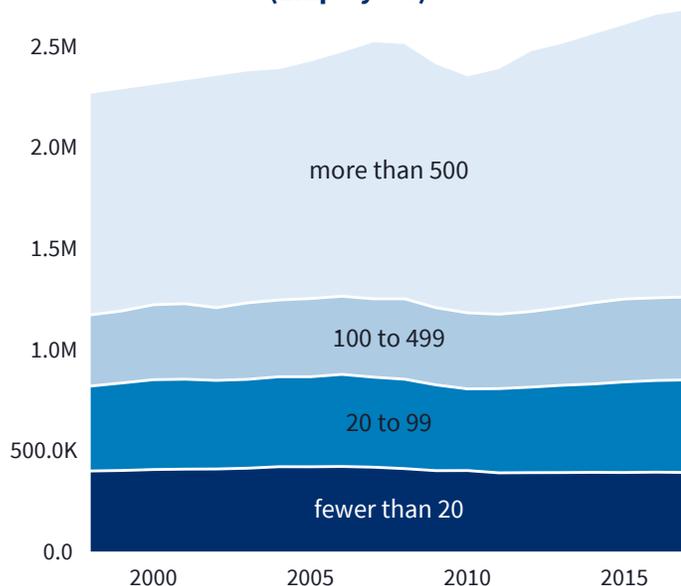
*A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.*

### Overall Economy

- In the fourth quarter of 2019, Minnesota grew at an annual rate of **1.6%**, which was slower than the overall US growth rate of **2.1%**. Minnesota's 2019 overall growth rate of **1.4%** was down from the 2018 rate of **2.6%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **8.1%**, up from **3.2%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

### Employment

**Figure 1: Minnesota Employment by Business Size (Employees)**



- Minnesota small businesses employed **1.3 million** people, or **46.9%** 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 **14.1%** during the 12-month period ending in April 2020. This was below the increase of **1.0%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.9%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **22,012** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **14,344** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **3,788** 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 **\$52,445** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$28,093**. (Source: [ACS](#))
- The total number of banks decreased by **13** between June 2018 and June 2019 to **287** banks. During the same period, the number of banks with assets under \$1 billion decreased by **13** to **278** banks. (Source: [FDIC](#))
- In 2018, Minnesota lending institutions reporting under the Community Reinvestment Act issued **92,284** loans under \$100,000, a total value of **\$1.5 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: Minnesota Self-Employment Rates by Gender & Demographic, 2018**

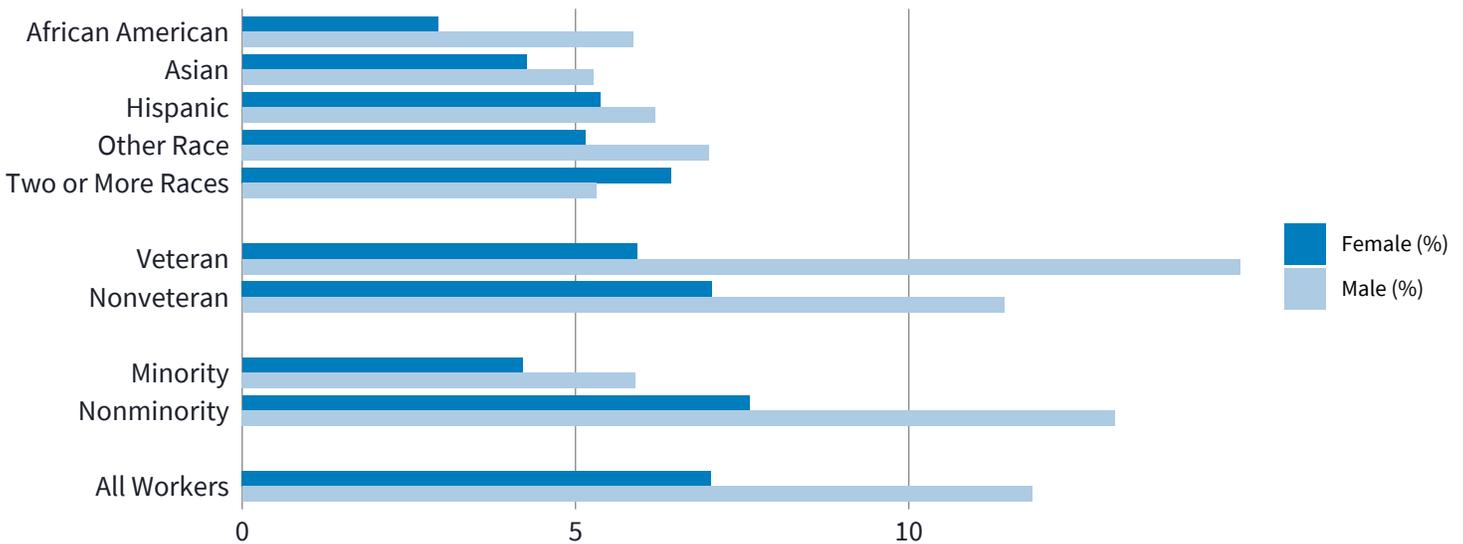
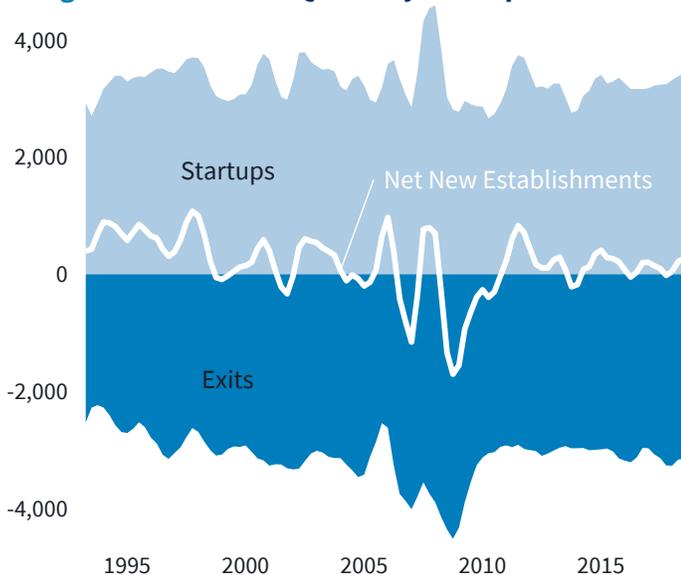


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

## Turnover among Establishments with Employees

**Figure 3: Minnesota Quarterly Startups and Exits**



- In the fourth quarter of 2018, **3,272** establishments started up, generating **13,760** 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, **3,138** establishments exited, resulting in **10,875** 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

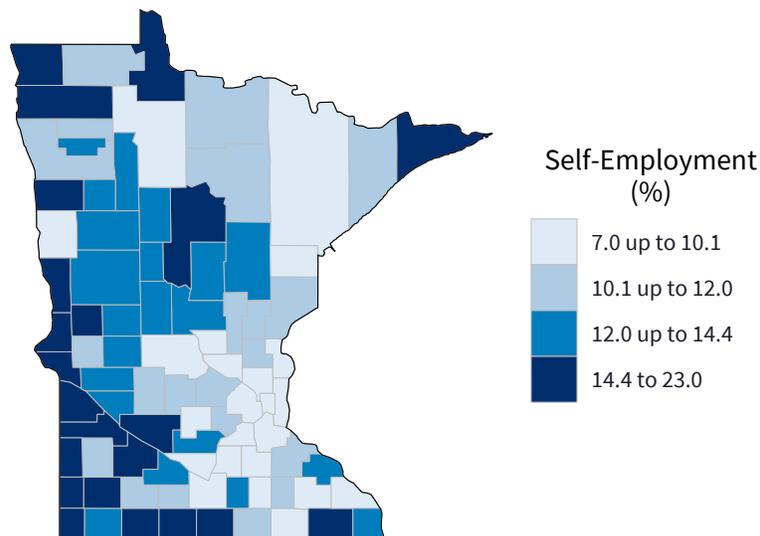
- A total of 8,527 firms exported goods from Minnesota in 2018. Of these, 7,363, or 86.3%, were small firms, which generated 23.8% of Minnesota's \$21.2 billion in total exports. (Source: ITA)

## Small Business Employment by Industry and Self-Employment by County

**Table 1: Minnesota Employment by Industry, 2017**

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	216,828	471,360	46.0
Accommodation and Food Services	151,886	243,473	62.4
Manufacturing	132,970	309,323	43.0
Retail Trade	117,274	304,141	38.6
Other Services (except Public Administration)	105,011	116,747	89.9
Construction	96,027	122,007	78.7
Professional, Scientific, and Technical Services	94,915	187,998	50.5
Wholesale Trade	71,278	140,155	50.9
Administrative, Support, and Waste Management	62,676	172,232	36.4
Finance and Insurance	44,916	159,880	28.1
Transportation and Warehousing	39,949	84,449	47.3
Educational Services	33,654	73,506	45.8
Arts, Entertainment, and Recreation	29,378	49,580	59.3
Real Estate and Rental and Leasing	25,816	38,737	66.6
Information	19,914	62,832	31.7
Management of Companies and Enterprises	10,254	127,496	8.0
Utilities	2,670	13,222	20.2
Agriculture, Forestry, and Fishing and Hunting	2,370	2,586	91.6
Mining, Quarrying, and Oil and Gas Extraction	1,058	5,155	20.5
Industries Not Classified	168	168	100.0
<b>Total</b>	<b>1,259,012</b>	<b>2,685,047</b>	<b>46.9</b>

**Figure 4: Minnesota Self-Employment Rates by County, 2018**



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

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	14,219	15,329	60,804	76,133
Other Services (except Public Administration)	13,282	14,469	50,368	64,837
Construction	15,316	16,312	38,992	55,304
Retail Trade	10,003	11,385	40,413	51,798
Real Estate and Rental and Leasing	5,254	5,568	44,943	50,511
Health Care and Social Assistance	7,918	10,162	28,714	38,876
Transportation and Warehousing	3,478	4,036	33,798	37,834
Arts, Entertainment, and Recreation	2,453	2,798	30,968	33,766
Administrative, Support, and Waste Management	5,764	6,487	24,621	31,108
Finance and Insurance	5,202	5,738	12,817	18,555
Educational Services	1,372	1,804	14,214	16,018
Manufacturing	4,424	6,094	7,399	13,493
Accommodation and Food Services	6,121	8,510	4,311	12,821
Wholesale Trade	4,676	5,885	6,309	12,194
Information	1,199	1,461	5,528	6,989
Agriculture, Forestry, and Fishing and Hunting	534	556	5,281	5,837
Utilities	46	94	206	300
Mining, Quarrying, and Oil and Gas Extraction	99	118	174	292
<b>Total</b>	<b>101,477</b>	<b>116,490</b>	<b>409,860</b>	<b>526,350</b>

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