

What is a Small Business?

- Although its official definition of a small business is for government programs and contracting, the Office of Advocacy in the U.S. Small Business Administration designates independent firms as having 500 or fewer employees, which can appear contradictory to what the general public's notion of what a small business looks like.

http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf

- A look, however, at U.S. Census Bureau data on sizes of firms, which the SBA draws heavily on, paints a clearer picture of the small businesses most Americans see:

- 62 percent – the vast majority – has only between 0 and 4 employees*
- 17 percent – the next largest category – has between 5 and 9 employees
- 10 percent has between 10 and 19 employees
- 8 percent of firms have 20 to 99 employees
- 2 percent has between 100 and 499 employees
- 1 percent of all U.S. businesses have 500 or more employees

(above figures rounded off)

<http://www.census.gov/econ/smallbus.html#EmpSize>

*Note: Zero-employee businesses have some employees at some time during the year, but none during the second week of March when data are collected. Zero-employee businesses listed as employers include seasonal firms, firms born later in the year, firms closing earlier in the year.

- Here in **New Mexico**, the SBA says, “Small businesses significantly impact New Mexico’s economy. They represent 95.7 percent of all employers and employ 55.1 percent of the private-sector labor force. Small businesses are crucial to the fiscal condition of the state and numbered 154,597 in 2010. ... Most of New Mexico’s small businesses are very small as 77.2 percent of all businesses have no employees, and most employers have fewer than 20 employees.” <http://www.sba.gov/sites/default/files/nm12.pdf>

- Sixty percent (60) of members of the National Federation of Independent Business, America’s Voice of Small Business since 1943, have 5 or fewer employees.

- So what is a small business? That’s up to each media’s own editorial policies to decide, but those with fewer than 10 employees account for almost 80 percent of all employer firms, and defining small business as all firms with 100 employees or less would make it almost all businesses in the United States.