Small Business Data

What is the “state” of small businesses in Minnesota? We hear stories about Minnesota’s business climate and hype surrounding the topic. So, today I want to go to recent data and see what they show about small businesses in Minnesota.

The Office of Advocacy, an independent office within the Small Business Administration, released a report recently entitled Small Business Profiles for the States and Territories, an annual analysis of each state’s small business activities. In a new and improved format, the profile includes information on the number of firms, employment, demographics and other topics using the most recently available government data.

“Minnesota’s small businesses contribute so much to the state’s economy,” said Dr. Winslow Sargeant, Chief Counsel for Advocacy. “Representing 49.0 percent of the state’s private workforce, no one can doubt the significant role small businesses play in our economic landscape. I hope our state and national leaders will continue to recognize the importance of the American entrepreneur and utilize today’s research to move forward constructive policies for America’s financial foundation—our small businesses.”

Some highlights of the profile include:

• Minnesota is home to 501,551 small businesses.
• Minnesota’s small businesses employ 1,173,793 individuals.
• The three industries with the most small business employment are health care & social assistance, manufacturing, and accommodation & food services.
• Small businesses made up 87.4 percent of Minnesota’s exporting companies generating 32.7 percent of the state’s total known export value.

Background: The Small Business State and Territory Profiles report on the economic status of small business from 2010 to 2013. The profiles are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. Note that this report generally defines small businesses as firms with fewer than 500 employees.

Another great resource is the new Economic and Business Conditions Reports. This provides data by region. The first in a series of Minnesota regional economic and
business conditions reports was released recently. It was developed by the St. Cloud State University School of Public Affairs Research Institute, in partnership with the Office of the Minnesota Secretary of State. The 2014 first-quarter reports are the first to analyze Minnesota on a regional basis to present customized economic reviews and forecasts based on a comprehensive examination of several datasets, including business filings.

Among the highlights of the report are regional maps that plot where new businesses have been registered over the past 14 years, the first time business filing data have been mapped.

“It’s extremely useful for local businesses to have access to this information to understand important indicators that are affecting their region’s business and economic development,” says Secretary of State Mark Ritchie. “Our goal is to give entrepreneurs a window into their region’s business climate so they can better plan for the future.”

The Office of the Secretary of State — which reviews and approves all Minnesota business filings — commissioned the reports to provide a perspective on business conditions and to deliver a tool for entrepreneurs to better understand their region. St. Cloud State University has developed similar analysis of St. Cloud’s business environment for 15 years.

“These reports are a first for a data structure that comprehensively analyzes and incorporates specific regional indicators such as initial claims for unemployment insurance and building permits,” says Professor King Banaian, director of the St. Cloud State Public Affairs Research Institute. “The use of business filings at the ZIP-code level, for the purpose of creating forward-looking indicators, is new for Minnesota.”

In my next column, I will summarize some of these findings and show how Minnesota Small Business development varies by region in the state.

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