I was visiting with a local small business manufacturing CEO this past week. She shared with me the feeling that small business manufacturing companies, like hers must not mean much to our economy because there is little evidence in our country’s current policies and actions to support them. My response was that this is so unfortunate because the data indicates that 98.6% of all manufacturing companies in the United States are small businesses, and the majority of them have fewer than 20 employees.

Manufacturing isn’t just for and about large businesses! A couple of months ago, SCORE designed and released a very informative graphic based on data from the Small Business Administration (as shown) that illustrates how small businesses fit into the vast world of manufacturing.

At their core, manufacturing businesses create products from raw materials or components either by machines or by hand. Most commonly, these goods are made in plants, factories and mills, but they’re also made in people’s homes. Small business manufacturers are often nimble enough with their profit margins that they can afford to produce custom or specialty products that larger manufacturers cannot.
**Manufacturing Company Sizes**

When looking at the relationship between manufacturing companies and how many employees they have, the vast majority of manufacturers have very few employees.

According to the Small Business Administration’s latest data:

- 355,467 manufacturing companies have no employees
- 187,862 manufacturing companies have between 1-20 employees
- 60,099 manufacturing companies have between 21-499 employees
- 3,813 manufacturing companies have more than 500 employees

Overall, 75.3% of manufacturing companies have fewer than 20 employees.

**Manufacturers are in Every Industry**

Although these manufacturing companies may be small, the impact they have on U.S. manufacturing is significant. In 2018 alone, manufacturing generated 11.6% of U.S. economic output.

In the United States, the following percentage of products are manufactured by businesses with under 20 employees:

- 2.8% of paper products
- 5.1% of computer and electronic products
- 5.3% of plastic and rubber products
- 5.6% of electrical equipment, appliances, and components
- 6.3% of food
- 8.6% of machinery
- 11.5% of beverage and tobacco products
- 15.2% of wood products
- 16.4% of fabricated metal products
- 18.4% of furniture and related products
- 22.9% of apparel

Despite the impact small businesses have on manufacturing, they continue to struggle to find qualified workers.
Manufacturing Companies and Employment

Currently, 8.6%, or 12.75 million people, of the American workforce is employed in manufacturing. Despite those numbers, however, 89% of manufacturers cannot fill job openings.

Many of these openings are left vacant due to:

- Shifting skill sets due to advanced technologies
- Misperceptions of manufacturing jobs
- Retirement of baby boomers

The lack of talent looking for manufacturing positions is leading to manufacturers that can’t complete or deliver orders, grow production, or answer customer needs.

To address the issue and fill the skills gap, many manufacturers are taking increasingly aggressive measures, such as creating public-private partnerships, developing in-house training programs for multiple generations, and bolstering apprenticeship programs.

Bridget Weston Pollack, Vice President of Marketing & Strategy at the SCORE Association, recently summarized it this way. “Manufacturing is essential to many industries and has a massive impact on the U.S. economy. For small business manufacturers, the future couldn’t be brighter as advances in technology and artificial intelligence provide more automation opportunities.”

In fact, beyond the local CEOs observations and feelings with which I began this column, one could conclude that this is a great time to own a small manufacturing business!

Dean L. Swanson  
Southeast Minnesota SCORE  
c/o Rochester Area Chamber of Commerce  
220 South Broadway, Suite 100  
Rochester, MN 55904  
www.seminnesota.score.org/  
*Dean is a volunteer Certified SCORE Mentor and former SCORE Chapter Chair, District Director, and Regional Vice President for the North West Region*