

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### MICHIGAN



**866,196**  
**99.6%** Small Businesses  
of Michigan Businesses

**1.8 million**  
**49.8%** Small Business Employees  
of Michigan Employees

**1.8 million**  
**49.8%** Small Business Employees  
of Michigan Employees



**EMPLOYMENT**  
**34,682**  
net new jobs



**DIVERSITY**  
**158,892**  
minority-owned  
businesses



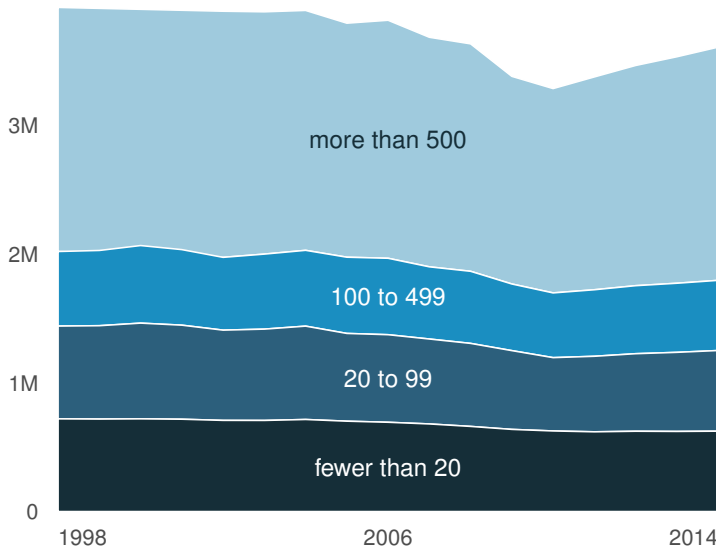
**TRADE**  
**89.3%**  
of Michigan exporters

#### OVERALL MICHIGAN ECONOMY

- In the second quarter of 2016, Michigan grew at an annual rate of **2.3%**, which was faster than the overall US growth rate of **1.2%**. Michigan's 2015 growth rate of **1.6%** was down from the 2014 rate of **1.9%**. (Source: [BEA](#))
- In November 2016, the unemployment rate was **4.9%**, down from **5.1%** at the close of 2015. This was above the November 2016 national unemployment rate of **4.6%**. (Source: [CPS](#))

#### EMPLOYMENT

Figure 1: Michigan Employment by Business Size (Employees)



- Michigan small businesses employed **1.8 million** people, or **49.8%** of the private workforce, in 2014. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: [SUSB](#))
- During the year ending November 2016, private-sector employment increased **2.5%**. This was above the previous year's increase of **1.6%**. (Source: [CPS](#))
- The number of proprietors increased in 2015 by **2.9%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **34,682** net jobs in 2014. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding **8,442** net jobs. The smallest gains were in firms employing 1 to 4 employees, which added **10** net jobs. (Source: [BDS](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

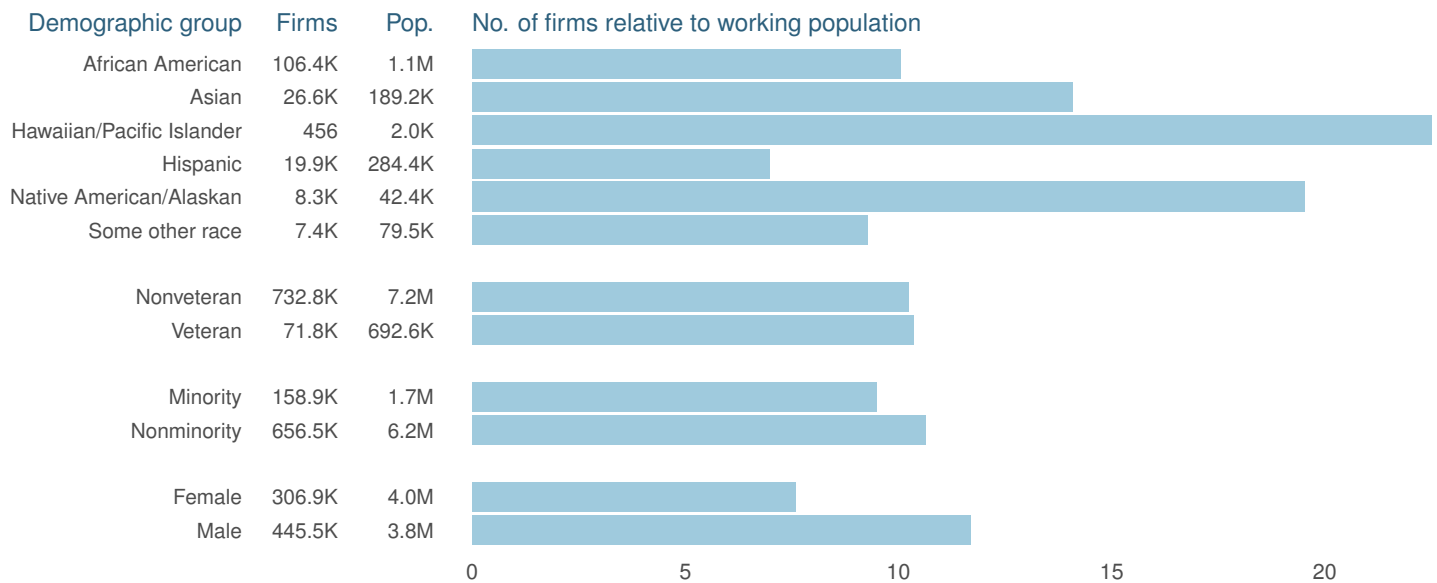
## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, **130,801** loans under \$100,000 (valued at **\$1.9 billion**) were issued by Michigan lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$44,721** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$19,911**. (Source: [ACS](#))

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

## BUSINESS OWNER DEMOGRAPHICS

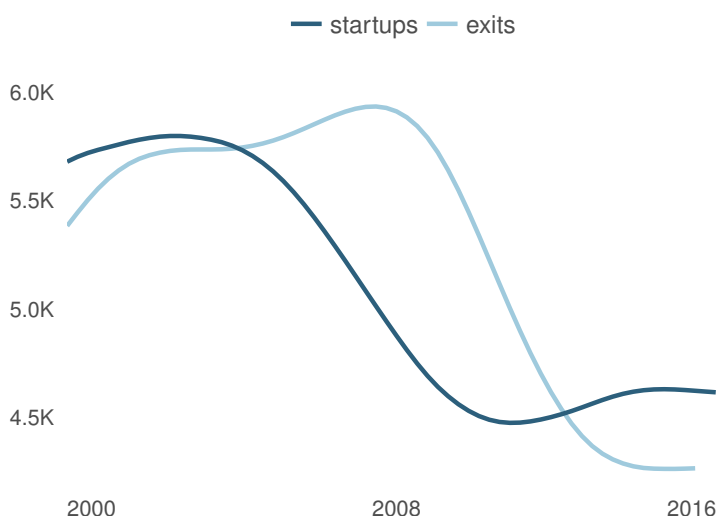
Figure 2: Michigan Small Business Ownership, 2012



*Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 8 female-owned firms per 100 working age females or  $306.9K \div 4.0M \times 100$ . ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.*

## BUSINESS TURNOVER

Figure 3: Michigan Quarterly Startups and Exits



- In the second quarter of 2015, **4,276** establishments started up, generating **17,849** 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, **4,674** establishments exited resulting in **17,211** 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

*The BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings.*

## INTERNATIONAL TRADE

- A total of 14,997 companies exported goods from Michigan in 2014. Among these, 13,387, or 89.3%, were small firms; they generated 23.1% of Michigan's \$51.1 billion in total known exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Michigan Employment by Industry, 2014

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	270,453	593,335	46%
Manufacturing	257,082	538,840	48%
Accommodation and Food Services	225,420	362,597	62%
Retail Trade	186,318	457,164	41%
Other Services (Except Public Administration)	140,523	154,478	91%
Professional, Scientific, and Technical Services	139,341	249,224	56%
Administrative, Support, and Waste Management	122,447	320,662	38%
Construction	106,338	121,143	88%
Wholesale Trade	102,065	171,645	59%
Finance and Insurance	57,842	152,273	38%
Transportation and Warehousing	44,883	105,265	43%
Educational Services	35,361	73,766	48%
Arts, Entertainment, and Recreation	33,644	45,038	75%
Real Estate and Rental and Leasing	33,385	50,996	65%
Information	21,654	69,994	31%
Agriculture, Forestry, and Fishing and Hunting	3,372	3,559	95%
Mining, Quarrying, and Oil and Gas Extraction	2,786	5,877	47%
Utilities	1,926	21,823	9%
<b>Total</b>	<b>1,797,495</b>	<b>3,610,530</b>	<b>50%</b>

Figure 4: Michigan Small Business Percent of Employment by County

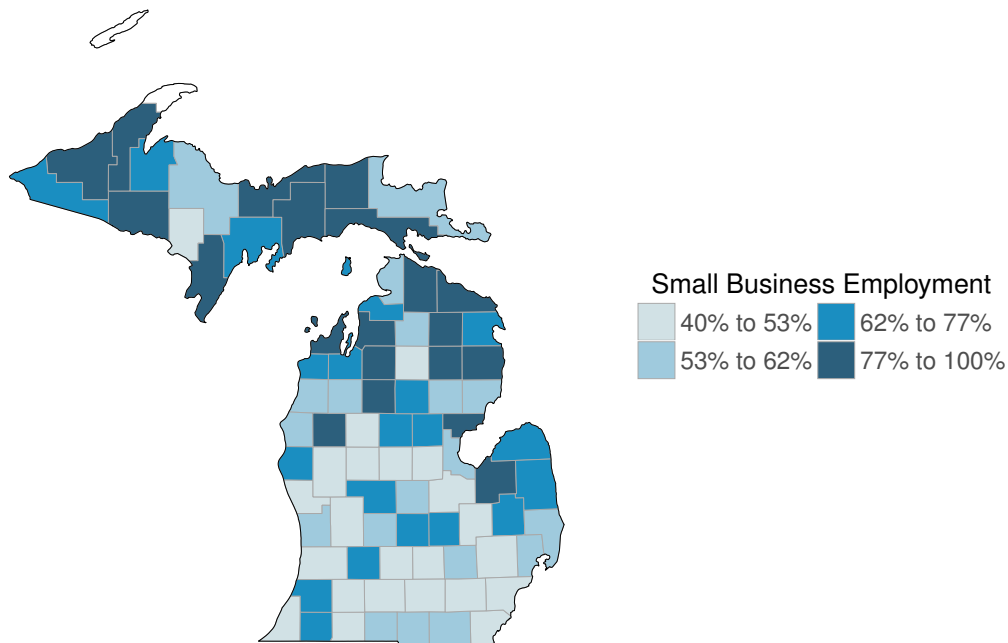


Table 2: Michigan Small Businesses by Industry and Firm Size, 2014

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Other Services (Except Public Administration)	21,129	19,738	125,319	146,448
Professional, Scientific, and Technical Services	19,420	17,834	85,415	104,835
Construction	18,118	17,030	76,762	94,880
Health Care and Social Assistance	19,819	17,221	64,447	84,266
Real Estate and Rental and Leasing	5,744	5,342	75,148	80,892
Retail Trade	21,994	20,020	58,211	80,205
Administrative, Support, and Waste Management	9,652	8,392	58,575	68,227
Arts, Entertainment, and Recreation	3,168	2,740	33,857	37,025
Transportation and Warehousing	4,785	4,153	29,533	34,318
Accommodation and Food Services	14,815	11,377	9,965	24,780
Finance and Insurance	6,561	5,949	17,907	24,468
Educational Services	2,043	1,629	21,597	23,640
Manufacturing	10,793	7,665	12,070	22,863
Wholesale Trade	8,575	6,963	11,387	19,962
Information	2,067	1,796	8,227	10,294
Agriculture, Forestry, and Fishing and Hunting	525	490	5,662	6,187
Mining, Quarrying, and Oil and Gas Extraction	285	236	2,308	2,593
Utilities	80	59	340	420
<b>Total</b>	<b>169,466</b>	<b>149,133</b>	<b>696,730</b>	<b>866,196</b>

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

- ACS American Community Survey, 5-year estimates, U.S. Census Bureau
- BEA Bureau of Economic Analysis
- BDM Business Employment Dynamics, BLS
- BDS Business Dynamics Statistics, U.S. Census Bureau
- BLS Bureau of Labor Statistics, U.S. Department of Labor
- CES Current Employment Statistics, BLS
- CEW Census of Employment and Wages, BLS
- CPS Current Population Survey, BLS
- FDIC Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration
- NES Nonemployer Statistics, U.S. Census Bureau
- SBO Survey of Business Owners, U.S. Census Bureau
- SUSB Statistics of U.S. Businesses, U.S. Census Bureau

