

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

TENNESSEE




563,533
96.8% Small Businesses
of Tennessee Businesses

1 million
43.3% Small Business Employees
of Tennessee Employees



EMPLOYMENT
13,937
net new jobs¹



DIVERSITY
54.3%
increase in minority
ownership²



TRADE
83.1%
of Tennessee
exporters³

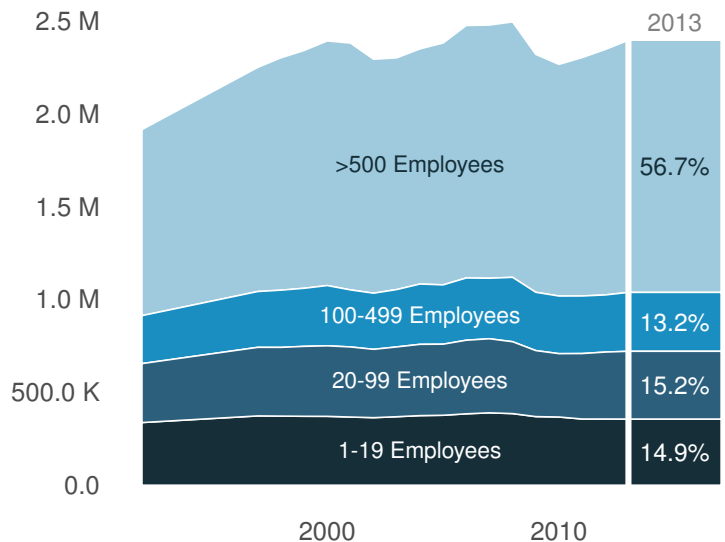
OVERALL TENNESSEE ECONOMY

- In the third quarter of 2015, Tennessee grew at an annual rate of 2.1% which was faster than the overall US growth rate of 1.9%. By comparison, Tennessee's 2014 growth of 3.6% was up from the 2013 level of 2.6%. (Source: BEA)
- The employment situation in Tennessee improved. At the close of 2015, unemployment was 5.6%, down from 6.2% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Tennessee small businesses employed 1 million people, or 43.3% of the private workforce, in 2013. (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)
- Private-sector employment increased 2.6% in 2015. This was equal to the previous year. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 13,937 net jobs in 2013. Among the seven BDS size-classes, firms employing 20 to 49 employees experienced the largest gains, adding 4,506 net jobs. The largest losses were in firms employing 5 to 9 employees which lost 46 net jobs. (Source: BDS)

Figure 1: Tennessee Employment by Firm Size



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.** Hyperlinks to data sources and report generation information are provided in Table 3.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 69,897 loans under \$100,000 (and valued at \$960.4 million) were issued by Tennessee lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$50,905 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$22,036. (Source: ACS)

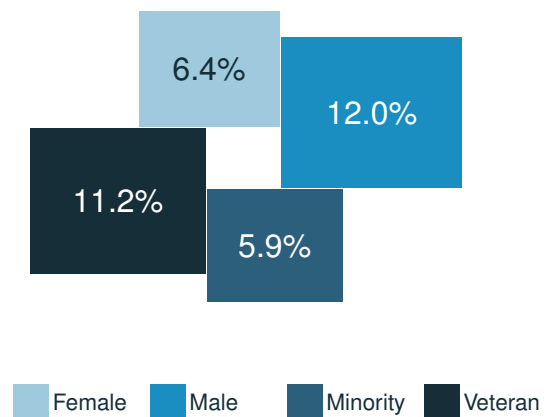
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Tennessee Changes in Business Ownership by Demographic Group

African American-owned	●	61.2%
Asian-owned	●	28.5%
Hawaiian/Pacific Islander-owned	○	-33.5%
Hispanic-owned	●	58.0%
Native American/Alaskan-owned	●	45.8%
Minority-owned	●	54.3%
Nonminority-owned	○	-5.5%

Figure 3: Tennessee Self-Employment within Demographic Group

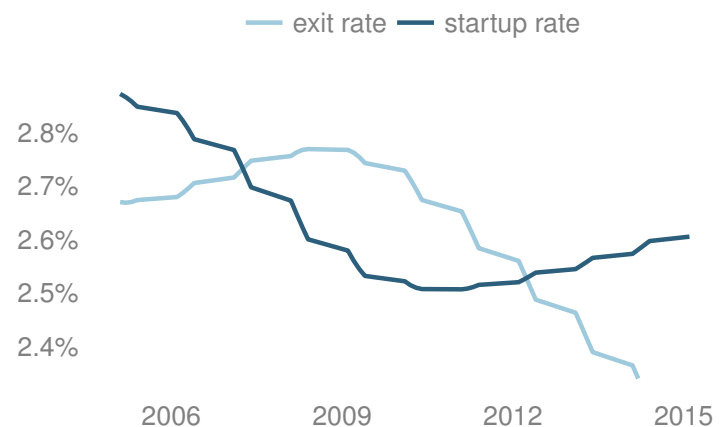


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Tennessee, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

BUSINESS TURNOVER

- In the second quarter of 2014, 3,313 establishments started up⁵ in Tennessee and 3,064 exited.⁶ Startups generated 13,931 new jobs while exits caused 11,417 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Tennessee Private Startup and Exit Rates



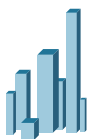




⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 7,120 companies exported goods from Tennessee in 2013. Among these, 5,919, or 83.1%, were small firms; they generated 15.5% of Tennessee's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: Tennessee Small Firms by Industry, 2013
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	13,040	11,814	41,445	54,485
Other Services (except Public Administration)	12,856	11,818	89,199	102,055
Health Care and Social Assistance	10,702	9,131	35,097	45,799
Professional, Scientific, and Technical Services	9,629	8,778	52,114	61,743
Construction	9,066	8,085	60,580	69,646
Accommodation and Food Services	8,056	6,021	7,383	15,439
Administrative, Support, and Waste Management	5,119	4,361	50,466	55,585
Wholesale Trade	4,852	3,725	7,176	12,028
Manufacturing	4,615	3,285	6,247	10,862
Finance and Insurance	4,107	3,610	13,059	17,166
Real Estate and Rental and Leasing	3,664	3,366	37,676	41,340
Transportation and Warehousing	2,681	2,209	19,762	22,443
Arts, Entertainment, and Recreation	2,240	1,958	27,984	30,224
Information	1,226	1,020	6,568	7,794
Educational Services	1,165	875	10,504	11,669
Agriculture, Forestry, Fishing and Hunting	230	215	4,463	4,693
Mining, Quarrying, and Oil and Gas Extraction	112	87	311	423
Utilities	46	16	296	342
Total	93,406	80,374	470,330	563,736

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Tennessee Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	157,550	389,848	40.4%
Accommodation and Food Services	134,805	251,193	53.7%
Retail Trade	104,858	310,904	33.7%
Manufacturing	100,351	299,961	33.5%
Other Services (except Public Administration)	94,806	107,749	88.0%
Construction	81,567	99,972	81.6%
Professional, Scientific, and Technical Services	66,849	101,423	65.9%
Administrative, Support, and Waste Management	65,232	227,146	28.7%
Wholesale Trade	58,776	110,168	53.4%
Finance and Insurance	40,882	110,322	37.1%
Transportation and Warehousing	32,329	125,010	25.9%
Educational Services	27,252	56,609	48.1%
Arts, Entertainment, and Recreation	22,546	32,248	69.9%
Real Estate and Rental and Leasing	21,661	31,391	69.0%
Information	12,958	49,615	26.1%
Utilities	2,451	3,200	76.6%
Mining, Quarrying, and Oil and Gas Extraction	2,079	3,328	62.5%
Agriculture, Forestry, Fishing and Hunting	1,738	1,844	94.3%
Total	1,028,690	2,311,931	44.5%

Figure 5: Tennessee County-Level Job Changes, 2015 (CEW)

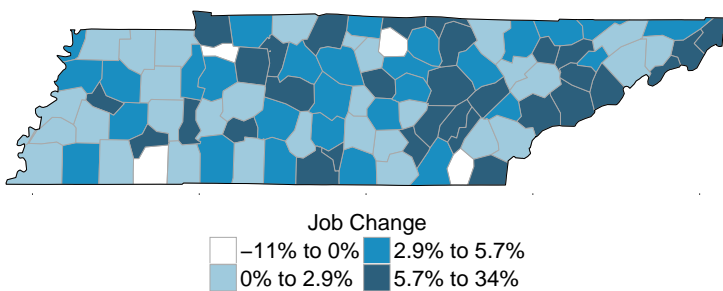


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US 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, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

