

## Small Business Profile: MONTANA

Entrepreneurs, innovators, and small businesses are key players in the economy of Montana. They make up most of the employer firms in the state, and their contribution is indispensable. Their diverse composition and the spectrum of opportunities they offer are captured in this *Small Business Profile*, using the most current federal data available.

**Number of Businesses.** The state had an estimated total of 113,500 small businesses based on the most recent data.<sup>1</sup> Firms with employees numbered 35,597 in 2005, of which an estimated 97.8 percent or 34,814 were small firms (fewer than 500 employees). Self-employment (including incorporated) decreased by 7.7 percent, from 92,597 in 2004 to 85,426 in 2005.<sup>2</sup> In 2004, non-employer firms increased by 3 percent and numbered 78,703. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics.)

**Women-Owned Firms.** Firms owned by women increased 9 percent between 1997 and 2002, from 22,404 to 24,519; they represented 24.4 percent of the state's total businesses in 2002. These firms (with and without paid employees) generated \$2.1 billion in revenues in 2002. Of the total number of women-owned firms, 18.9 percent or 4,635 firms were employer firms. In 2005, self-employed women totaled 29,061, a decrease of 15.3 percent from 2004, and they represented 34.0 percent of self-employed persons in the state. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

**Minority-Owned Firms.**<sup>3</sup> In 2002, Asian-owned firms totaled 512 and generated \$100 million in receipts; Black-owned firms numbered 220 and generated \$12 million in receipts; and Hispanic-owned businesses totaled 964 and created \$99 million in receipts. American Indian- and Alaska Native-owned firms numbered 1,990, and they generated \$215 million in receipts; the number of Native Hawaiian- and other Pacific Islander-owned firms was 40, and they generated \$2 million in receipts in 2002. (Source: U.S. Dept. of Commerce, Census Bureau.)

<sup>1</sup> The Office of Advocacy's estimated total of state small businesses is based on the percent of small businesses (2003 Census firm size data) multiplied by the state's total number of employer businesses in 2005 (Dept. of Labor). The 2004 number of non-employer firms is added to this total (Census Bureau).

<sup>2</sup> The definition of self-employment has changed; as a result, statistics in the *Small Business Profiles* before 2004 are not comparable.

<sup>3</sup> Minority owners may belong to more than one minority group, so adding the different groups will result in double counting.

**Business Turnover.** New employer businesses in 2005 were estimated at 4,768, which is 3.9 percent more than the previous year. Business bankruptcies increased by 18.3 percent, to 129 in 2005, while business terminations decreased by 10.3 percent, to 4,394 during the same period. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts.)

**Employment.** There were 28,998 employer firms with fewer than 500 employees in 2003;<sup>4</sup> they provided 214,963 jobs in the state. These firms represented 97.8 percent of the employer businesses in the state and employed 71.0 percent of the state's non-farm private sector workforce (Table 1). Between 2002 and 2003, total small business net new jobs amounted to 4,849 (Table 2). (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses.)

**Small Business Income.** Non-farm proprietors' income, which is a partial measure of small business income, increased by 9.8 percent to \$3.0 billion in 2005. (Source: U.S. Dept. of Commerce.)

**Finance.**<sup>5</sup> Two important sources of small business financing are commercial banks and savings and loan institutions, which owners rely on for their financial needs. The total number of operating bank and savings bank branches in the state increased in 2005 (Table 3). A list of financial institutions in each state that make loans to small businesses has been compiled by the Office of Advocacy and is available at: [www.sba.gov/advo/research/lending.html](http://www.sba.gov/advo/research/lending.html).

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To learn more about the Office of Advocacy's data and analyses of small business, visit [www.sba.gov/advo/research](http://www.sba.gov/advo/research), call (202) 205-6533, or email [advocacy@sba.gov](mailto:advocacy@sba.gov). Sign up at <http://web.sba.gov/list> for email delivery of:

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<sup>4</sup> The latest year for which the data by size classification exist.

<sup>5</sup> This year's edition of *Small Business Profiles* covers the state's number of branches of commercial banks and savings institutions. Previous reports covered a smaller number of financial institutions—only parent banks, not their branches or those of savings institutions.

**Table 1.** Firms and Employment in Montana by Industry and Firm Size, 2003 and 2004 (Thousands)

Industry	Non-Employer Firms (2004)	Employer Firms (2003)			Employment (2003)		
		Total	< 100	< 500	Total	< 100	< 500
<b>Total</b>	<b>78.7</b>	<b>29.65</b>	<b>28.59</b>	<b>29.00</b>	<b>302.97</b>	<b>171.2</b>	<b>214.96</b>
Agriculture, forestry, fishing, and hunting	3.0	0.44	0.44	0.44	1.67	*	*
Mining	0.6	0.26	0.22	0.23	4.49	1.1	1.7
Utilities	0.1	0.10	0.09	0.10	2.76	*	*
Construction	13.1	4.51	4.48	4.50	20.29	17.21	19
Manufacturing	1.8	1.20	1.13	1.16	18.26	9.67	11.56
Wholesale trade	1.2	1.24	1.08	1.13	13.75	8.07	10.06
Retail trade	8.3	4.15	3.94	4.01	53.46	27.38	31.89
Transportation and warehousing	2.8	1.03	0.95	0.97	10.24	5.57	7.27
Information	0.9	0.40	0.34	0.36	8.03	2.38	4.1
Finance and insurance	2.3	1.22	1.12	1.15	14.85	6.03	8.23
Real estate, and rental and leasing	8.6	1.40	1.37	1.38	4.91	4.02	4.36
Professional, scientific, and technical services	9.4	2.89	2.79	2.82	16.05	10.96	13.53
Management of companies and enterprises	N/A	0.09	0.04	0.06	1.91	*	*
Admin., support, waste mgt., and remed. serv.	3.9	1.28	1.23	1.25	12.16	6.35	8.99
Educational services	1.4	0.27	0.25	0.26	5.13	*	*
Health care and social assistance	5.4	2.60	2.48	2.55	51.24	18.28	31.26
Arts, entertainment, and recreation	3.8	0.90	0.88	0.89	8.62	6.18	8.1
Accommodation and food services	1.3	2.96	2.88	2.92	41.15	30.82	34.9
Other services	10.9	2.94	2.89	2.91	13.91	*	*
Unclassified	N/A	0.10	0.10	0.10	0.11	*	*

\*Data suppressed to protect the confidentiality of individual firms. N/A = not available.

Source: U.S. Dept. of Commerce, Census Bureau.

**Table 2.** Non-Farm Establishment Job Gains and Losses by Firm Size, 2002–2003 (Thousands)

	Total	Firm Size (Number of Employees)		
		1–19	1–499	500+
<b>Job gains:</b>				
New establishments	16.0	8.7	11.8	4.2
Expanding establishments	30.1	14.0	23.6	6.5
<b>Job losses:</b>				
Downsized establishments	-28.8	-9.2	-18.8	-10.0
Closed establishments	-15.0	-6.9	-11.7	-3.3
<b>Net change in employment</b>	<b>2.3</b>	<b>6.6</b>	<b>4.8</b>	<b>-2.6</b>

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses.

**Table 3.** Number of Bank and Savings Institution Branches in Montana, 2001–2005

2001	2002	2003	2004	2005
267	278	285	295	297

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by Federal Deposit Insurance Corporation, Statistics on Banking.

Note: A full list of small business lending banks collected by the Federal Reserve Board can be found on the Office of Advocacy's website at [www.sba.gov/advo/research/lending.html](http://www.sba.gov/advo/research/lending.html).