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## Small Business Profile: ILLINOIS

Small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of Illinois's economic performance. Nationally, half of U.S. non-farm private output and employment is generated by small firms with 500 or fewer employees; in Illinois, small business owners—including women, minorities, and home based individuals—were leaders in the state's economy in 2003. The Office of Advocacy's *Small Business Profile* reports on small businesses in the state using the most currently available data.

**Number of Businesses.** The estimated total number of small businesses in Illinois in 2003 was 969,700.<sup>1</sup> Of the 281,869 employer firms in 2003, 98.2 percent or an estimated 276,800 were small firms. The estimated number of employer businesses increased by 1.1 percent in 2003. The most recent data available show that non-employer businesses numbered 692,871 in 2001. Self-employment decreased by 2.8 percent, from 351,619 in 2002 to 341,718 in 2003. (Source: 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 Businesses.** Self-employment by women decreased by 4.2 percent, from 144,102 in 2002 to 138,006 in 2003 and represented 40.3 percent of self-employed persons in the state. Women-owned businesses generated \$44.3 billion in revenues, employed 392,569 workers, and constituted 239,700 firms or 27.2 percent of all firms in 1997. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

**Minority-Owned Businesses.** In 1997, 21.5 percent or 23,700 of the minority-owned businesses in the state were employer firms, and they generated 90 percent of the total minority-owned business revenue of \$24 billion. There were 31,000 Hispanic-owned businesses; 41,200 Black-owned businesses; 36,900 Asian and Pacific Islander-owned businesses; and 3,900 American Indian and Alaskan Native-owned businesses in 1997. (Source: U.S. Dept. of Commerce, Census Bureau.)

**Business Turnover.** The estimated number of new employer businesses was 28,933 in 2003, which is 5.8 percent more than the previous year. Business bankruptcies decreased by 20.1 percent, and totaled 991 in 2003. Business terminations increased by 28.1 percent and numbered 41,112 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau.)

**Employment.** Small businesses with fewer than 500 employees numbered 248,476 in 2001 and employed 2,653,860 people or 48.7 percent of the state's non-farm private workforce (Table 1).<sup>2</sup> Total net employment loss in the state amounted to 50,585 between 2000 and 2001. Of that number, 46,553 are attributable to MSAs (metropolitan statistical areas). During the same time period, firms with fewer than 20 employees gained 38,033 jobs. (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses. Note: Urban (MSA) and rural (non-MSA) employment data is available at: [www.sba.gov/advo/stats/data.html](http://www.sba.gov/advo/stats/data.html).)

**Small Business Income.** Small business proprietors' income in 2003 increased by 9 percent, from \$34.2 billion in 2002 to \$37.3 billion in 2003. (Source: U.S. Dept. of Commerce.)

**Finance.** Small firms typically use commercial bank lenders and rely on local bank services. Over the last five years there has been a gradual decline in the number of banks in Illinois (Table 3). The Office of Advocacy has identified banks in each state that make the most loans to small businesses. This information is available in its banking studies available at [www.sba.gov/advo/stats](http://www.sba.gov/advo/stats).

To learn more about the Office of Advocacy's research, data, and analyses of small businesses, visit [www.sba.gov/advo](http://www.sba.gov/advo), call (202) 205-6533 or email [advocacy@sba.gov](mailto:advocacy@sba.gov).

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<sup>1</sup> The Office of Advocacy's estimate of the total number of state small businesses is based on the percent of small businesses (2001 Census Bureau firm size data) multiplied by the total number of employer businesses in 2003 (Dept. of Labor). To this total, we add the 2001 number of non-employer firms (Census Bureau).

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<sup>2</sup> The number of employers listed in Table 1 is not directly comparable to the figures listed in the *Number of Businesses* section due to different data sources.

**Table 1. Firms and Employment in Illinois by Industry and Firm Size, 2001 (Thousands)**

Industry	Non-employer Firms	Employer Firms			Employment		
		Total	< 100	< 500	Total	< 100	< 500
<b>Total</b>	<b>692.87</b>	<b>252.91</b>	<b>242.31</b>	<b>248.48</b>	<b>5,447.35</b>	<b>1,846.90</b>	<b>2,653.86</b>
Agriculture, forestry, fishing, and hunting	4.35	0.41	0.39	0.4	2.79	1.57	*
Mining	2.03	0.49	0.45	0.46	8.78	2.92	*
Utilities	0.42	0.21	0.17	0.18	29.36	1.91	2.47
Construction	80.98	29.36	28.95	29.25	258.99	182.58	228.93
Manufacturing	9.16	15.82	13.76	14.94	820.18	205.05	374.46
Wholesale trade	14.42	18.08	16.25	17.08	343.49	16.25	191.86
Retail trade	66.04	29.07	27.88	28.47	608.96	27.88	275.16
Transportation and warehousing	39.03	8.37	7.81	8.09	213.33	7.81	73.99
Information	9.76	3.44	2.97	3.14	149.11	24.51	39.86
Finance and insurance	35.97	13.05	12.26	12.61	343.24	75.28	113.34
Real estate; rental and leasing	69.42	9.58	9.24	9.4	91.66	43.31	91.66
Professional, scientific, and technical services	100.38	34.05	33	33.54	353.26	163.03	212.55
Management of companies and enterprises	N/A	1.5	0.48	0.85	181.26	4.32	15.27
Admin., support, waste mngt., and remed., services	46.87	14.13	13.18	13.65	476.77	13.18	174.91
Educational services	13.35	2.68	2.44	2.6	123.07	34.23	56.81
Health care and social assistance	67.52	22.14	21.12	21.84	643.98	180.16	302.01
Arts, entertainment, and recreation	31.75	3.8	3.64	3.75	75.08	33.28	49.07
Accommodation and food services	7.96	18.59	17.93	18.32	416.55	197.63	256.46
Other services	93.46	29.64	29.15	29.44	260.71	186.72	218.01
Auxiliary, except corp, subsidiary, and regional managing offices	N/A	0.41	0.06	0.15	44.16	*	2.43
Unclassified	N/A	2.07	2.07	2.63	2.63	*	2.63

\*Data suppressed to protect the confidentiality of individual firms.

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

**Table 2. Non-farm Establishment Job Gains and Losses by Firm Size, 2000–2001 (Thousands)**

	Firm Size (Number of Employees)			
	Total	1–19	1–499	500+
Job Gains:				
New establishments	271.3	67.37	133.73	137.56
Expanding establishments	501.73	124.82	287.56	214.17
Job Losses:				
Downsized establishments	-549.14	-88.17	-252.74	-296.4
Closed establishments	-274.47	-65.98	-140.68	-133.79
Net change in employment	-50.59	38.03	27.87	-78.46

Source: U.S. Department of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 2001.

**Table 3. Number of Banks in Illinois by Asset Size, 1995 – 2003**

Number of Banks Per Year					Number of Banks by Asset Size, 2003				
1995	2000	2001	2002	2003	Below \$100M	\$100M–\$500M	\$500–\$1B	\$1B–\$10B	Over \$10B
887	721	703	686	673	348	259	35	26	5

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at [www.sba.gov/advocacy/lending](http://www.sba.gov/advocacy/lending).