

Minnesota

Minnesota's 498,606 small businesses provide economic opportunities to diverse groups of people and bring innovative products and services to the marketplace.* This profile from the Office of Advocacy compiles the latest facts and figures on the status and role of small business in the state. (Note that a small business is defined here as one with fewer than 500 employees.)

- Minnesota had 121,742 small employers in 2006, representing 98.0% of the state's employers and 51.0% of its private-sector employment.
- The health care and social assistance industry was the state's largest small business and overall employer in 2006 (Table 1).
- Small businesses created 78.4% of the state's net new jobs from 2004 to 2005 (Table 2).
- Minnesota's real gross state product increased by 2.2% in 2007. By comparison, growth in the Plains region was 2.0% and the United States, 2.0%. (Source: U.S. Dept. of Commerce: Bureau of Economic Analysis)

For Further Information

- Data on all the states and territories is available at www.sba.gov/advo/research/profiles.
- For other small business data and analysis, visit www.sba.gov/advo/research, call (202) 205-6533, or email advocacy@sba.gov.
- To learn about state efforts to adopt or implement regulatory flexibility, visit www.sba.gov/advo/laws/law_modeleg.html.
- Visit <http://web.sba.gov/list> to subscribe to listservs for Advocacy's newsletter, press releases, regulatory news and research reports.
- Visit www.sba.gov/advo/rsslibrary.html for RSS feeds.

* The number of small businesses is the number of small employers plus the number of nonemployers in 2006.

Minnesota Small Business Facts

	Level in 2006†	% Change from 2005 2000	
Number of Businesses			
Small employers (<500 employees)	121,742	-0.3	7.1
Large employers (500+ employees)	2,495	1.7	0.1
Nonemployers	376,864	0.9	18.6
	Level in 2002†	% Change from 1997	
Business Owner Demographics			
Male-owned	249,864	15.2	
Woman-owned	123,905	14.3	
Equally male/female-owned	55,415	-27.7	
African American-owned	7,837	94.8	
Asian-owned	7,700	44.5	
Hispanic-owned	3,984	10.2	
Native American/Alaskan-owned	2,742	NA	
Hawaiian and Pacific Islander-owned	119	13.3	
	Level in 2007†	% Change from 2006 2000	
Workforce (Thousands) /Unemployment (%)			
Private-sector employment	2,356	0.6	3.5
Government employment	415	-0.3	1.7
Self-employed (incorp. & uninc.)	324	-2.7	3.5
Female self-employment	105	-5.8	-7.3
Male self-employment	219	-1.2	9.6
Minority self-employment	10	-10.6	-17.6
Veteran self-employment	46	-1.4	-0.1
Unemployment rate (%)	4.6	0.6	1.5
Business Turnover			
Quarterly establishment openings	30,126	53.5	5.4
Quarterly establishment closings	26,775	1.0	3.1
Business bankruptcies	520	36.5	-70.6
Income and Finance			
Proprietors' income (\$billion)	15.2	7.3	43.4
Bank branches	1,842	1.9	16.8
No. of bus. loans under \$100,000	93,755	1.6	NA
Total value of business loans under \$100,000 (\$million)	2,600	0.5	NA

Sources: U.S. Dept. of Commerce, Bureau of the Census and Bureau of Economic Analysis; U.S. Dept. of Labor, Bureau of Labor Statistics; Administrative Office of the U.S. Courts; Federal Deposit Insurance Corporation, Summary of Deposits; and U.S. Small Business Administration, Office of Advocacy (www.sba.gov/advo/research/lending.html).

† Latest available data; certain figures are economywide.

**Table 1. Firms and Employment in Minnesota by Industry and Firm Size, 2006
(Non-farm, thousands)**

Industry	Nonemployer firms	Employer firms			Employment		
		Total	1-19 Employees	1-499 Employees	Total	1-19 Employees	1-499 Employees
Total	376.9	124.2	107.0	121.7	2,476.4	420.7	1,262.7
Forestry, etc. and agriculture support	4.9	0.4	0.4	0.4	2.2	1.4	2.1
Mining	0.2	0.1	0.1	0.1	5.0	(D)	1.2
Utilities	0.3	0.1	0.0	0.1	11.6	0.3	2.6
Construction	48.0	18.1	17.0	18.0	126.6	53.1	107.1
Manufacturing	7.2	7.3	5.0	6.9	336.8	27.4	152.8
Wholesale trade	7.1	7.5	5.6	7.0	136.8	24.3	76.5
Retail trade	39.3	14.3	12.1	13.9	313.0	59.4	142.9
Transportation and warehousing	18.0	4.2	3.5	4.0	77.9	11.4	35.2
Information	5.9	1.7	1.3	1.5	62.2	5.4	20.8
Finance and insurance	14.4	6.8	5.9	6.6	152.3	18.4	50.7
Real estate and rental and leasing	40.7	6.0	5.6	5.9	39.0	13.5	28.4
Professional, scientific, and technical svcs.	52.6	15.9	14.6	15.6	138.7	42.2	92.8
Management of companies and enterprises	--	0.8	0.1	0.4	102.3	0.2	7.8
Admin., support, waste mgt., remed. svcs.	22.3	6.4	5.4	6.1	147.9	17.9	65.4
Educational services	9.6	1.6	1.2	1.6	59.2	5.6	28.6
Health care and social assistance	33.3	9.2	7.3	9.0	390.1	36.0	176.2
Arts, entertainment, and recreation	21.8	2.6	2.2	2.5	40.3	8.4	28.2
Accommodation and food services	3.8	8.4	6.1	8.3	217.6	37.6	138.1
Other services (except public admin.)	47.5	14.3	13.0	14.2	116.4	57.0	104.9
Unclassified	--	0.5	0.5	0.5	0.5	(D)	0.5

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See www.sba.gov/advo/research/data.html for data from other years, and for starts, closures, job creation and destruction by industry and by size category.)

(D) Data suppressed to protect the confidentiality of individual firms.

Table 2: Net Job Change by Firm Size, 2002–2005 (Non-farm)

	Total	Employment size of firm						
		1-4	5-9	10-19	20-99	100-499	<500	500+
2004 - 2005	38,091	14,257	1,834	415	5,178	8,191	29,875	8,216
2003 - 2004	11,162	17,525	5,854	2,834	-1,025	-641	24,547	-13,385
2002 - 2003	20,550	17,360	5,652	2,774	2,102	8,776	36,664	-16,114

Source: U.S. Dept. of Commerce, Bureau of the Census. (For more detailed data see www.sba.gov/advo/research/data.html.)

Table 3: Establishment and Employment Turnover by Quarter, 2007 (Non-farm, thousands)

	Establishments				Employment			
	Openings	Expansions	Contractions	Closings	Openings	Expansions	Contractions	Closings
Quarter 4	7.1	28.6	29.3	6.1	27.5	112.9	115.9	27.5
Quarter 3	12.6	27.5	29.8	5.5	44.2	105.0	118.1	21.9
Quarter 2	4.6	29.8	28.4	11.4	26.2	125.3	104.5	39.7
Quarter 1	5.9	28.0	29.7	3.8	34.2	106.7	111.4	22.0

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics. (For more detailed data see www.bls.gov/bdm/home.htm.)

Note: The establishment turnover figures contain all firm sizes, but Census data from 2005 showed that 87 percent of establishment births and deaths were in firms with fewer than 500 employees.