

Dear Reader,

It is my pleasure to present the latest edition of the U.S. Small Business Administration Office of Advocacy's Small Business Economy. This publication is part of Advocacy's 30-year-old series documenting small business landmarks and trends. This edition continues the tradition of previous editions; however, it also breaks with the past in shifting to an exclusively online format. While the length of the current publication is shorter, the heart of the report—small business and financial data tables—is here presented in easily downloaded, native spreadsheet format.

I'm very proud of our efforts on the Small Business Economy. At Advocacy we continue to strive to present the latest economic research in the most relevant formats to guide small business policymakers and stakeholders in their research and decision making. I welcome researchers to dive into the current trove of data and make use of the information contained here to advance their own research directions and pursue new avenues of small business inquiry.

As always, I welcome your feedback. Questions may be directed to advocacy@sba.gov. To be kept up to date on Advocacy's latest research offerings, visit <http://web.sba.gov/list> to be added to our email distribution lists.

Sincerely,



Winslow Sargeant, Ph.D.
Chief Counsel for Advocacy

Small Firms and the Economy

The latest years covered in this summary were challenging for many small businesses, as the economy recovered from the recent recession. As in previous editions of The Small Business Economy, the key set of reference tables, Section A, documents various aspects of small business participation in the American economy. Many economic indicators began to show positive improvement in the months following the end of the recession (Table A. 3). Other developments reflected in the **small business data tables** include the following:

- The number of employer firms has fluctuated from just under 5 million to just over 6 million firms over the past 25 years, while the larger number of firms without employees has increased steadily, from about 14 million in 1992 to nearly 22 million in 2010 (Table A. 1).
- Many macroeconomic indicators, such as sales, which slowed from 2005 to 2009, are now picking up again (Table A.3).
- Quarter by quarter, small businesses with fewer than 500 workers outperformed large firms in net job creation about three out of four times from 1992 through 2010 when private-sector employment rose (Table A.12).
- Table A.13 displays the number of firms by the demographics of their owners for 2000, 2005, and 2007-2010; most dramatic was the increase in Hispanic business owners, up 86 percent over the 2000-2010 period.

Small Business Financing

The Office of Advocacy also tracks small business financing trends in *The Small Business Economy*. This year the key financial data (Section B) track trends such as movements in interest rates, credit market borrowing by businesses, their sources and uses of funds, finance company borrowing, initial public offerings of common stock, and venture capital. Among the trends in [this year's financial data tables](#) are the following:

- The targeted federal funds interest rate was near zero throughout the 2009-2011 period in an effort to stimulate economic recovery. The prime rate has held steady at 3.25 percent (Chart B.1 and Table B.1).
- The number and dollar value of small business loans, based on Call Report data from the FDIC, has continued to decline since 2008. Total lending in loans under \$1 million was \$606.9 billion in June 2011 (Tables 6 and 7).
- Finance company borrowing was down somewhat, from \$495.4 billion in 2009 to \$460.0 billion in 2010 (Table B.11).
- Total initial public offerings increased from a value of \$6.8 billion in 2009 to \$18.0 billion in 2009 to \$36.3 billion in 2010. The value of IPOs from issuers with assets of \$25 million or less increased to \$435 million in 2010 (Table B.12).

The American entrepreneur has been an important source of U.S. competitiveness in the global economic environment. With access to appropriate resources and a level playing field, small firms will continue to start up, innovate, create jobs, and stimulate economic growth in a vibrant American economy.