



## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE UTAH ECONOMY

The importance of small business to the state of Utah is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, Utah had 45,281 businesses with employees; 97.0 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 65,000 self-employed persons in 1996, for an estimated total of 110,281 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 7.3 percent to \$2.4 billion in 1996, while wage-and-salary income rose 9.6 percent. Total personal income rose 9.4 percent to \$27.1 billion. The state also exported \$2.8 billion of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 63,400 women-owned businesses in Utah, including part-time firms, employing 115,700 people and generating \$15.8 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 95.5 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 75.2 percent from 1987 to 1992, totaling 354 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 82.7 percent during the same time period with 2,375 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,239 in 1987, to 1,746 in 1992, representing a 40.9 percent increase.

**Business Turnover** - The number of new firms increased 21.8 percent, while new business incorporations increased 6.4 percent in 1996. Financial difficulties leading to business bankruptcies increased by 21.5 percent and business failures increased by 9.9 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Utah increased from 44 in 1994 to 45 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
ADVANTA FNCL CORP	Murray
CACHE VALLEY BK	Logan
NUBANC CORP	Logan
FAR WEST BK	Provo
BANK ONE UT NA	Salt Lake City
MOUNTAINWEST FNCL	Sandy
FIRST SECURITY BK NA	Ogden

**Job Growth** - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 71.4 percent of the small business growth with 130,707 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	96,464	34,243	28,906	23,390	(6,098)	176,905
Manufacturing	2,976	3,972	3,185	5,008	(10,530)	4,610
Retail Trade	19,519	4,866	4,070	(231)	(900)	27,325
Services	40,942	11,838	14,590	18,241	(17,100)	68,511
Other	33,026	13,566	7,061	372	22,432	76,458

**Industries** - The composition of small business in Utah is very diverse. The Eating & Drinking Places industry is the largest small business employer in Utah, followed by Health Services. The fastest growing industry for small business is Nondepository Credit Institutions (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Utah by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	699,379	100.0	52.0
Health Services	8000	64,150	9.2	40.8
Business Services	7300	58,012	8.3	38.9
Eating & Drinking Places	5800	53,845	7.7	71.0
Wholesale Trade - Durable Goods	5000	26,747	3.8	77.1
Special Trade Contractors	1700	25,788	3.7	97.0

Table 2, Top Five Small Business Industries in Utah by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	363,369	100.0	52.0
Eating & Drinking Places	5800	38,248	7.7	71.0
Health Services	8000	26,172	9.2	40.8
Special Trade Contractors	1700	25,013	3.7	97.0
Business Services	7300	22,566	8.3	38.9
Wholesale Trade - Durable Goods	5000	20,617	3.8	77.1

Table 3, Fastest Growing Industries for Small Business in Utah, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	345,041	363,369	18,328	5.3
Nondepository Credit Institutions	1,822	3,075	1,253	68.8
Chemicals & Allied Products	1,868	2,383	515	27.6
Stone, Clay, Glass, & Concrete Products	2,078	2,623	545	26.2
Special Trade Contractors	20,616	25,013	4,397	21.3
Miscellaneous Manufacturing Industries	2,034	2,398	364	17.9

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.