



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE MAINE ECONOMY

The importance of small business to the state of Maine is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Maine had 36,660 businesses with employees; 97.6 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 71,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.1 percent to \$2.1 billion in 1997, while wage-and-salary income rose 6.0 percent. The state also exported \$1.6 billion of goods in 1997. (In 1992, 75.6 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 48,200 women-owned businesses in Maine, including part-time firms, employing 91,700 people and generating \$10.2 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 85.3 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 79.4 percent from 1987 to 1992, totaling 235 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 207.2 percent during the same time period with 427 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 233 in 1987, to 483 in 1992, representing a 107.3 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 18.7 percent, while new business incorporations decreased 1.7 percent. Financial difficulties leading to business bankruptcies increased by 16.1 percent and business failures increased by 32.1 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Maine decreased from 21 in 1994 to 19 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
UNITED BK	Bangor
KATAHDIN TC	Patten
CAMDEN NB	Camden
FLEET BK ME	Portland

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate 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	25,443	4,823	986	5,142	(1,716)	34,678
Manufacturing	315	1,039	1,009	2,536	(4,184)	714
Retail Trade	5,874	959	17	(793)	(5,421)	635
Services	15,520	2,843	1,100	2,909	11,105	33,476
Other	3,734	(16)	(1,140)	490	(3,216)	(146)

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Maine, followed by Eating & Drinking Places. The fastest growing industry for small business is Industrial & Commercial Machinery & Computer Equipment (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	432,290	100.0	60.4
Health Services	8000	56,840	13.1	53.7
Eating & Drinking Places	5800	30,210	7.0	88.6
Food Stores	5400	19,502	4.5	51.4
Business Services	7300	19,002	4.4	51.9
Social Services	8300	15,182	3.5	88.6

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	261,297	100.0	60.4
Health Services	8000	30,535	13.1	53.7
Eating & Drinking Places	5800	26,769	7.0	88.6
Social Services	8300	13,456	3.5	88.6
Special Trade Contractors	1700	11,041	2.6	99.0
Auto. Dealers & Gas Service Stations	5500	10,314	2.8	84.5

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	261,297	5,435	2.1
Ind. & Comm. Machinery & Computer Equip.	3500	2,383	261	11.0
Elec. Equip. & Components Except Compt.	3600	1,363	141	10.3
Agricultural Services	700	1,971	198	10.0
Automotive Repair, Services, & Parking	7500	3,517	300	8.5
Social Services	8300	13,456	1,137	8.4

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 for Women Business Owners, and Cognetics, Inc.