



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE VIRGINIA ECONOMY

The importance of small business to the state of Virginia 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, Virginia had 152,460 businesses with employees; 97.9 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 196,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.4 percent to \$8.4 billion in 1997, while wage-and-salary income rose 7.3 percent. The state also exported \$11.5 billion of goods in 1997. (In 1992, 77.7 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 189,000 women-owned businesses in Virginia, including part-time firms, employing 374,100 people and generating \$41.2 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 84.0 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 39.0 percent from 1987 to 1992, totaling 26,100 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 181.8 percent during the same time period with 7,654 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 8,163 in 1987, to 13,752 in 1992, representing a 68.5 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 1.3 percent, while new business incorporations decreased 1.8 percent. Financial difficulties leading to business bankruptcies increased by 1.0 percent and business failures decreased by 17.1 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Virginia decreased from 164 in 1994 to 155 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
PEOPLES CMNTY BK	Montross
BENCHMARK CMNTY BK	Kenbridge
HIGHLANDS UNION BK	Abingdon
POWELL VALLEY NB	Jonesville
MINERS & MRCH B&TC	Grundy
F&M BK-MASSANUTTEN	Harrisonburg
SALEM B&TC NA	Salem
CHESAPEAKE BK	Kilmarnock
GRAYSON NB	Independence
BANK OF NORTHUMBERLAND	Heathsville
VIRGINIA B&TC	Danville
BURKE & HERBERT B&TC	Alexandria
JEFFERSON NB	Charlottesville
CENTRAL FIDELITY NB	Richmond

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 90.0 percent 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	125,391	50,725	44,492	62,580	31,324	314,512
Manufacturing	2,256	3,814	2,943	1,754	(23,612)	(12,844)
Retail Trade	26,147	7,196	5,725	2,628	(16,710)	24,986
Services	74,764	28,440	26,042	48,173	68,781	246,200
Other	22,223	11,276	9,779	10,024	2,866	56,168

Industries - Small firms in the state are represented in many industries. The Business Services industry is the largest small business employer in Virginia, followed by Eating & Drinking Places. The fastest growing industry for small business is Chemicals & Allied Products (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	2,480,978	100.0	50.1
Health Services	8000	234,759	9.5	38.6
Business Services	7300	215,874	8.7	47.6
Eating & Drinking Places	5800	178,270	7.2	56.9
Eng., Acct., Research, Mngt., & Related Serv.	8700	110,811	4.5	60.3
Special Trade Contractors	1700	94,516	3.8	97.3

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,243,843	100.0	50.1
Business Services	7300	102,665	8.7	47.6
Eating & Drinking Places	5800	101,359	7.2	56.9
Special Trade Contractors	1700	91,989	3.8	97.3
Health Services	8000	90,569	9.5	38.6
Eng., Acct., Research, Mngt., & Related Serv.	8700	66,802	4.5	60.3

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	1,243,843	42,931	3.5
Chemicals & Allied Products	2800	3,208	795	24.8
Furniture & Fixtures	2500	4,660	994	21.3
General Merchandise Stores	5300	2,138	304	14.2
Agricultural Services	700	16,503	1,893	11.5
Transportation Equipment	3700	4,371	457	10.5

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.