



1999 SMALL BUSINESS PROFILE: WISCONSIN

By any measure, small businesses are critical to the economic well-being of Wisconsin. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 120,200 businesses with employees, of which approximately 98 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 1.3 percent from 118,800 in 1997. There were also 220,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 340,200. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 82,000 self-employed women in 1998, representing 37.3 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 7,619 minority-owned businesses in 1992, including 3,446 Black-owned businesses; 1,762 Hispanic-owned firms; and 2,486 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 1,591 had employees, with employment totaling 11,400. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 13,800 new employer firms were formed, 9.3 percent more than the number formed in 1997. There were 14,800 business terminations in 1998, a 10.3 percent increase from 1997. Business bankruptcies totaled 1,100 in 1998, a 6.3 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 1,229,300 employees, or 55.4 percent of the state's 2,220,700 private-sector non-farm employment. Small-business employment was concentrated in the following sectors; construction, agricultural services, and wholesale trade (see Table 1). Small businesses added a net total of 27,000 employees between 1995 and 1996, accounting for 82.6 percent of private non-farm employment growth in the state (see Table 2). The industries with the largest percent increases in employment among small businesses were: educational services; hotels and other lodging places; and food and kindred products (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 81,600 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because they may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$7.2 billion in 1998, an increase of 5.9 percent from \$6.8 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 350 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (*ACE-Net*). For more information, contact an *ACE-Net* operator at (608) 267-0313 or via e-mail at hrothwell@commerce.state.wi.us.

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/adv.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Total</i>	<i>Firm Size by Number of Employees</i>		<i>< 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	2,220.7	421.2	1,229.3	55.4
Agricultural services	11.0	7.4	9.9	90.2
Mining	2.3	*	1.6	*
Construction	99.9	51.2	94.0	94.1
Manufacturing	592.6	35.9	238.1	40.2
Transportation, communications, and utilities	118.6	19.4	56.2	47.4
Wholesale trade	133.4	30.6	95.3	71.5
Retail trade	456.3	102.1	278.9	61.1
Finance, insurance, and real estate	148.0	24.3	57.6	38.9
Services	658.1	149.0	397.3	60.4
Unclassified	0.5	*	0.5	*

* Data not available due to disclosure restrictions.

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Firm Size</i>		
	<i>Total</i>	<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	86.5	31.9	58.0
Expanding establishments	190.4	57.8	123.9
Losses:			
Downsized establishments	(169.8)	(39.3)	(103.1)
Closed establishments	(74.4)	(27.1)	(51.7)
Net change in employment	32.7	23.3	27.0

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		1,229.3	12.0	1.0
Educational Services	8200	17.8	1.4	8.9
Hotels and other lodging places	7000	18.4	1.1	6.2
Food and kindred products	2000	18.3	1.0	5.7
Auto repair, services, and parking	7500	17.4	0.9	5.6
Social services	8300	48.0	2.2	4.8

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
First Banking Center–Burlington	Burlington
F&M Bank–Kaukauna	Kaukauna
First National Bank Hartford	Hartford
First National Bank Fox Valley	Menasha
Bank of Waunakee	Waunakee
Middleton Community Bank	Middleton
F&M Bank–Winnebago City	Omro
Stephenson National Bank and Trust Company	Marinette
First National Bank of New Richmond	New Richmond
Community Bank Grafton	Grafton
F&M Bank–Central	Stevens Point
Northwestern Bank	Chippewa Falls
Community First National Bank	Spooner

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending/inus2.html.