



Office of Advocacy

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE MISSOURI ECONOMY

The importance of small business to the state of Missouri 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, Missouri had 125,833 businesses with employees; 97.8 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 246,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.9 percent to \$8.3 billion in 1997, while wage-and-salary income rose 7.1 percent. The state also exported \$7.0 billion of goods in 1997. (In 1992, 75.1 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 154,600 women-owned businesses in Missouri, including part-time firms, employing 306,300 people and generating \$38.4 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 62.1 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 27.3 percent from 1987 to 1992, totaling 9,973 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 77.7 percent during the same time period with 2,216 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 2,193 in 1987, to 3,451 in 1992, representing a 57.4 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 1.5 percent, while new business incorporations decreased 2.6 percent. Financial difficulties leading to business bankruptcies increased by 10.6 percent and business failures increased by 40.6 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Missouri decreased from 483 in 1994 to 408 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FIRST MIDWEST BK	Poplar Bluff
SAC RIVER VALLEY BK	Stockton
FIRST MO ST BK	Poplar Bluff
KEARNEY TC	Kearney
FIRST MIDWEST BK DEXTER	Dexter
PERRY ST BK	Monroe City
PEOPLES BK	Nixa
NODAWAY VALLEY BK	Maryville
MERCANTILE BK OF NO CENTRAL	Macon
BOONSLICK BK	Boonville
CENTURY BK OF THE OZARKS	Gainesville
UNITED BK OF UNION	Union
SOUTHWEST MO BK	Carthage
BOONE COUNTY NB OF COLUMBIA	Columbia
MERCANTILE BK OF SOUTH CENTR	Springfield
UNION PLANTERS SE MO	Cape Girardeau
MERCANTILE BK OF SE MO	Poplar Bluff
MAGNA BK NA	Saint Louis
SOUTHWEST BK	Saint Louis
BOATMENS BK OF SOUTHERN MO	Springfield
BANK MIDWEST NA	Kansas City

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	79,090	47,409	32,479	71,732	(13,659)	217,051
Manufacturing	3,124	4,451	3,572	8,429	(29,618)	(10,042)
Retail Trade	15,780	7,430	4,303	9,374	(100)	36,788
Services	39,185	23,379	21,485	48,970	(14,468)	118,553
Other	21,001	12,149	3,118	4,959	30,525	71,752

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Missouri, followed by Health Services. The fastest growing industry for small business is Leather & Leather 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	2,168,659	100.0	51.8
Health Services	8000	251,945	11.6	38.9
Eating & Drinking Places	5800	160,903	7.4	65.6
Business Services	7300	120,033	5.5	50.5
Wholesale Trade - Durable Goods	5000	84,461	3.9	73.9
Special Trade Contractors	1700	71,013	3.3	90.3

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,123,922	100.0	51.8
Eating & Drinking Places	5800	105,586	7.4	65.6
Health Services	8000	97,995	11.6	38.9
Special Trade Contractors	1700	64,103	3.3	90.3
Wholesale Trade - Durable Goods	5000	62,379	3.9	73.9
Business Services	7300	60,576	5.5	50.5

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	1,123,922	30,343	2.7
Leather & Leather Products	3100	2,325	449	19.3
Transportation By Air	4500	1,791	301	16.8
Meas., Anal., Cntr. Instr. & Photo., Med. & Opt.	3800	3,930	593	15.1
Communications	4800	6,332	953	15.1
Stone, Clay, Glass, & Concrete Products	3200	5,628	802	14.3

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.