



## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE MONTANA ECONOMY

The importance of small business to the state of Montana 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, Montana had 29,259 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 67,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 4.2 percent to \$1.7 billion in 1997, while wage-and-salary income rose 4.5 percent. The state also exported \$0.4 billion of goods in 1997. (In 1992, 74.6 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 34,100 women-owned businesses in Montana, including part-time firms, employing 66,500 people and generating \$6.2 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 76.7 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 46.8 percent from 1987 to 1992, totaling 113 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 86.8 percent during the same time period with 568 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 612 in 1987, to 845 in 1992, representing a 38.1 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms decreased 9.2 percent, while new business incorporations increased 38.5 percent. Financial difficulties leading to business bankruptcies increased by 26.9 percent and business failures increased by 5.6 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Montana decreased from 117 in 1994 to 97 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
BITTERROOT VALLEY BK	Lolo
MOUNTAIN WEST BK GREAT FALLS	Great Falls
BANKWEST NA	Kalispell
FIRST CITIZENS BK NA	Columbia Falls
UNITED STATES NB OF RED LODG	Red Lodge
FLATHEAD BK OF BIGFORK	Bigfork
MOUNTAIN WEST BK OF HELENA N	Helena
FIRST SECURITY BK MISSOULA	Missoula
ROCKY MOUNTAIN BK	Billings
VALLEY BK OF KALISPELL	Kalispell
FARMERS ST BK	Victor
FIRST CITIZENS BK OF BILLING	Billings
FIRST INTRST BK	Billings

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	15,787	7,065	3,701	1,245	(9,237)	18,560
Manufacturing	(108)	247	573	376	(737)	352
Retail Trade	3,632	1,812	161	(92)	(939)	4,573
Services	8,223	3,560	1,565	(564)	(5,382)	7,402
Other	4,039	1,445	1,402	1,525	(2,180)	6,233

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Montana, followed by Health Services. The fastest growing industry for small business is Stone, Clay, Glass, & Concrete 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	260,966	100.0	72.4
Health Services	8000	32,916	12.6	59.1
Eating & Drinking Places	5800	29,039	11.1	86.8
Food Stores	5400	10,368	4.0	54.2
Auto. Dealers & Gas Service Stations	5500	10,092	3.9	80.3
Social Services	8300	9,996	3.8	85.6

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	188,968	100.0	72.4
Eating & Drinking Places	5800	25,193	11.1	86.8
Health Services	8000	19,457	12.6	59.1
Social Services	8300	8,561	3.8	85.6
Auto. Dealers & Gas Service Stations	5500	8,103	3.9	80.3
Wholesale Trade - Durable Goods	5000	7,919	3.6	84.4

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	188,968	6,735	3.6
Stone, Clay, Glass, & Concrete Products	3200	824	111	13.5
Transportation Services	4700	807	95	11.8
Automotive Repair, Services, & Parking	7500	3,416	372	10.9
Auto. Dealers & Gas Service Stations	5500	8,103	859	10.6
Social Services	8300	8,561	822	9.6

**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.