



1999 SMALL BUSINESS PROFILE: NEVADA

By any measure, small businesses are critical to the economic well-being of Nevada. 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 41,200 businesses with employees, of which approximately 95 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 4.2 percent from 39,500 in 1997. There were 59,000 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 100,200. (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 26,000 self-employed women in 1998, representing 44.1 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 8,223 minority-owned businesses in 1992, including 1,736 Black-owned businesses; 3,900 Hispanic-owned firms; and 2,769 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, 1,463 had employees, with employment totaling 9,500. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 8,300 new employer firms were formed, 1.0 percent more than the number formed in 1997. There were 7,800 business terminations in 1998, a 13.0 percent increase from 1997. Business bankruptcies totaled 400 in 1998, a 7.3 percent increase 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 323,100 employees, or 45.0 percent of the state's 718,700 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: agricultural services, construction, and wholesale trade (see Table 1). Small businesses added a net total of 25,600 employees between 1995 and 1996, accounting for 59.4 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: special trade contractors; heavy construction; engineering and management services (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 142,900 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 firms may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$3.9 billion in 1998, an increase of 8.0 percent from \$3.7 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 25 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 (702) 734-7575 or via e-mail at *Scraft@nevada.edu*.

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/advo*.

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 | 718.7 | 115.0 | 323.1 | 45.0 |
| Agricultural services | 5.1 | 2.6 | 5.0 | 96.4 |
| Mining | 12.8 | * | 3.7 | * |
| Construction | 64.7 | 15.6 | 56.6 | 87.5 |
| Manufacturing | 37.5 | 5.7 | 20.8 | 55.4 |
| Transportation, communications, and utilities | 35.7 | 4.0 | 12.3 | 34.5 |
| Wholesale trade | 29.6 | 6.9 | 20.4 | 69.1 |
| Retail trade | 134.4 | 26.2 | 68.3 | 50.8 |
| Finance, insurance, and real estate | 39.5 | 9.5 | 19.8 | 50.2 |
| Services | 359.2 | 43.6 | 116.0 | 32.3 |
| Unclassified | 0.2 | * | 0.2 | * |

* 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>Total</i> | <i>Firm Size</i> | |
|--------------------------|--------------|------------------|--------------|
| | | <i>1–19</i> | <i>1–499</i> |
| Gains: | | | |
| New establishments | 61.4 | 15.5 | 30.6 |
| Expanding establishments | 82.7 | 23.4 | 54.9 |
| Losses: | | | |
| Downsized establishments | (60.5) | (11.7) | (35.3) |
| Closed establishments | (40.5) | (12.1) | (24.6) |
| Net change in employment | 43.0 | 15.1 | 25.6 |

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 | | 323.1 | 15.5 | 5.0 |
| Special trade contractors | 1700 | 40.4 | 5.6 | 16.0 |
| Heavy construction | 1600 | 5.3 | 0.7 | 14.4 |
| Engineering and management services | 8700 | 11.7 | 1.2 | 11.4 |
| Furniture and home furnishings stores | 5700 | 3.7 | 0.3 | 10.1 |
| Eating and drinking places | 5800 | 31.3 | 2.6 | 9.2 |

* 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> |
|---------------------------------|-----------------|
| Community Bank of Nevada | Las Vegas |
| Interwest Bank | Reno |
| Pioneer Citizens Bank of Nevada | Reno |
| Nevada First Bank | Las Vegas |
| First Society Bank of Nevada | Las Vegas |
| Bankwest of Nevada | Las Vegas |

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/lendingnus2.html.