



## 2000 SMALL BUSINESS

### PROFILE:

## Michigan

### Office of Advocacy

Small businesses in Michigan are essential to the state's fiscal well-being. They provide business opportunities to their communities and to diverse groups, and they bring innovative products and services to the marketplace. Not only do they create a wide variety of jobs for the employment sector, but they also keep the economy churning. This year's *2000 Small Business Profile* assembled by the U.S. Small Business Administration's Office of Advocacy depicts the vital role of small businesses in the state's economy.

**Number of Businesses.** There were 219,552 employer businesses in 1999; roughly 98.4 percent were small businesses (fewer than 500 employees). The number of employer businesses increased by 3.4 percent, and the number of self-employed increase by 3.1 percent in 1999. (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.** Women owned 184,600 or 27.2 percent of businesses in 1997 and employed 288,132 people. (The data on women-owned firms are not comparable between 1997 and 1992, the previous year for which these data are available, since the 1997 data use a different receipt-size cutoff and include C corporations for the first time. Data on women-owned firms should not be aggregated across states as many firms are counted in more than one state. Firms were formerly classified as women-owned if women's share of ownership was 50 percent or more, but the 1997 data classify a firm as woman-owned if women's ownership share is 51 percent or more.) (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics, U.S. Dept. of Commerce, Bureau of the Census)

**Minority-Owned Businesses.** Based on the latest available data from the Census Bureau, there were 10,000 Hispanic-owned firms; 25,000 Black-owned businesses; 11,700 Asian, Pacific Islander-owned firms; and 5,800 American Indian and Alaskan Native-owned businesses in 1997. (The data on minority-owned firms are not comparable between 1997 and 1992, the previous year for which these data are available, since the 1997 data use a different receipt-size cutoff and include C corporations for the first time. Data may not add to the total because an

owner may be a member of more than one minority group.) (Source: U.S. Dept. of Commerce, Bureau of the Census)

**Business Turnover.** There were 23,512 new employer firms in 1999, 10.2 percent less than the number created in 1998. In 1999, business bankruptcies totaled 634, a 12.1 percent decrease since 1998, while business terminations totaled 19,221, a decrease of 2.8 percent from 1998. (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.** Small businesses with fewer than 500 employees numbered 190,705 in 1998, and employed 2,021,711 of the state's 3,919,567 total non-farm private sector workers. Small business employment accounted for 51.6 percent of the state's total employment (Table 1). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

**Small Business Income.** A partial measure of small business income, non-farm proprietors' income totaled \$15.9 billion—an increase of 5.4 percent from 15.1 billion in 1998. (Source: U.S. Dept. of Commerce)

**Finance.** The SBA's Office of Advocacy banking studies ranked the 169 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, 1999. (See Table 2 for the top-ranking small-business-friendly banks.) Small businesses seeking loans should also consider lenders that participate in the SBA's preferred or certified loan programs; 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*). Contact an *ACE-Net* operator at (907) 274-7232 or e-mail [attac@arctic.net](mailto:attac@arctic.net) for more information.

For the Office of Advocacy's data, analyses, and research reports on small business visit [www.sba.gov/advo/stats](http://www.sba.gov/advo/stats) or call (202) 205-6530 for more information.

**TABLE 1.** Firm and Employment by Industry Firm Size (thousands), 1998

Industry	Firms		Employment	
	Total	<500	Total	<500
Total	193.7	190.7	3919.6	2021.7
Agriculture, forestry, fishing, and hunting	0.7	0.7	3.8	3.6
Mining	0.4	0.4	6.8	3.8
Utilities	0.1	0.1	25.4	1.2
Construction	26.4	26.4	179.2	170.2
Manufacturing	14.7	14.1	828.8	346.6
Wholesale trade	11.8	11.1	191.5	122.0
Retail trade	27.1	26.6	538.0	254.0
Transportation and warehousing	4.3	4.1	92.7	40.9
Information	2.1	1.9	93.1	22.2
Finance and insurance	6.6	6.3	165.0	57.7
Real estate; rental and leasing	6.9	6.8	57.7	39.6
Professional, scientific, and technical services	19.7	19.4	192.3	132.1
Management of companies and enterprises	1.0	0.6	124.0	9.6
Admin., support, waste mngt., and remed. Services	10.1	9.8	272.0	133.2
Educational services	1.7	1.6	53.5	28.7
Health care and social assistance	19.0	18.8	487.1	239.1
Arts, entertainment, and recreation	3.3	3.2	44.3	36.4
Accommodation and food services	14.6	14.4	320.9	215.5
Other services	23.1	22.9	178.4	158.5
Auxiliary, exc corp, subsidiary, and regional managing offices	0.3	0.1	60.6	1.8
Unclassified	2.8	2.8	4.6	4.6

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

**Table 2.** Small-Business-Friendly Banks, 1999

<i>Bank Name</i>	<i>Location</i>
State Bank of Caledonia	Caledonia
Peoples State Bank	Hamtramck
Michigan Heritage Bank	Novi
United Bank Michigan	Grand Rapids
Midwest Guaranty Bank	Troy
First Community Bank	Harbor Springs
Northern Michigan Bank	Escanaba
First National Bank In Howell	Howell
Capital National Bank	Lansing
1st Bank	West Branch
Ann Arbor Commerce Bank	Ann Arbor
First State Bank East Detroit	Eastpointe
Monroe Bank and Trust	Monroe
Bank One Michigan	Detroit

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 Website at [www.sba.gov/advo/lending](http://www.sba.gov/advo/lending)