

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE NEW HAMPSHIRE ECONOMY

The importance of small business to the state of New Hampshire is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **28,751** full-time business firms with employees in New Hampshire, **97.0** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **60,000** full-time self-employed persons in New Hampshire in 1995, for a total estimated 1995 full-time business population of **88,751** firms.

Small Business Income - The income of sole proprietors and partners rose **8.9** percent to **\$2.3** billion in 1995, while wage-and-salary income rose **7.8** percent. Total personal income rose **6.3** percent to **\$29.5** billion. The state also exported **\$1.3** billion of goods and services in 1995.

New Hampshire's number of women-owned businesses, including part-time firms, increased **38.7** percent from 1987 to 1992, totaling **31,492**. The number of Black-owned firms, including part-time firms, increased **42.4** percent from 1987 to 1992, totaling **326** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **99.6** percent during the same time period with **487** firms in 1992. There

has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaska Natives. The number for the group grew from **333** in 1987, to **666** in 1992, representing an **100** percent increase.

Small businesses with fewer than 20 employees reported **8.5** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of New Hampshire.

The composition of small business in New Hampshire is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in New Hampshire. Other significant small business industries are, in descending order: Health Services, Business Services, Miscellaneous Retail, and Wholesale Trade-Durable Goods. The fast-growing industries include Chemicals and Allied Products, Apparel and Other Textile Products, Depository Institutions, Educational Services, Electric, Gas, and Sanitary Services.

The number of new firms declined **0.3** percent. Business bankruptcies declined by **17.1** percent and business failures declined by **7.5** percent.

An SBA Office of Advocacy study found that New Hampshire's top ten lenders to small businesses in 1995 were:

1. Centerpoint Bank
2. First Colebrook Bank
3. Pemigewasset National Bank of Plymouth
4. Connecticut River Bank
5. Olde Port Bank & Trust Corporation
6. Village Bank & Trust Corporation
7. Granite Bank
8. First National Bank of Portsmouth
9. Peoples Bank of Littleton
10. Bank of New Hampshire

In sum, small businesses have a striking impact on New Hampshire's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in New Hampshire by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	44,195	10.6	47.0	1
Eating & Drinking Places	29,104	7.0	78.7	2
Business Services	26,772	6.4	54.4	3
Food Stores	19,095	4.6	38.4	4
Industrial Machinery & Equip.	16,303	3.9	30.5	5
TOTAL, ALL INDUSTRIES	416,851	100.0	58.1	

Top 5 Small-Business-Dominated Industries in New Hampshire by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Eating & Drinking Places	22,899	9.5	1
Health Services	20,786	8.6	2
Business Services	14,554	6.0	3
Wholesale Trade-durable Goods	11,159	4.6	4
Social Services	10,538	4.3	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	242,281	100.0	

Fastest Growing Industries for Small Business in New Hampshire, 1991 - 1993

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN		PERCENT CHANGE, 1991-1993	RANK
	1991	1993		
Business Services	11,166	14,554	30.3	1
Eating & Drinking Places	21,168	22,899	8.2	2
Wholesale Trade-durable Goods	10,539	11,159	5.9	3

Office of Advocacy, U.S. Small Business Administration. Based upon Census data, prepared under contract.