



1999 SMALL BUSINESS PROFILE: DISTRICT OF COLUMBIA

By any measure, small businesses are critical to the economic well-being of the District of Columbia. 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 25,200 businesses with employees, of which approximately 94 percent were small businesses (less than 500 employees). The number of small businesses with employees increased by 9.2 percent from 23,100 in 1997. There were 13,000 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 38,200. (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 6,000 self-employed women in 1998, representing 46.2 percent of total self-employment in the District. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available there were 12,669 minority-owned businesses in 1992, including 10,111 Black-owned businesses; 1,452 Hispanic-owned firms; and 1,393 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, 1,511 had employees, with employment totaling 9,900. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 3,500 new employer firms were formed, 9.5 percent more than the number formed in 1997. There were 3,400 business terminations in 1998, a 4.5 percent decrease from 1997. Business bankruptcies totaled 90 in 1998, a 12.0 percent decrease 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 189,100 employees, or 48.8 percent of the District's 387,000 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: wholesale trade; finance, insurance, real estate; and services (see Table 1). Small businesses added a net total of 900 employees between 1995 and 1996, accounting for all of the total private non-farm employment change in the District (see Table 2). The industries with the greatest percentage increases in employment among small businesses were: holding and other investment offices; legal services; and printing and publishing (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 26,100 net new jobs in the District 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 \$2.4 billion in 1998, an increase of 4.6 percent from \$2.3 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA’s Office of Advocacy ranked the six banks in the District 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 (202) 806-1551 or via e-mail at Vrjohnson@howard.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	387.0	54.3	189.1	48.8
Agricultural services	*	*	*	*
Mining	*	*	*	*
Construction	5.0	1.1	*	*
Manufacturing	12.3	1.3	4.6	37.0
Transportation, communications, and utilities	18.4	1.3	4.0	21.6
Wholesale trade	5.9	1.4	3.8	64.1
Retail trade	49.7	10.4	24.4	49.1
Finance, insurance, and real estate	29.7	5.4	15.2	51.3
Services	265.5	33.1	132.6	50.0
Unclassified	*	*	*	*

* 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	16.3	4.8	9.3
Expanding establishments	32.4	8.1	19.8
Losses:			
Downsized establishments	(51.6)	(5.6)	(20.6)
Closed establishments	(18.4)	(3.9)	(7.5)
Net change in employment	(21.4)	3.3	0.9

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		189.1	(4.9)	(2.5)
Holding and other investment offices	6700	2.1	0.9	71.4
Legal services	8100	18.1	0.7	4.2
Printing and publishing	2700	3.6	0.1	2.8
Membership organizations	8600	34.2	0.2	0.7
Amusement and recreation services	7900	2.2	0.0	0.4

* 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>
Franklin National Bank of Washington D.C.	Washington
Century National Bank	Washington
First Liberty National Bank	Washington

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/lending/inus2.html.