



## 1999 SMALL BUSINESS PROFILE: WASHINGTON

By any measure, small businesses are critical to the economic well-being of Washington. 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 182,700 businesses with employees, of which approximately 98 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 4.7 percent from 174,500 in 1997. There were also 235,000 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 417,700. (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 105,000 self-employed women in 1998, representing 44.7 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 25,935 minority-owned businesses in 1992, including 4,575 Black-owned businesses; 6,093 Hispanic-owned firms; and 15,648 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, 5,734 had employees, with employment totaling 40,900. (Source: U.S. Dept. of Commerce, Bureau of the Census)

**Business Turnover.** In 1998, 37,400 new employer firms were formed, 4.7 percent more than the number formed in 1997. There were 35,000 business terminations in 1998, a 1.2 percent decrease from 1997. Business bankruptcies totaled 1,000 in 1998, a 27.5 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 1,147,600 employees, or 57.3 percent of the state's 2,003,300 private-sector non-farm employment. Small-business employment was concentrated in the following sectors; construction, agricultural services, and wholesale trade (see Table 1). Small businesses added a net total of 20,900 employees between 1995 and 1996, accounting for 36.9 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: heavy construction; food and kindred products; industrial machinery and equipment (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 297,000 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 \$13.2 billion in 1998, an increase of 6.6 percent from \$12.3 billion in 1997. (Source: U.S. Dept. of Commerce)

**Finance.** The SBA's Office of Advocacy ranked the 78 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 (206) 441-3123 or via e-mail at *sloyd@u.washington.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>&lt; 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
<b>Total non-farm employment</b>	<b>2,003.3</b>	<b>459.1</b>	<b>1,147.6</b>	<b>57.3</b>
Agricultural services	23.3	10.7	19.8	84.8
Mining	3.4	*	1.9	*
Construction	127.0	60.6	116.7	91.9
Manufacturing	355.3	31.1	142.8	40.2
Transportation, communications, and utilities	129.7	17.3	47.5	36.6
Wholesale trade	134.3	34.1	96.3	71.8
Retail trade	442.8	104.0	252.2	57.0
Finance, insurance, and real estate	128.8	28.7	63.8	49.5
Services	658.1	171.4	405.8	61.7
Unclassified	0.7	*	0.7	*

\* 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	137.3	46.8	74.7
Expanding establishments	199.1	72.8	139.2
Losses:			
Downsized establishments	(186.1)	(49.6)	(120.4)
Closed establishments	<u>(93.5)</u>	<u>(40.3)</u>	<u>(72.5)</u>
Net change in employment	56.8	29.8	20.9

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		1,147.6	4.0	0.3
Heavy construction	1600	14.6	1.0	7.3
Food and kindred products	2000	16.0	0.7	4.6
Industrial machinery and equipment	3500	16.5	0.7	4.5
Educational services	8200	17.1	0.7	4.4
Auto repair, services, and parking	7500	19.5	0.8	4.0

\* 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>
First Heritage Bank	Snohomish
Towne Bank	Woodinville
National Bank	Tukwila
Centennial Bank	Olympia
Whatcom State Bank	Ferndale
Pacific Northwest Bank	Seattle
Whidbey Island Bank	Oak Harbor
Farmers and Merchant Bank of Rockford	Spokane
Cowlitz Bank	Longview
North Sound Bank	Poulsbo
Washington Trust Bank	Spokane
Frontier Bank	Everett

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](http://www.sba.gov/advo/lending/inus2.html).