



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE VERMONT ECONOMY

The importance of small business to the state of Vermont is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Vermont had 20,014 businesses with employees; 97.2 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 40,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 2.6 percent to \$1.1 billion in 1997, while wage-and-salary income rose 4.1 percent. The state also exported \$2.6 billion of goods in 1997. (In 1992, 75.5 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 29,200 women-owned businesses in Vermont, including part-time firms, employing 50,400 people and generating \$5.4 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 94.3 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 41.8 percent from 1987 to 1992, totaling 139 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 197.5 percent during the same time period with 351 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 111 in 1987, to 274 in 1992, representing a 146.8 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 3.6 percent, while new business incorporations decreased 10.0 percent. Financial difficulties leading to business bankruptcies increased by 15.5 percent and business failures increased by 37.0 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Vermont increased from 21 in 1994 to 22 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
RANDOLPH NB	Randolph
UNION BK	Morrisville
MERCHANTS BK	South Burlington
CHITTENDEN TC	Burlington

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	15,845	868	252	(881)	(4,666)	11,418
Manufacturing	435	536	565	310	(2,126)	(280)
Retail Trade	3,321	293	(662)	(428)	858	3,381
Services	9,693	397	825	729	(927)	10,718
Other	2,396	(358)	(476)	(1,492)	(2,471)	(2,400)

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Vermont, followed by Eating & Drinking Places. The fastest growing industry for small business is Motor Freight Transportation & Warehousing (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	224,327	100.0	67.1
Health Services	8000	23,936	10.7	58.0
Eating & Drinking Places	5800	17,062	7.6	81.0
Educational Services	8200	10,156	4.5	53.0
Food Stores	5400	9,836	4.4	54.6
Hotels, Rooming Houses, Camps & Oth. Lodg.	7000	9,351	4.2	65.2

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	150,515	100.0	67.1
Health Services	8000	13,885	10.7	58.0
Eating & Drinking Places	5800	13,813	7.6	81.0
Miscellaneous Retail	5900	6,557	3.7	79.6
Social Services	8300	6,193	2.9	96.6
Hotels, Rooming Houses, Camps & Oth. Lodg.	7000	6,099	4.2	65.2

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	150,515	2,615	1.7
Motor Freight Transportation & Warehousing	4200	2,765	443	16.0
Holding & Other Investment Offices	6700	188	26	13.8
Lumber & Wood Products, Except Furniture	2400	3,002	403	13.4
Transportation Services	4700	666	70	10.5
General Merchandise Stores	5300	823	83	10.1

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.