



## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE WASHINGTON ECONOMY

The importance of small business to the state of Washington 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, Washington had 174,516 businesses with employees; 98.3 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 269,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 4.6 percent to \$11.9 billion in 1997, while wage-and-salary income rose 10.6 percent. The state also exported \$31.7 billion of goods in 1997. (In 1992, 83.1 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 188,400 women-owned businesses in Washington, including part-time firms, employing 509,800 people and generating \$61.6 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 91.8 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 77.1 percent from 1987 to 1992, totaling 4,575 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 126.8 percent during the same time period with 6,093 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 8,241 in 1987, to 15,648 in 1992, representing a 89.9 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms increased 14.0 percent, while new business incorporations decreased 3.6 percent. Financial difficulties leading to business bankruptcies decreased by 3.2 percent and business failures increased by 10.5 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Washington decreased from 87 in 1994 to 78 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
FIRST HERITAGE BK	Snohomish
FIRST NB	Port Orchard
INTER BK	Duvall
CASCADE CMNTY BK	Auburn
BANK OF THE WEST	Walla Walla
TOWNE BK	Woodinville
WHIDBEY ISLAND BK	Oak Harbor
SECURITY ST BK	Centralia
NORTH SOUND BK	Poulsbo
FIRST CMNTY BK OF WA	Lacey
COLUMBIA ST BK	Tacoma
WASHINGTON TR BK	Spokane

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	177,103	43,630	12,205	24,898	(31,578)	226,258
Manufacturing	2,342	3,934	787	12,365	(26,179)	(6,751)
Retail Trade	37,415	6,047	1,581	(2,232)	558	43,368
Services	90,968	19,178	8,341	10,287	16,949	145,722
Other	46,378	14,471	1,498	4,478	(22,905)	43,920

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Washington, followed by Health Services. The fastest growing industry for small business is Water Transportation (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	1,948,446	100.0	58.7
Health Services	8000	204,756	10.5	45.2
Eating & Drinking Places	5800	159,191	8.2	73.5
Business Services	7300	109,855	5.6	52.6
Transportation Equipment	3700	82,945	4.3	12.0
Wholesale Trade - Durable Goods	5000	75,776	3.9	76.5

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,143,552	100.0	58.7
Eating & Drinking Places	5800	116,969	8.2	73.5
Health Services	8000	92,643	10.5	45.2
Special Trade Contractors	1700	69,420	3.8	93.1
Wholesale Trade - Durable Goods	5000	57,973	3.9	76.5
Business Services	7300	57,747	5.6	52.6

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	1,143,552	25,425	2.2
Water Transportation	4400	3,224	619	19.2
Meas., Anal., Cntr. Instr. & Photo., Med. & Opt.	3800	5,139	898	17.5
Paper & Allied Products	2600	4,600	541	11.8
Transportation By Air	4500	2,247	234	10.4
Ind. & Comm. Machinery & Computer Equip.	3500	15,794	1,525	9.7

**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.