

About Small Business

More than one in two people in the U.S. private workforce work for or run a small business, according to data from the U.S. Small Business Administration Office of Advocacy and U.S. Census Bureau

Since 1989, small business has created 93.5 percent of all net new jobs, totaling 21.9 million new jobs in the past 19 years—or 4,000 jobs per day.

Small business comprises 99.7 of all U.S. private employers, or 26.8 million businesses, and creates more than half of U.S. gross domestic product.

Of the 26.8 million small businesses in the U.S., 19.5 million do not have employees. The majority of small employer firms, 4.7 million of the more than 6 million employer firms, are very small businesses with fewer than 10 employees.

Small firms create 13 times more patents per employee than large firms, and export an average of \$375 billion in goods and services every year.

Fifty-four percent of adults surveyed in the 2007 Harris Interactive Poll, *Confidence in Leaders of Major Institutions* expressed a great deal of confidence in small-business owners—the only group in the past three years to garner such a high rating from a majority of people.

Economic Slowdown

When asked in early 2007 to compare the current national economy with five years ago, 43 percent said that the U.S. is worse off. In September 2008, that number jumped to 68 percent, and skyrocketed to 91 percent in December 2008.

Small-business owners struggle to remain optimistic about their own business. Two-thirds (62 percent) of small-business owners today are confident about the future of their own business. In September 2008, 75 percent expressed confidence—a 17 percent drop in just four months.

The U.S. Small Business Administration's 7(a) guarantee program—the SBA's flagship loan program-- was down 30 percent for FY 2008.

According to the October 2008 Federal Reserve Board Senior Loan Officer Survey, 75 percent of U.S. banks have tightened their lending standards on small business loans. When asked about credit cards, 20 percent cited reduced limits on prime borrowers while 60 percent lowered limits on nonprime borrowers. Ninety-five of those banks that lowered limits cited the poor economy and reduced tolerance for risk as reasons for lowering the credit card limits—neither of which are attributable to poor performance of the credit card holder.

Nearly two-thirds of Americans (63%) said small business and entrepreneurs will lead the U.S. to a better future, only 21 percent said the same of large corporations, according to a 2009 Zogby/WeMedia poll

Key Issues

Seventy-five percent of small-business owners cite “economic uncertainty” as one of the most significant challenges they face to the growth and survival of their business, with the cost of health insurance (43 percent), inability to access capital (33 percent) and federal taxes (32 percent) rounding out the top three.

Spikes in energy costs greatly impact small business. In February 2008, 77 percent of small-business owners were negatively impacted by rising energy costs.

Nearly half (49 percent) of all small-business owners rely on credit cards as a source of financing for their business, yet 69 percent report that their credit card terms are worsening.