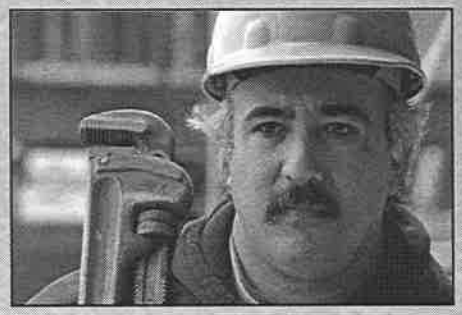
The State of Small Business in Michigan

February 2015

National Federation of Independent Business

NFIB - Founded in 1943
small business advocate
350K nationwide
10K Michigan
Lobbying presence
Members set positions

www.nfib.com
www.nfib.com/mi
Facebook: NFIBMichigan
Twitter: @OwensNFIB



The definition of a small business can be quite illusive

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The Small Business Act states that a small business concern is "one that is independently owned and operated and which is not dominant in its field of operation." Title 13, Code of Federal Regulations, part 121 (13 CFR 121).

Over the years SBA has established and revised numerical definitions for all for-profit industries, and this numerical definition is called a "size standard." It is almost always stated either as the number of employees or average annual receipts of a business concern.

SBA has established a Table of Small Business Size Standards, which is matched to the North American Industry Classification System (NAICS) for industries.

Based on those criteria, the SBA has established the following common standards for a small business, depending on its North American Industry Classification System (NAICS) code:

500 employees for most manufacturing and mining industries, and $7 million in average annual receipts for most non-manufacturing industries.

But often a small business is further defined in regulation or statute as one that has less than 50 employees (Affordable Care Act, Family and Parental Leave Act etc.)

Other regulations or standards may choose 25, 20 or 15 employees.

Then there is the "non-employer" category (essentially self-employed people). A non-employer firm is defined as one that has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes. The Census Bureau provides nonemployer business data. According to Census, "Non-employers account for roughly 3 percent of business activity [in terms of sales or receipts]. At the same time non-employers account for nearly three-quarters of all businesses. Most non-employer businesses are very small, and many are not the primary source of income for their owners." See the U.S. Census Bureau, Non-employer Statistics for more detailed information.

The average NFIB member has less than 10 employees and $500,000 in sales.

NFIB has just over 350,000 members nationwide and 10,000 members in Michigan

Our Michigan members have 83,368 employees, there are another 3,444 who list no employees (so probably self employed) for a total of 86,812.

SBA Office of Advocacy

Small Business Profile Michigan

Small businesses significantly impact Michigan's economy. They represent 98.2 percent of all employers (employer firms only) and employed over half (1.8 million) of the private-sector labor force. Small businesses are crucial to the fiscal condition of the state and numbered 856,682 in 2015 (169,053 + 687,629).

Michigan Small Business Facts

Number of Businesses	
Small Employers (<500 Employees)	169,053
Large Employers (>500 Employees)	3,104
Nonemployers	687,629

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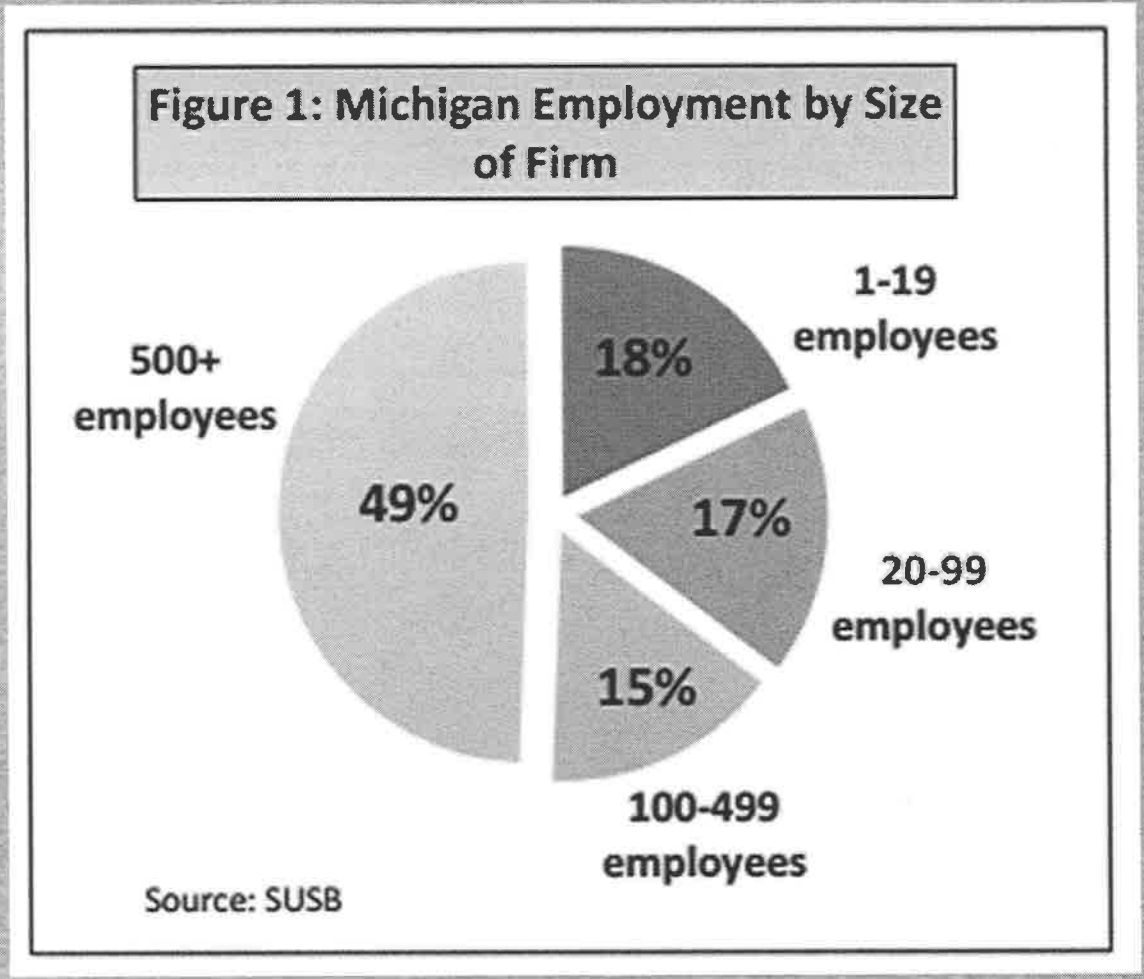
The median income for individuals who are self-employed at their own incorporated businesses for the past 12 months was $42,264 in 2013. For individuals self-employed at their own unincorporated firms, this figure was $18,674.

Small businesses with less than 20 employees represent 86.8 percent of all employers and employ 18% percent of the private-sector labor force.

Small businesses with less than 50 employees represent 93.7 percent of all employers and employ 28.1 percent of the private-sector labor force.

Small businesses with less than 100 employees represent 96.1 percent of all employers and employ 35.4 percent of the private-sector labor force.

Firms with fewer than 100 employees have the largest share of small business employment (35% of 51%).



Small Business Job Creation in Michigan

Net Job Change by Firm Size 2007 - 2012 (Nonfarm)

Year	Total Net New Jobs	Firm Size 1-4	5-9	10-19	20-49	50-99	100-249	250-499	<500	500+
2007	-90,170	16,843	-4,804	-10,842	-11,836	-6,295	-9,850	-15,451	-42,235	-47,935
2008	-22,628	18,670	-4,845	-4,230	-4,177	-8,075	-9,160	8,523	-3,294	-19,334
2009	-229,486	19,981	-3,387	-13,675	-22,920	-19,002	-32,706	-21,903	-93,612	-135,874
2010	-71,627	13,025	-3,465	-12,726	-15,097	-11,148	-14,885	-1,793	-46,089	-25,538
2011	104,782	19,173	19,523	1,897	8,570	11,523	3,282	9,417	73,385	31,397
2012	98,760	28,923	10,780	3,071	9,661	11,981	4,567	4,875	73,858	24,902
	-210,369	116,615	13,802	-36,505	-35,799	-21,016	-58,752	-16,332	-37,987	-172,382

Source: U.S. Census Bureau, Business Dynamics Statistics (BDS)

Note: Totals may differ slightly across tables due to incomplete or missing data items.

Michigan Small Business Facts

Business Owner Demographic:	Firms	Employment	Percent of Firms	Percent of Employment
Male-owned	412	1,250	40.16%	32.43%
Woman-owned	248	244	24.17%	6.33%
Equally male/female-owned	131	223	12.77%	5.79%
African American-owned	73	31	7.12%	0.80%
Asian-owned	22	66	2.14%	1.71%
Hispanic-owned	11	19	1.07%	0.49%
Native American/Alaskan-owne	6	5	0.58%	0.13%
Hawaiian/Pacific Islander-owned				
Veteran-owned	97	219	9.45%	5.68%
Publicly held, unclassified	26	1,797	2.53%	46.63%
(2007 Data)	1026	3,854		

2012 Survey of Business Owners Tentative Release Schedule

Please Note:

Analytical review continues throughout the SBO publication cycle; therefore, data for earlier releases are subject to revision as later releases are reviewed and published. Upon publication of the Company Summary, analytical review will cease and earlier releases will no longer be subject to revision.

Data Products	Tentative Release Dates
Women-Owned Businesses	June 2015
Hispanic-Owned Businesses	July 2015
Black-Owned Businesses	August 2015
American Indian- and Alaska Native-Owned Businesses	September 2015
Asian-Owned Businesses	October 2015
Native Hawaiian- and Other Pacific Islander-Owned Businesses	October 2015
Veteran-Owned Businesses	November 2015
Company Summary	December 2015
Characteristics of Businesses	December 2015
Characteristics of Business Owners	December 2015

Michigan Small Business Facts

	Firms			Employment	
Total Number of Firms 2010 Data	171,400	100%		1,699,800.00	100%
Forestry, etc. and agriculture support	500	0.29%		2,900.00	0.17%
Mining	300	0.18%		2,600.00	0.15%
Utilities	100	0.06%		1,800.00	0.11%
Construction	18,700	10.91%		95,000.00	5.59%
Manufacturing	10,900	6.36%		222,500.00	13.09%
Wholesale trade	9,000	5.25%		93,300.00	5.49%
Retail trade	22,600	13.19%		178,200.00	10.48%
Transportation and warehousing	4,300	2.51%		36,800.00	2.16%
Information	1,500	0.88%		17,600.00	1.04%
Finance and insurance	6,600	3.85%		59,000.00	3.47%
Real estate and rental and leasing	5,800	3.38%		32,700.00	1.92%
Professional, scientific, and technical svcs.	19,700	11.49%		133,400.00	7.85%
Management of companies and enterprises	700	0.41%		12,900.00	0.76%
Admin., support, waste mgt., remed. svcs.	9,700	5.66%		130,600.00	7.68%
Educational services	1,900	1.11%		31,700.00	1.86%
Health care and social assistance	20,300	11.84%		268,500.00	15.80%
Arts, entertainment, and recreation	3,300	1.93%		34,900.00	2.05%
Accommodation and food services	14,800	8.63%		205,700.00	12.10%
Other services (except public admin.)	21,200	12.37%		138,700.00	8.16%
Unclassified	800	0.47%		D	

USA TODAY

Listen up, government: Small business is most trusted group

Updated 4/23/2010 2:14 AM | Comments 16 | Recommend 7 E-mail | Save | Print | Reprints & Permissions

Strategies
Rhonda Abrams

By Rhonda Abrams, USA TODAY

Be proud, small-business owners! You're now the most trusted group in America. Listen up, federal government! You're neglecting small business — and most people think so.

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"According to 2010 study by the Pew Research Center, small business is the most trusted institution in America."

1. **Small Business**
2. Technology companies
3. Churches & religious orgs
4. Colleges & universities
5. Obama administration
6. Entertainment industry
7. Labor unions
8. Federal agencies and depts
9. National news media
10. Large corporations
11. Federal government
12. Congress
13. Banks & financial inst

Michigan's Small Business Climate

Then and Now

February 2015

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Michigan's Small Business Climate

Tax Climate

-Replaced the Michigan Business Tax with a Corporate Income Tax
-Personal Property Tax reforms
-A Structurally Balanced Budget

Regulatory Climate

-Halting the Workplace Ergonomics Regulation
-Changes to Youth Employment Rules
-Small Truck USDOT Number Requirement Repealed

Labor Climate

-Unemployment Insurance Reforms and Federal Penalty Elimination
-Ending UI Benefit Charges Against Current Employer
-Workers Compensation Reforms

Legal Climate

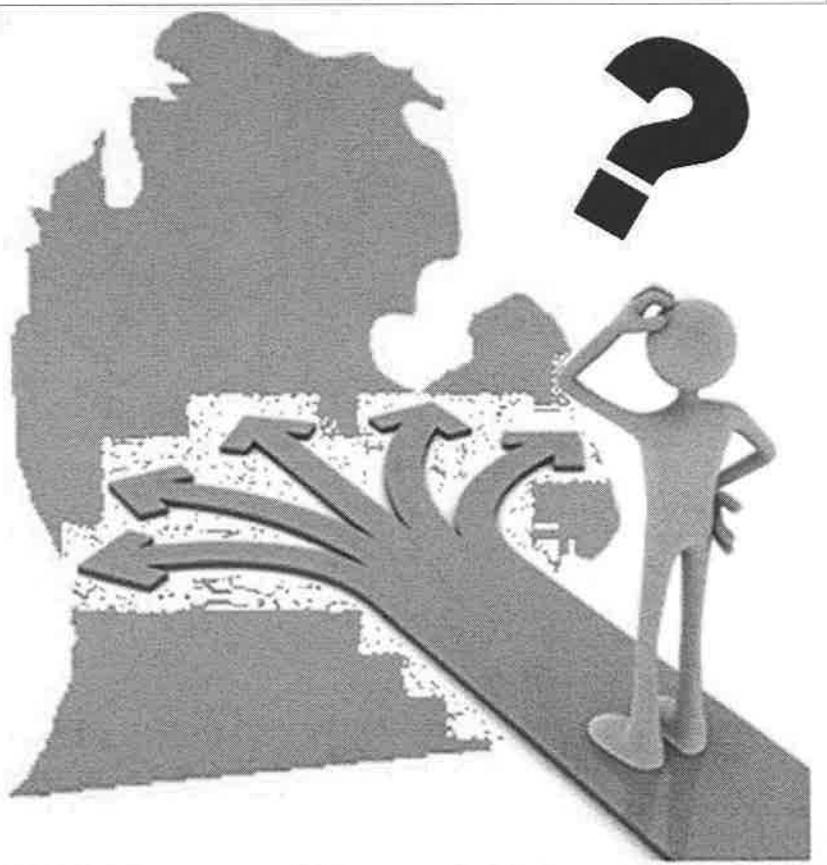
-Trespasser's Liability Reform
-Wage Garnishment Reforms

The record pace of positive small business policy and administrative reforms is responsible for getting Michigan back on track.

However, there are more small business agenda items and policy initiatives forthcoming and we will be working to see them through the 2015 session.

In addition, there are threats on the horizon that could roll back much of the progress Michigan has made.

Michigan 2015



What's Next?

MICHIGAN

NFIB

Main Street AGENDA

THE NFIB MICHIGAN 2015 SMALL BUSINESS AGENDA

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MICHIGAN

FIGHT FOR SMALL BUSINESS IN THE ROAD FUNDING DEBATE

MICHIGAN

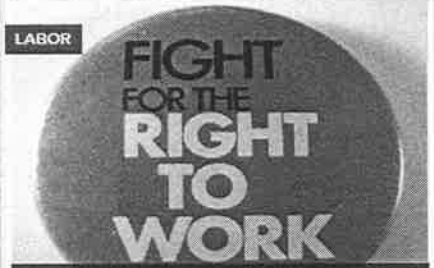
REPEAL MICHIGAN'S PREVAILING WAGE LAW

MICHIGAN

STOP LOCAL GOVERNMENT WAGE AND BENEFIT REGULATION

MICHIGAN

CONTINUE PROGRESS ON CUTTING UNNECESSARY REGULATIONS



LABOR

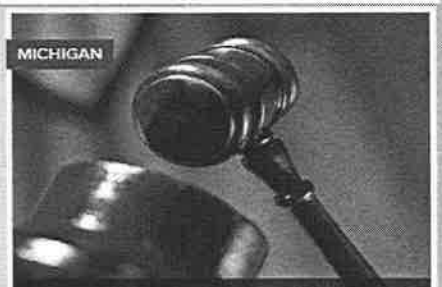
IMPLEMENT MICHIGAN'S RIGHT TO WORK LAW

MICHIGAN

GUARD AGAINST ATTEMPTS TO CHANGE THE NEW CORPORATE INCOME TAX

MICHIGAN

PROTECT PRIVATE PROPERTY RIGHTS



MICHIGAN

PREVENT EROSION OF LIABILITY REFORMS IN MICHIGAN

MICHIGAN

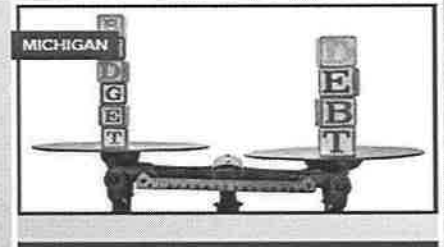
NO SERVICES TAX TO FUND OVERSPENDING

MICHIGAN

SUPPORT FEDERAL BALANCED BUDGET AMENDMENT VIA ARTICLE V

MICHIGAN

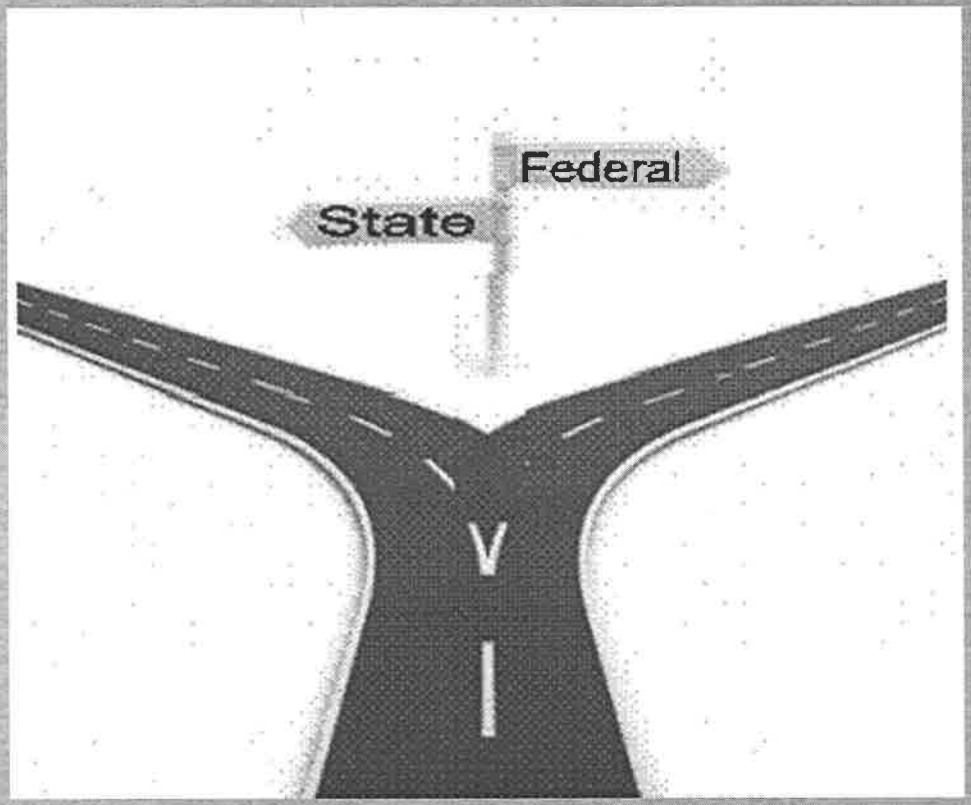
PRESERVE MICHIGAN'S TERM LIMITS LAW



MICHIGAN

KEEPING THE STATE'S FISCAL HOUSE IN ORDER WITHOUT TAX INCREASES

Michigan's Small Business Climate vs.



Current National Business Climate

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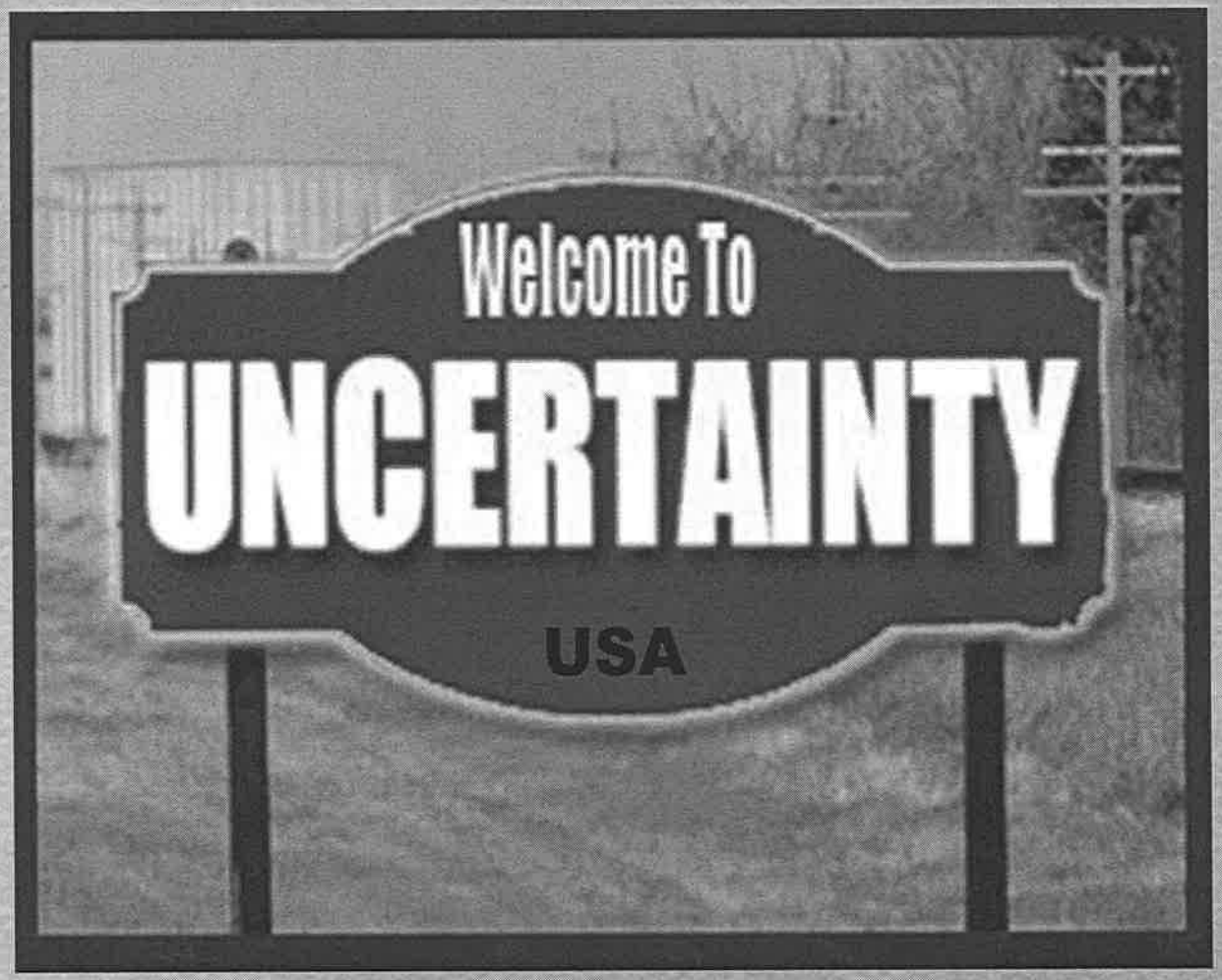
There can be no greater contrast between Michigan's direction and that of national economic policy.

While Michigan has made immense strides in turning the state away from the central planning and government command and control approach of the past, our federal government seems to have doubled down on this template.



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America's Small Business

A Vital Link in the Job Creation Chain

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The State of Small Business in Michigan

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The State of Small Business in Michigan

Sources of data used in this presentation:

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