Microbusiness Economic Impact

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AEO: Who We Are

- National trade association and network representing providers of business support services and loan capital to underserved entrepreneurs since 1991
- Over 450 member organizations and network partners with reach to over 1 million microbusinesses across the United States
- 21-member national Board of Directors represent service providers and lenders, non-profit and for-profit organizations
- Management team with long-track record of industry leadership, innovations and results-orientation
- Focus on changing the way that capital and services flow to underserved entrepreneurs in order to unleash the job creation potential of microbusiness.
“If one in three Main Street microbusinesses hired just one employee, the country would be at full employment”
Did you know…….

- Nearly 90 percent of all U.S. businesses are microbusinesses

- Ninety-nine percent of African-American owned businesses are microbusinesses

- High poverty rates can be correlated with low-levels of microbusiness participation

- AND
“If one in three Main Street microbusinesses hired just one employee, the country would be at full employment”
The role of microbusiness
Why does it matter in the US economy?

Business

88%

25.5 million (or 88%) are microenterprises

Employment

Microbusiness employment growth grew by 0.6% from 2009 – 2011, the fastest rate of employment growth (along with businesses with 10 -19 employees).

Economy

$4.87 trillion

Microbusinesses generate approximately $4.87 trillion annually for the U.S. economy.
The story of microbusiness is job creation

- Direct = 19.1m microbusinesses that employ only the owner and 6.9 m individuals employed in microbusinesses.
- Indirect = Purchasing and contract spend of microbusiness.
- Induced = Personal spend on goods and services by individuals employed in microbusinesses.

- 41.3 million jobs
- 31% of private sector employment

Source: Insight Center calculations working with MIG, Inc., which produces IMPLAN, an input-output analysis model.
Most businesses owned by women are “micro”
100% = 7.8 million businesses

- Micro: 96.1%
- Non-micro: 3.9%

Women own >1/3 of microbusinesses
100% = 25.5 million businesses

- Women: 31.0%
- All Other: 69.0%

Women business owners are wealthier
Median net worth, $1,000

- White
- Black
- Latina
- Asian

Source: Economic Census Survey of Business Owners (volume numbers); Survey of Income and Program Participation 2008 Microdata (wealth)
Most businesses owned by African-Americans are “micro”
100% = 1.9 million businesses

African-Americans own ~8% of microbusinesses
100% = 24.9 million businesses

African-American business owners are wealthier
Median net worth, $1,000

Source: Economic Census Survey of Business Owners (volume numbers); Survey of Income and Program Participation 2008 Microdata (wealth)
Most businesses owned by Latinos are “micro”
100% = 2.3 million businesses

Latino business owners are wealthier
Median net worth, $1,000

Source: Economic Census Survey of Business Owners (volume numbers); Survey of Income and Program Participation 2008 Microdata (wealth)
Microbusinesses hire as revenues grow

Source: Insight Center analysis of US Census Survey of Business Owners
Barriers to Success

- Inexperience
- Few role models
- Resource constraints
- Too few customers
- Sub-scale for suppliers, partners
- Insufficient equity
- Access to fairly priced debt
Support improves outcomes

Median annual revenue growth

- With non-profit support
- Without non-profit support

38%

Source: One in Three: The Power of One Business
The Entrepreneur Value Chain

- Capital
- Business Support Svc Provider
- Asset Builders
- Credit Builders
- Government
- Community Colleges
- Workforce Development
AEO’s One in Three Initiative to Create 500,000 Jobs

Inform and inspire the “persuadables”

One in Three Alliance

Public Awareness Campaign