

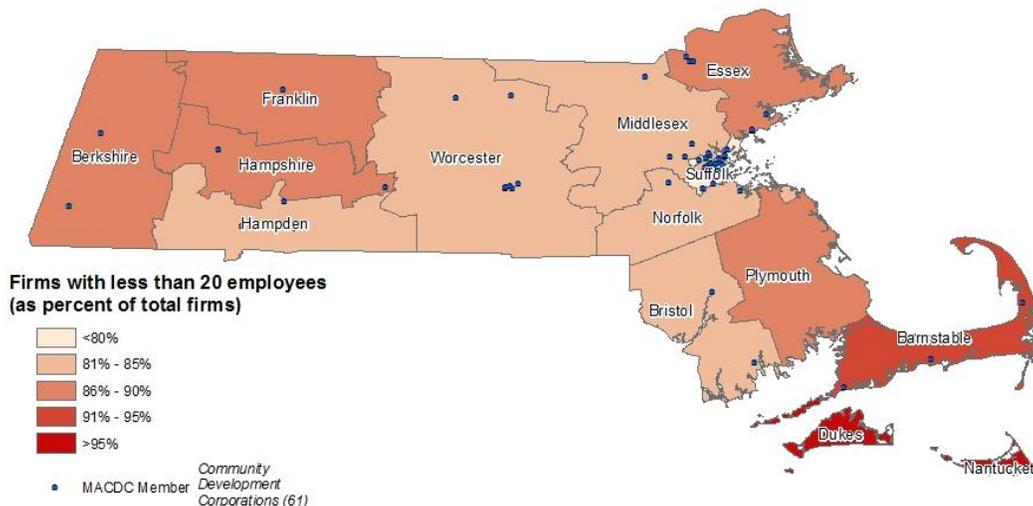
Fact Sheet

Small Business in Massachusetts

Small businesses represent a significant part of the Massachusetts economy. Their success is the key to our economic recovery and new job creation, especially in disadvantaged areas.

- In the Commonwealth, nearly 86% of the state's firms have less than 20 employees, and 75% had less than 10 employees. Rural counties have even higher percentages of smaller firms – especially Cape Cod and the Islands. ¹

Concentration of Massachusetts Small Business



Data Source: US Census, Statistics of US Businesses, County Business Patterns 2008

- The average size of early-stage businesses in Massachusetts is 3 employees. ²
- Firms with less than 20 employees accounted for over 500,000 jobs in Massachusetts in 2008, almost 20% of the total jobs in the state. ³
- Between 2006 and 2007, Massachusetts had a net loss of almost 9,000 jobs, but small firms (10 or fewer employees) added a net increase of over 16,000 jobs. ⁴

Small business owners and entrepreneurs in Massachusetts are an increasingly diverse group, with a range of backgrounds, languages, skills, connections, customers and business sectors. Therefore, Massachusetts needs a comprehensive network of community-based support organizations that can provide targeted assistance and funding to hard-to-serve entrepreneurs across the state.

- Overall loan volume to small businesses in Massachusetts decreased for the third straight year, according to data obtained under the Community Reinvestment Act. ⁵
- Mass. Community and Banking Council's data suggests that lending to small businesses in lower-income areas has decreased in recent years, especially in Boston and rural areas. ⁶
- Low and moderate income areas in Massachusetts are home to almost 25% of the state's small firms*, but received less than 20% of the small business loans in 2010. ⁷
*Small business defined by less than \$1million annual revenue.
- The lending rates for small businesses in high minority low-income census tracts declined by 20% in 2010, while in white low-income census tract they decreased by only 3%. ⁸
- Immigrant entrepreneurs are an important part of the economy in Massachusetts, especially in the biotechnology and hospitality fields where immigrant business owners and entrepreneurs account for one-quarter and one-third of business owners, respectively. ⁹
- "Some major challenges facing immigrant entrepreneurs include unfamiliarity with government resources and regulations, lack of access to technical assistance, networking opportunities and family support in the United States." ¹⁰
- Women in Massachusetts are only half as likely to be involved in starting a business as women in the United States overall, suggesting that more small business assistance should target women's needs. ¹¹
- The Federal Reserve Bank of Boston reports "evidence indicates that entrepreneurship provides especially good opportunities for less-educated men, a group that is increasingly disadvantaged in the labor market." ¹²

Small and micro-businesses create jobs and drive community revitalization. By providing loans, training, and access to outside resources, community based technical assistance and development programs help small businesses to start, grow and succeed.

- Small firms accounted for 65% (or 9.8 million) of the 15 million net new jobs created between 1993 and 2009 in the United States. ¹³
- Studies of small businesses in neighborhoods have shown that “small businesses complement each other and generate demand” for more businesses and “entrepreneurs increase the size of the economic pie rather than simply taking up a slice.” ¹⁴
- Small businesses increase foot traffic, which can bring life to blighted corridors. ¹⁵
- Through technical assistance, training, and loan assistance, MACDC member organizations helped small businesses in their communities create or preserve nearly 700 jobs and secure over \$8 million in loans during 2010, and 1,242 jobs and \$9 million in loans in 2009. ¹⁶
- MACDC members also provided technical assistance to 2,128 entrepreneurs to start, grow, or stabilize their business in 2010. ¹⁷
- New and growing small businesses in Massachusetts are increasingly focused on not only profiting, but serving their community. In a survey of both early stage and established Massachusetts entrepreneurs, 41% of early stage entrepreneurs said their business goals were equally economic and social, compared to only 29% of established businesses. ¹⁸
- The Association for Enterprise Opportunity calculates that “if one in three micro-businesses* were to employ one additional employee, the U.S. economy would achieve full employment.” ¹⁹
 - *Micro-business” is defined as a firm with five or less employees.
- According to America’s Small Business Development Center Network, for every federal dollar invested in a Small Business Development Center, about \$1.54 is generated in overall state revenue. ²⁰

- Thanks to 2010's federal Small Business Jobs Act, loans made through the Small Business Administration program have started to increase in Massachusetts, allowing more entrepreneurs the targeted resources they need to start their business. ²¹



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