

U.S. Census Bureau Survey of Business Owners

Black-Owned Businesses: 2007

Census Bureau Economic Data
Released on Feb. 8, 2011

Presenters

Host	Stan Rolark
Survey uses	Marc H. Morial President and Chief Executive Officer National Urban League
Survey findings	Thomas L. Mesenbourg, Jr. Deputy Director and Chief Operating Officer U.S. Census Bureau
Survey uses	Ivonne Cunarro Chief, Knowledge Management Unit Minority Business Development Agency

Resources for Today's News Conference

Come to www.census.gov and click on the icon at the top left corner to obtain –

- Today's PowerPoint Presentation
- News Release
- Link to Survey of Business Owners Home Page
- Link to Guidance on Accessing SBO Data in the American FactFinder

Separate News Releases for the Ten Metropolitan Areas With the Largest Black Population

- Atlanta
- Chicago
- Dallas
- Detroit
- Houston
- Los Angeles
- Miami
- New York
- Philadelphia
- Washington, DC

About the Survey

- Part of the Economic Census taken every 5 years for years ending in “2” and “7”
- The only comprehensive, regularly collected data for businesses and business owners by
 - Minority status
 - Race
 - Ethnicity (Hispanic origin of any race)
 - Gender
 - Veteran status

Business Ownership by Race

- Categories of ownership are based on the race of the person or persons who owned 51% or more of the stock or equity in the business in 2007.
- “Black-owned” is defined as any firm with Black or African American owners holding a 51% or larger stake in the business.

NATIONAL URBAN LEAGUE

“Over a Century of Service”

- Founded in 1910, headed since 2003 by Marc Morial, former mayor of New Orleans and president of the U.S. Conference of Mayors.
- Mission: economic empowerment for historically underserved urban communities.
- Long partnership with the Census Bureau and the Minority Business Development Agency.
- Business data used to identify opportunities and design efficient services to assist Black entrepreneurship.
- More than 100 affiliates in 36 states and DC serving more than 2 million people.
- 12-Point Jobs Plan to boost employment through business growth.

A Look at the 2007 Statistics for Black-Owned Businesses in the United States

Black-Owned Businesses Compared to All U.S. Businesses by Employer Status: 2007

	Black-owned businesses		All U.S. businesses	
	Firms (number)	Sales and receipts (\$ billions)	Firms (number)	Sales and receipts (\$ billions)
All firms ¹	1,921,881	137	27,110,019	30,176
Employer firms	106,824	99	5,752,668	29,203
Nonemployer firms	1,815,057	39	21,357,351	973

¹ Includes firms with paid employees and firms with no paid employees.

Note: Detail may not add to total because of rounding.

Black Business Ownership Increased at Triple the National Rate: 2002 to 2007

	Black-owned firms in 2007 (number)	% change for Black-owned firms, 2002 – 2007	% change for all U.S. firms, 2002 - 2007
All firms ¹	1,921,881	60	18
Employer firms	106,824	13	4
Nonemployer firms	1,815,057	65	22

¹ Includes firms with paid employees and firms with no paid employees.

Note: Detail may not add to total because of rounding.

Black Business Revenues

Increased Faster than National Rates: 2002 to 2007

	Black-owned firms' sales and receipts in 2007 (\$ billions)	% change for Black-owned firms' sales and receipts, 2002 –2007	% change for all U.S. firms' sales and receipts, 2002 –2007
All firms ¹	137	55	34
Employer firms	99	50	34
Nonemployer firms	39	69	27

¹ Includes firms with paid employees and firms with no paid employees.

Note: Detail may not add to total because of rounding.

Black-Owned Businesses and Their Proportion of All U.S. Firms by Employer Status: 2002 to 2007

	% of U.S. businesses that are Black-owned	
	Year 2007	Year 2002
All firms ¹	7.1	5.2
Employer firms	1.9	1.7
Nonemployer firms	8.5	6.3

¹ Includes firms with paid employees and firms with no paid employees.

Distribution of Firms by Receipts Size of Firm: 2007

Receipts size	% of Black-owned firms	% of all U.S. firms
Less than \$50,000	87	65
\$50,000 to \$99,999	6	10
\$100,000 to \$249,999	4	10
\$250,000 to \$499,999	1	5
\$500,000 to \$999,999	1	4
\$1,000,000 or more	1	5

Note: Detail may not add to total because of rounding.

Distribution of Employer Firms by Employment Size of Firm: 2007

Employment size	% of Black-owned firms	% of all U.S. firms
0 to 4 employees ¹	69	61
5 to 9 employees	16	18
10 to 19 employees	8	11
20 to 49 employees	5	7
50 employees or more	2	4

¹ Includes firms with payroll at any time during 2007. Employment reflects the number of paid employees during the March 12 pay period.

Note: Detail may not add to total because of rounding.

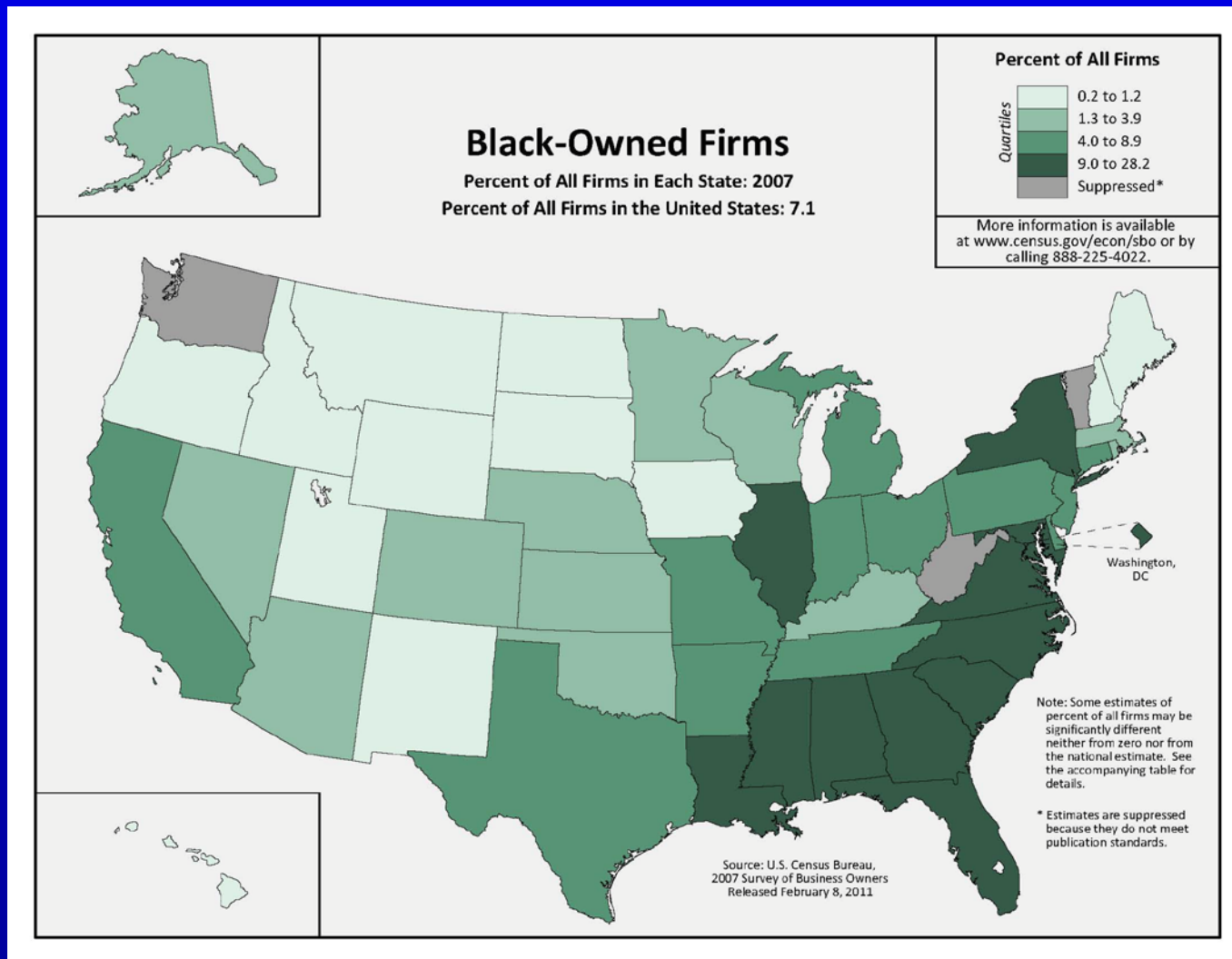
Industries With the Highest Number of Black-Owned Firms: 2007

Business sectors	Firms (number)	% of all Black-owned firms
Total for all sectors	1,921,881	100
Health care and social assistance	365,140	19
Repair and maintenance and personal and laundry services	358,332	19
Administrative and support and waste management and remediation services	216,742	11

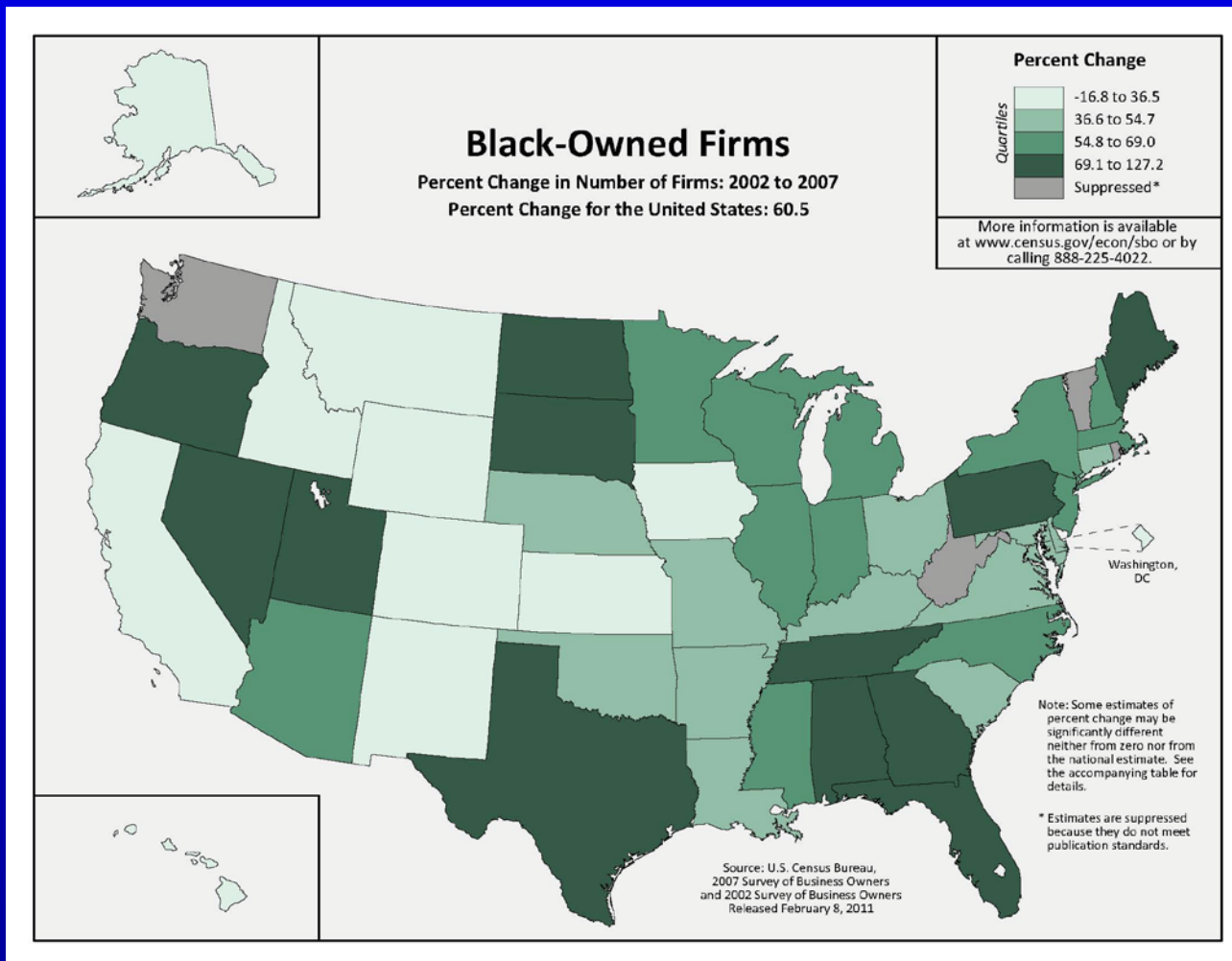
Industries With the Largest Receipts For Black-Owned Firms: 2007

Business sectors	Sales and receipts (\$ billions)	% of all Black sales and receipts
Total for all sectors	137	100
Retail trade	21	15
Health care and social assistance	17	12
Wholesale trade	15	11
Construction	13	10
Professional, scientific, and technical services	13	10

Black-Owned Firms by State: 2007



Percent Change in the Number of Black-Owned Firms by State: 2002 to 2007



States With the Largest Percentage of Black-Owned Firms: 2007

States and equivalent area	Black-owned firms in 2007 (number)	% of firms in state that are Black-owned	% change for Black-owned firms in state, 2002 – 2007
District of Columbia	15,774	28	29
Georgia	183,874	20	103
Maryland	102,135	19	47
Mississippi	40,613	18	62
Louisiana	59,906	16	49

Large Counties With the Highest Percentage of Black-Owned Firms: 2007

Counties and equivalent areas with a population of at least 500,000	Black-owned firms in 2007 (number)	% of firms in county that are Black-owned	% change for Black-owned firms in county, 2002 – 2007
Prince George's, MD	39,685	55	40
DeKalb, GA	28,959	40	49
Baltimore city, MD	14,644	35	50
Bronx, NY	38,726	35	64

Large Cities With the Highest Percentage of Black-Owned Firms: 2007

Cities with a population of at least 500,000	Black-owned firms in 2007 (number)	% of firms in city that are Black-owned	% change for Black-owned firms in city, 2002 – 2007
Detroit, MI	32,490	64	66
Memphis, TN	19,895	38	70
Baltimore, MD	14,644	35	50
Atlanta, GA	15,738	31	87
Washington, DC	15,774	28	29

Accessing SBO Results

- SBO Web site: www.census.gov/econ/sbo
- For access to prepackaged data products and the ability to build custom tables, visit American FactFinder (AFF), the Census Bureau's online, self-service data access tool at www.factfinder.census.gov

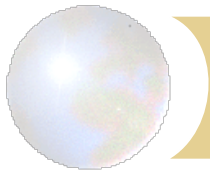
SBO Release Schedule

Data	Release date
Preliminary Company Summary - Estimates of Business Ownership by Gender, Ethnicity, Race, and Veteran Status	July 13, 2010
- Hispanic-Owned Businesses	September 21, 2010
- Women-Owned Businesses	December 7, 2010
- Black-Owned Businesses	February 8, 2011
- American Indian- and Alaska Native-Owned Businesses	March 11, 2011
Series of five releases with additional information by geographic sublevels, detailed industry, size of firm, detailed Asian and Native Hawaiian and Other Pacific Islander groups, veteran status, plus business and owner characteristics data	April through June 2011



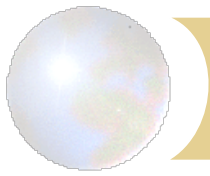
African-American-Owned Firms Outpace Growth of Non-Minority-Owned Firms

Ivonne Cunarro, Chief Knowledge
Management Officer

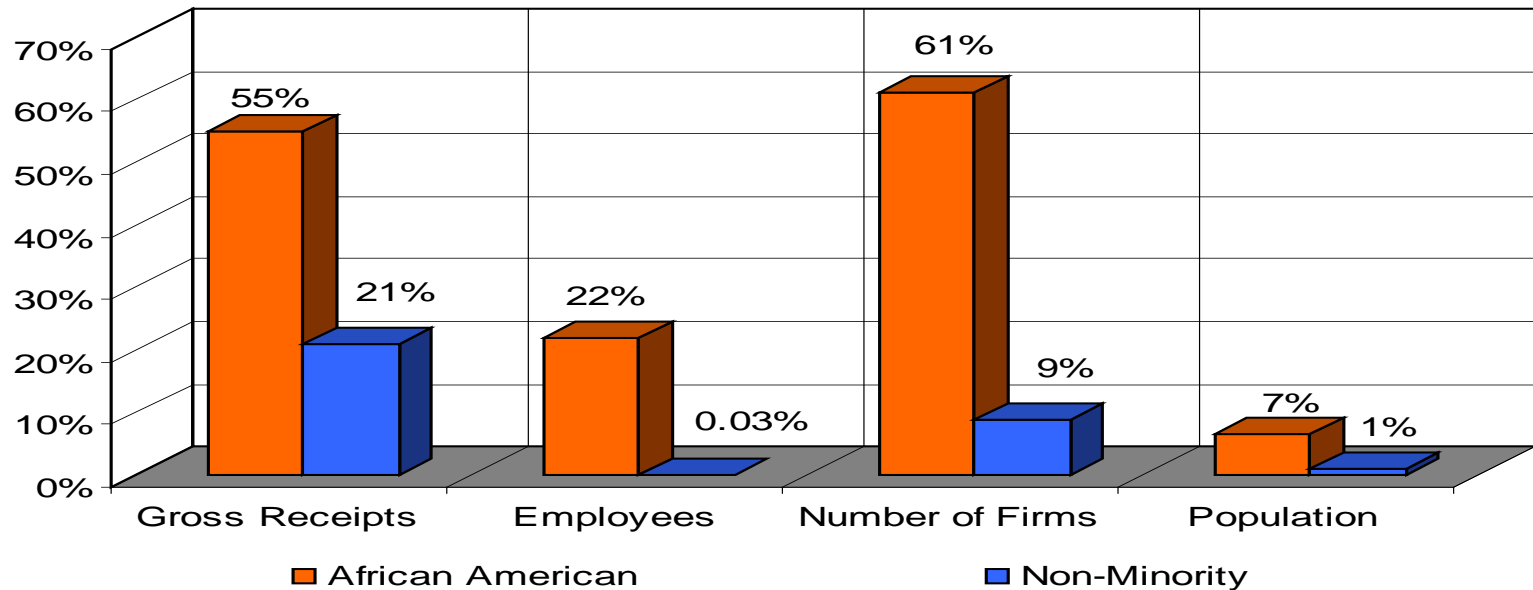


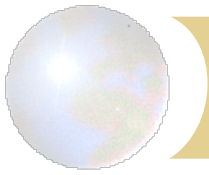
The Big Picture

- ✦ The African-American business community continues to grow in number at a fast rate, yet their true economic potential is still unrealized.
- ✦ The fast growing trend of African-American-owned firms continued into the most recent five year period outpacing once again the growth of non-minority-owned firms in gross receipts (55% African-American growth), employment (22%) and number of firms (61%), between 2002 and 2007.
- ✦ African-American-owned firms are also an engine of job creation, with paid employment growing by 22% from 754,000 workers to 921,000 workers, compared to less than 1% growth for non-minority-owned firms.
- ✦ Average employment per firm with employees also went up from 8 employees per African American firm with employees in 2002 to 9 employees per firm with employees in 2007.



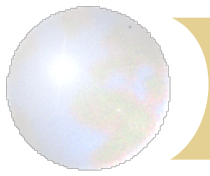
African-American-Owned Firms Outpace Growth of Non-Minority-Owned Firms



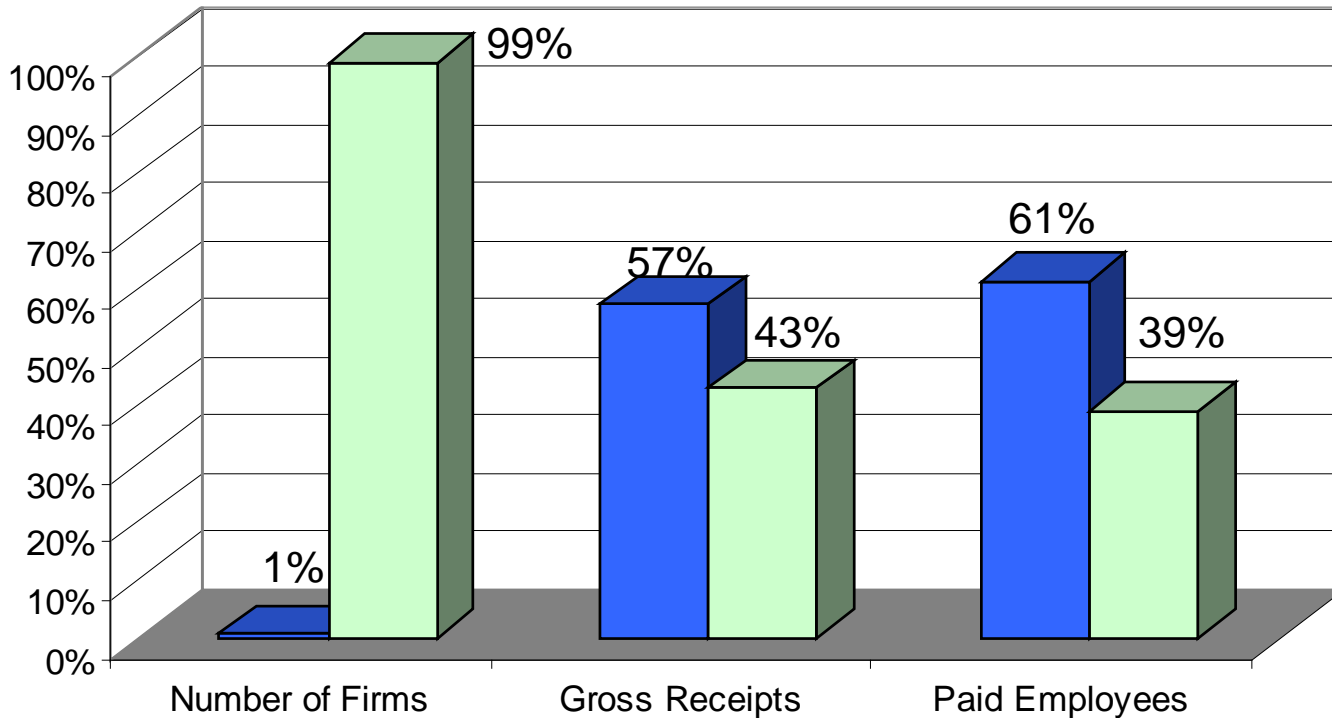


Upside of \$1 Million Plus Firms

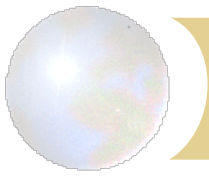
- ✦ While smaller in number, African American firms with receipts of \$1 million or more generate a much larger percentage of all African American revenues and paid employment than firms with receipts under \$1 million.
- ✦ African American firms with receipts of \$1 million or more represented 1 percent of all the African American firms but generated 57 percent of all African American firms' gross receipts and 61 percent of all their paid employment.
- ✦ There were 14,500 African American firms which generated gross receipts of \$1 million or more in 2007. These firms generated combined gross receipts of \$79 billion and employed 565,000 workers.
- ✦ Average gross receipts of African American firms generating sales of \$1 million or more grew **by 19 percent from \$4.6 million per firm in 2002 to \$5.4 million in 2007.**



African-American-Owned Firms With \$1 Million and Above in Sales

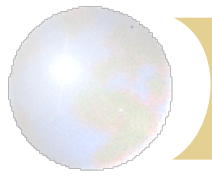


■ African American Firms (\$1 million and above) ■ African American Firms (Under \$1 million)



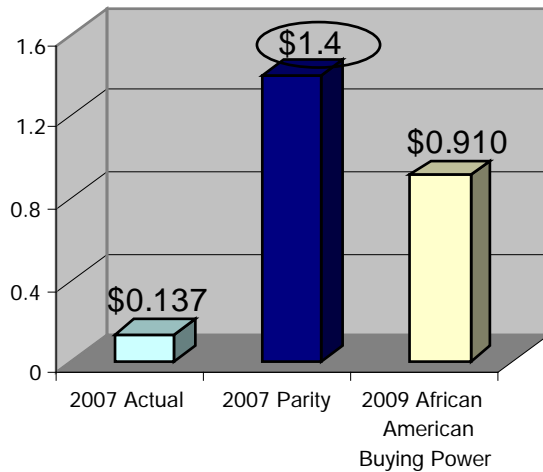
Entrepreneurial Parity

- ✦ At MBDA, we measure entrepreneurial parity of minority-owned firms. Unfortunately, there is still an entrepreneurial parity gap between African American firms and the share of the African American adult population, which is 12 percent.
- ✦ If African-American-owned firms would have reached parity with their share of the adult African American population in 2007, there would have been 3.3 million firms (instead of 1.9 million) generating \$1.4 trillion in gross receipts (instead of \$138 billion), and creating 7.1 million jobs (instead of 921,000).
- ✦ The faster growing African-American population increased by 7% during this period, compared to only 1% growth for non-minorities. We have to encourage further the growth of African American firms to keep up with the growth of the population.
- ✦ In addition, the African American population had an estimated purchasing power of about \$910 billion, larger than the 2009 estimated purchasing power of all but 16 countries worldwide, including Australia (\$824 billion), Taiwan (\$717 billion) and the Netherlands (\$654 billion).

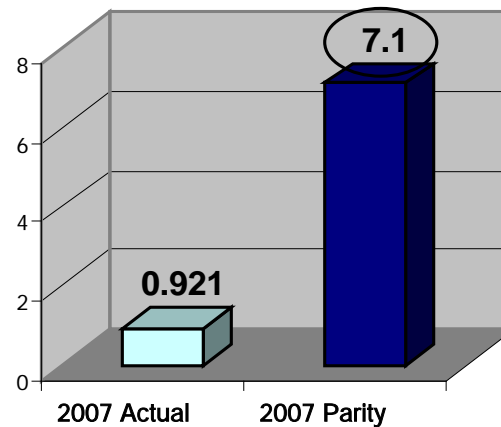


Entrepreneurial Parity Remains Elusive for African American Businesses

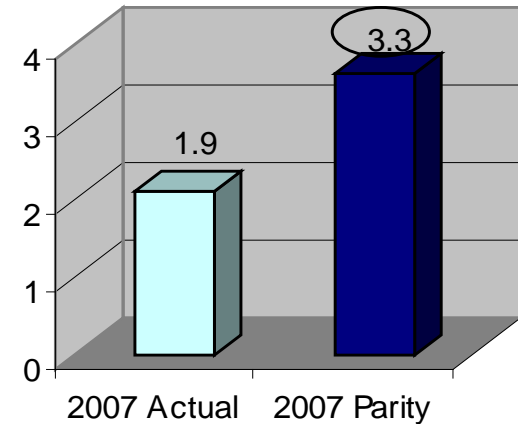
Gross Receipts (in \$ trillions)



Paid Employment (in millions)



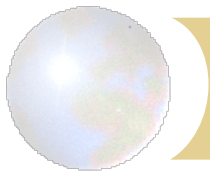
Number of Firms (in millions)





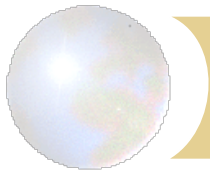
The Downside

- ✦ While African-American-owned firms outpaced the growth of non-minority-owned firms in gross receipts (55% African-American growth), employment (22%) and number of firms (61%), only 6 percent of these firms (107,000) had paid employees and just 14,500 had revenues greater than \$1 million.
- ✦ In addition, the average gross receipts for African-American-owned firms decreased by 3 percent from \$74,000 in 2002 to \$72,000 in 2007, well below that of non-minority-owned firms (\$490,000).
- ✦ There are approximately 1.9 million sole proprietorships in the African-American business community. MBDAs goal is to help grow those in emerging industries and with the potential for size and scale, as well as encourage job creation among these firms.
- ✦ As the African-American population increases in the U.S., the success of the African-American business community becomes critical for job creation.



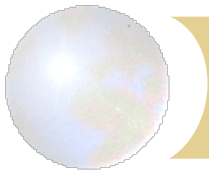
Minority-Owned Firms Gross Receipts

Average Gross Receipts		
African-American-owned businesses	Minority-owned businesses	Non-minority-owned businesses
\$72,000	\$179,000	\$490,000



The Future

- ✦ MBDA is committed to making sure the growth and competitiveness of the minority business community continues to be a national priority.
- ✦ MBDA is creating the foundation for the next generation of \$100 million minority-owned firms capable of employing the growing minority and U.S. population, expanding our tax base, and securing our position as a global leader.
- ✦ In fiscal year 2010, MBDA assisted minority owned firms in accessing more than \$3.8 billion in contracts and financings, and creating more than 6,200 jobs.
- ✦ To grow more minority-owned firms to size and capacity, MBDA encourages minority businesses to consider growth by mergers and acquisition, joint ventures and strategic partnerships.



Contacting MBDA Public Affairs

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Questions?

Key Upcoming Releases from the U.S. Census Bureau

- 2007 SBO for American Indian- and Alaska Native-Owned Businesses (March)
- 2010 Census Redistricting Files (February – March)

Contact Information

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