



SMALL BUSINESS

AND ITS IMPACT ON **Florida**

2015

A collaborative effort



State of Small Business Report



Table of Contents

Forward by Michael W. Myhre, Florida SBDC Network	3
Economic Outlook by Dr. Rick Harper, University of West Florida Center for Research and Economic Opportunity	4-5
Florida Business Rankings	6
Florida’s Economic Overview.....	7
Florida’s Demographic Profile	8-9
Florida Small Business Job Impact.....	10
Top Industries for Florida’s Small Businesses	11
Florida’s Business Employment by Industry	12-13
Business Dynamism: Births, Deaths & Survival	14
Florida’s Small Business Pulse	15
Small Business Lending in Florida.....	16
Florida’s International Trade.....	17
Federal Government Contracting in Florida	18
About the Florida SBDC Network	19

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The Florida SBDC Network would like to thank the North Carolina SBDC and Georgia SBDC for their contributions in preparing this report.

Forward

by Michael W. Myhre, CEO and Network State Director, Florida SBDC



Florida is a big small business state and our state's leaders understand that, without them, there would have been no economic recovery.

The Sunshine State is home to nearly 405,000 small business employers, accounting for 98.9 percent of all employers, who employ over three million Floridians, or 43 percent of our state's private-sector workforce. This is in addition to the 1.8 million self-employed small business owners who create a job for themselves. It is these small businesses who have contributed to over 70 percent of the nearly one million private-sector jobs that have been created in Florida since December 2010, helping drive down one of the nation's highest unemployment rates to one of the nation's best we enjoy today.

Florida's remarkable economic turnaround story was not by chance. Our story is a testament to our state's leadership, willingness to remain diligent, and the collaborative culture of public-private partners who share in the mission and commitment of making Florida the best state for small business. To aid our state's small businesses, and ensure their continuing success, the state arguably offers one of the nation's best ecosystems for businesses to start, grow, and succeed. Recently, *Chief Executive* magazine named Florida the second-best state in the nation for business for the second year in a row. With the best business tax climate in the Southeast, fourth largest economy in the nation, pro-business policies, and no personal income tax, it's not a surprise that nearly 2.2 million small businesses call Florida home.

On behalf of the Florida SBDC Network—the state's designated principal provider of small business assistance and thought leader for Florida's small businesses—I am pleased to present the inaugural **2015 State of Small Business Report: *Small Business and Its Impact on Florida***. The purpose of this report is to provide an overview of the size, scope, and well-being of our state's small businesses. Our hope is that this report will serve as a primary index on the state of Florida's small businesses and be used by policymakers and administrators for future policy and decision-making to ensure Florida remains on top as the best state for small business.

Michael W. Myhre



Economic Outlook: Quality, Not Quantity, is the Concern as Employment Grows

By Dr. Rick Harper, Associate Vice President
University of West Florida Center for Research and Economic Opportunity

Seven years into recovery from the Great Recession, Florida continues to gain jobs faster than the nation as a whole. Sustained growth rates of over three percent since June 2014 have helped Florida nonfarm employment finally recover the pre-recession highs reached in early 2007. This is far from trivial considering that employment fell by a cumulative 11.5 percent by the time Florida job growth began again in early 2010. In contrast, the U.S. had recovered the pre-recession high by April 2014 (see Figure 1).

Florida continues to gain jobs faster than the nation as a whole

The leading index for Florida, a predictor of economic activity over the coming six months, suggests that economic growth will continue at a higher rate than in the nation overall (see Figure 2). Much of this uptick is due to the revival of inbound migration to our state. However, the recession hit Florida particularly hard, and challenges remain.

The high employment associated with the housing boom was important for purchasing power. Median household income, adjusted for inflation, peaked in Florida in 2006. U.S. Census statistics released this month show Florida's 2014 inflation adjusted median household income 14 percent below its 2006 peak.

Data from EMSI, a national provider of employment information, show that from 2006 to 2014, there were six occupations that gained more than 10,000 jobs statewide. Four were in leisure and hospitality, two were in health care. The four leisure and hospitality occupations accounted for an estimated 103,411 net new jobs, while the two healthcare occupations

accounted for 29,930 net jobs. Average annual earnings in 2014 for those 133,341 jobs were projected to have been \$26,036 per job.

EMSI shows 12 occupations that lost more than 10,000 jobs over that same period, with construction and real estate being hit particularly hard. Average annual earnings for the 227,658 jobs lost in those 12 occupations were \$39,148 per job, or 50 percent higher than the wages in the occupations gaining the most jobs. The challenge for Florida is not so much job quantity, but job quality.

However, Florida's construction sector, where employment declined by over 50 percent during the recession, has turned in a solid performance recently, growing at 6.4 percent from August 2014 to August 2015. Strong overall job creation rates in 2015 will allow Florida inflation adjusted personal income to rise at a faster pace than in the last several years. This bodes well for continued business revenue growth and hiring.

Two thousand and fifteen may also be a turning point for small and medium-sized businesses more generally. The new Kauffman Index of Entrepreneurship, which tracks startup rates and other forms of entrepreneurial activity, found that startup activity rose in 2015 after having fallen since 2010. The index breaks out business startup activity on several dimensions, including gender, ethnicity, education, and other descriptors.



A principal driver of the uptick is the recovery of perceptions of economic opportunity in forming a new business. This is a shift away from entrepreneurship by necessity, which results from having lost a job or facing inadequate wage employment opportunities. Kauffman finds that 2015 data showed new business startups driven by increases in opportunity that pull already working people into forming a new business to exploit that opportunity.

The Fed's September decision to maintain its zero interest rate policy appears to be driven mainly by weakness in China and in the global economy more generally. Florida will clearly not be immune to these effects. However, substantial increases in payroll jobs in Florida, coupled with perceptions of increased opportunity for success via innovation and entrepreneurship, paint a positive picture for the near term.

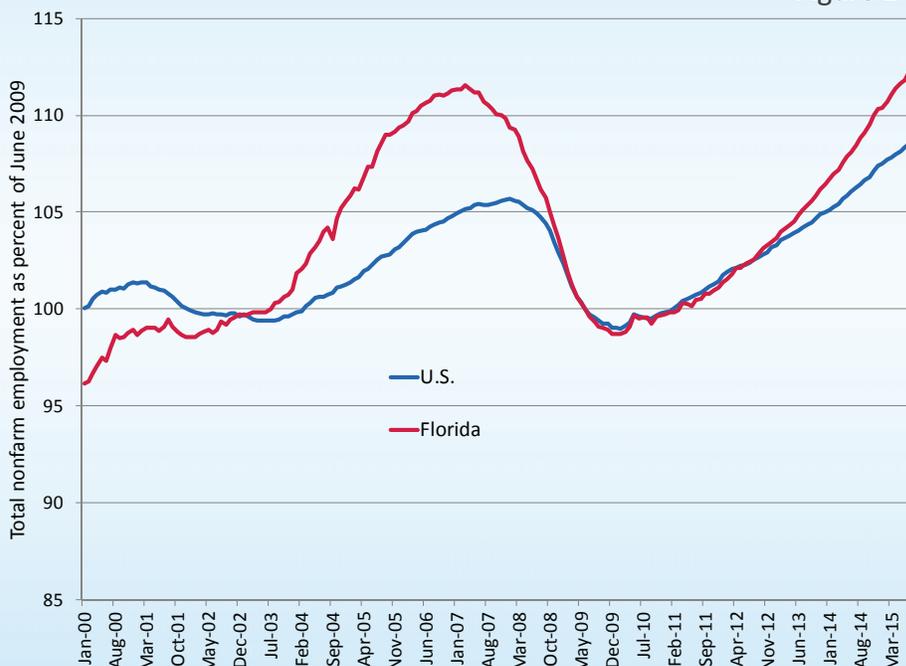
Dr. Rick Harper is the Associate Vice President for the Center for Research and Economic Opportunity at the University of West Florida. UWF is the proud host of the Florida SBDC Network State Office.



Total Nonfarm Employment, Florida and U.S. January 2000 - July 2015

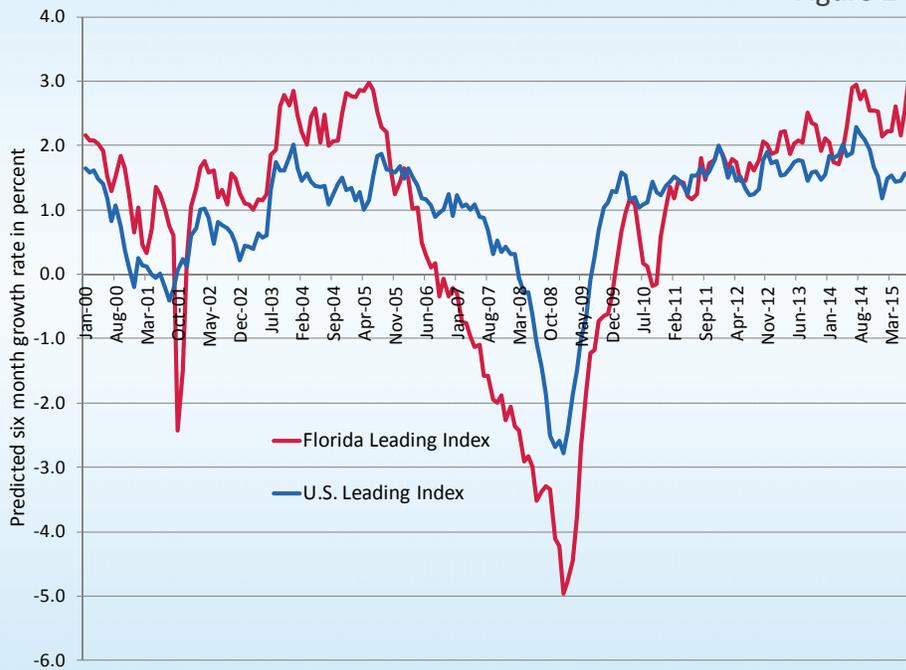
June 2009 = 100, seasonally adjusted

Figure 1



Leading Index for Florida and United States January 2000 - July 2015

Figure 2



Florida Business Rankings

#1

Most Innovative State

(Fast Company - May 2013)



#1

Best Tax Climate in the Southeast for Business

(Tax Foundation)



#2

Best Place to Do Business

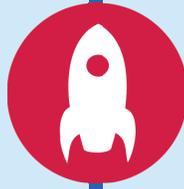
(CEO Magazine)



#2

Highest Business Birth Rate

(U.S. Chamber of Commerce)



#4

Largest Economy in the U.S.

19th largest in the world

(BEA and IMF)



#5

Best Small Business Policy Climate

(SBEC Index - 2013)



#5

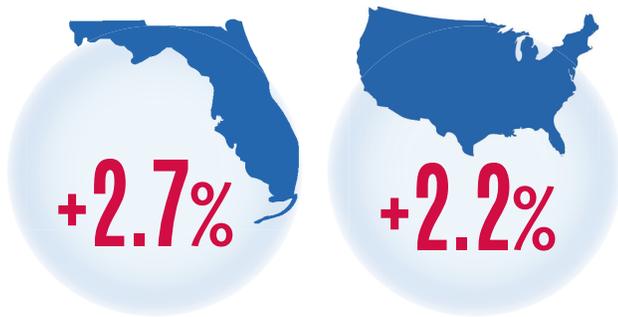
Best State for Future Job Growth

(CEO Magazine)



Florida's Economic Overview

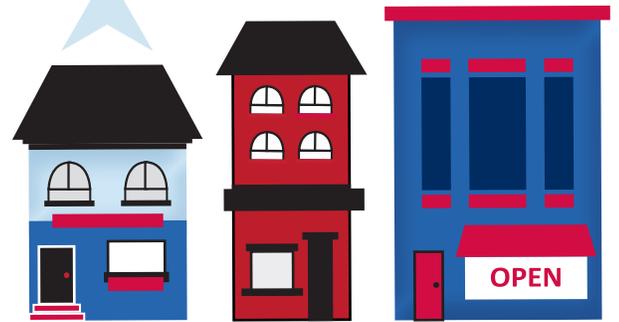
\$769.7 Billion
Real Gross
Domestic Product



11th fastest annual
growth rate in real GDP;
3rd highest gain of the ten
most populous states

Source: GDP & Personal Income. (2014). U.S. Department of
Commerce, Bureau of Economic Analysis; Regional Data

31,578
New Business Establishments
1st Quarter 2014



Of the **53,186** Businesses
that opened in 2013

78.5% survived through 2014

Unemployment Rate

5.9% to 5.3%
from August 2014
to August 2015

Source: U.S. Department of Labor, Bureau of Labor Statistics



261,500
New Jobs
added since August 2014

+3.3%
Private-Sector
Employment Growth

Florida's Demographic Profile

Florida's demographic profile has changed substantially. This changing landscape offers important implications for planning and policymaking as the changes affect the number of people in the labor force, the demand for education, transportation, and a myriad of other goods and services and industry sectors.

In December 2014, the U.S. Census Bureau reported that Florida's population had reached 19.9 million, surpassing that of New York to make the Sunshine State the third most populous state in the country. The Census Bureau also found that from July 1, 2013 to July 1, 2014, an average of 803 new residents moved to Florida each day. This population increase of 293,000 new residents for the year was the third largest in the country.

According to the Bureau of Economic and Business Research (BEBR) at the University of Florida, the state's population is expected to reach 26,081,392 in 2040, an over 30 percent increase from 2014.

Demographics of Business Owners

According to preliminary data released by the U.S. Census Bureau's 2012 Small Business Ownership Survey, male-owned businesses continue to own the majority of Florida businesses, at 52.2 percent. However, female-owned businesses and minority-owned businesses were gaining, respectfully.

In comparison to data from the 2007 Small Business Ownership Survey, the biggest increase in Florida business ownership occurred among minorities. Minority business ownership increased from 33.8 percent to 44.4 percent. The second most significant increase in Florida business ownership occurred among female-owned businesses, which increased from 28.9 percent to 38.7 percent between 2007 and 2012. Veteran business ownership remained stable at just below 9 percent for the same period.

The 2015 Small Business Profile for Florida, a report conducted annually by the U.S. Small Business Administration, highlights the top industries for nine business owner demographics. The report showed that the majority of female business owners (38.4 percent)

3rd Most Populous State in the U.S.

- 1 California > 38,802,500
- 2 Texas > 26,956,958
- 3 Florida > 19,893,297**
- 4 New York > 19,746,227
- 5 Illinois > 12,880,580



803 New Residents Move to Florida Each Day; 293,000 for the Year

Demographic of All Florida Businesses

PERCENT OF TOTAL OWNERSHIP	2007	2012
Male-Owned	51.6%	52.2%
Female-Owned	28.9%	38.7%
Male- & Female-Owned Equally	16.4%	8.6%
Minority-Owned	33.8%	44.4%
Veteran-Owned	8.8%	8.9%

Source: All Florida Businesses from 2007 to 2012, Small Business Ownership Survey, U.S. Census Bureau

Top Industry By Demographic Group In Florida

DEMOGRAPHIC GROUP OF BUSINESS OWNERS	MOST COMMON INDUSTRY	% OF INDUSTRY IN DEMOGRAPHIC GROUP	% OF DEMOGRAPHIC GROUP IN INDUSTRY
FEMALE	OTHER SERVICES	38.4%	17.0%
MALE	CONSTRUCTION	74.1%	16.9%
AMERICAN INDIAN/ALASKA NATIVE	OTHER SERVICES	0.8%	20.5%
ASIAN	OTHER SERVICES	6.9%	27.3%
BLACK/AFRICAN AMERICAN	HEALTHCARE & SOCIAL SERVICES	21.3%	19.7%
NATIVE HAWAIIAN/PACIFIC ISLANDER	*	*	*
WHITE	PROF, SCIENTIFIC & TECH SERVICES	90.3%	13.9%
HISPANIC	OTHER SERVICES	28.0%	16.0%
VETERAN	PROF, SCIENTIFIC & TECH SERVICES	12.6%	18.6%

*Sample size was too small to be representative of the population.
Source: U.S. Department of Commerce, Census Bureau, 2007 Survey of Business Owners

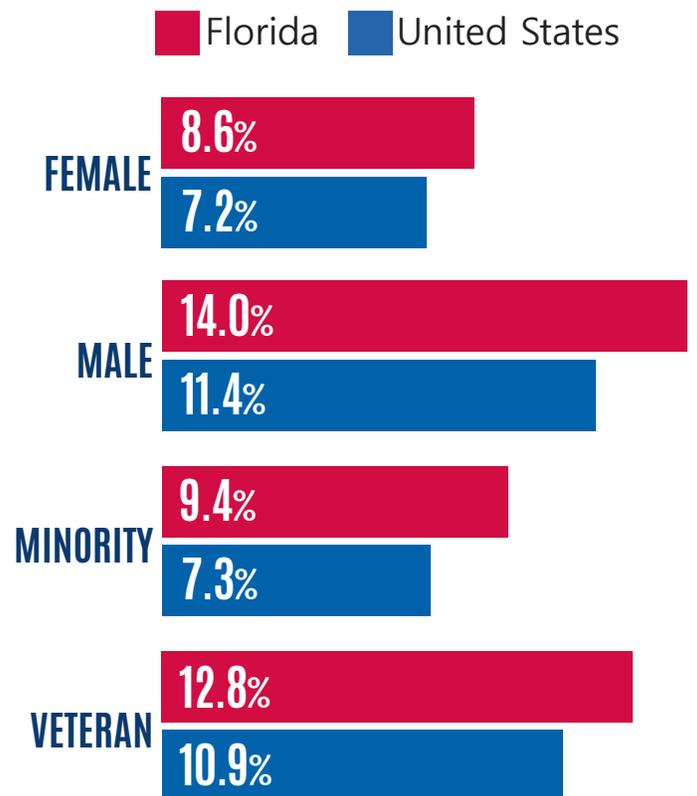
were categorized in the other services industry (e.g. equipment and machine repairing, grant making, and advocacy¹) and the majority of males (74.1) were listed in construction. Nationwide, this distribution followed suit with 40.1 percent of females and 74.6 percent of males falling in these industries, respectively.

According to the U.S. Small Business Administration, veterans are 45 percent more likely to start a business than those with no prior active duty experience. The U.S. Census Bureau shows that, as of 2012, there were more than 2.5 million veteran-owned businesses in the United States. Florida ranked among the top states with the highest number of veteran-owned businesses with 187,074, or 8.9 percent of all businesses in the state. By industry, 12.6 percent of veterans were in the professional, scientific, and technical services industry.

The composition of the self-employed sector is reflected in the figure to the right. In the sector, men comprise the highest percentage of self-employed individuals, at 14 percent. This is higher than the national rate of 11.4 percent. Veterans comprise the second-highest percentage of self-employed individuals at 12.8 percent, also higher than the national rate of 10.9 percent.

Source: ¹Women-Owned Firms in the U.S. (2012). A Review of Important Areas of the 2007 U.S. Census Bureau's Survey of Business Owners, National Women's Business Council

Percent of Demographic Self-Employed



Florida Small Business JOB IMPACT

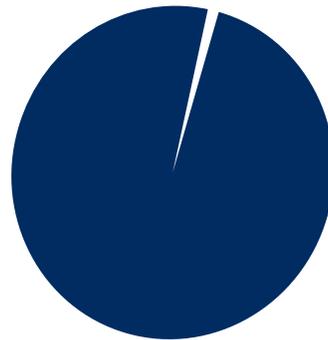


2,180,556
Small Businesses



404,951
Small Businesses
with Employees

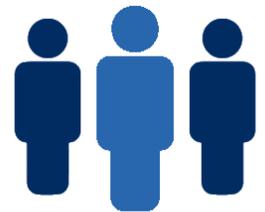
Small Businesses Make Up
98.9%
of All Florida Employers



3,000,167
Workers Employed
by Small Businesses

1 out of Every **3**

Working Floridians
is Employed by a Small Business
with < 50 Employees



Top Industries for Florida's Small Businesses

1

Professional, Scientific & Technical Services

TYPE OF BUSINESS	# OF SMALL FIRMS (1-19)	# OF SMALL FIRMS (1-499)
LAWYERS	15,462	16,250
MANAGEMENT CONSULTING	13,134	13,509
COMPUTER SYSTEMS DESIGN	7,552	8,062
CERTIFIED PUBLIC ACCOUNTANTS	4,156	4,316
ENGINEERING	3,690	4,175

2

Healthcare & Social Assistance

TYPE OF BUSINESS	# OF SMALL FIRMS (1-19)	# OF SMALL FIRMS (1-499)
PHYSICIANS	17,626	19,252
DENTISTS	7,652	7,820
CHILD DAYCARE	3,485	4,179
NURSING & RESIDENTIAL CARE	2,061	3,578
HOME HEALTHCARE	1,847	2,660

Source: County Business Patterns, U.S. Census Bureau 2013

To get a sense of the top industries for Florida's small businesses, the tables represented to the left rank the top business categories by the number of small employer firms. The top two industries are **professional, scientific, and technical services** with 65,952 total employer firms, followed by **healthcare and social assistance** with 46,029 employer firms.

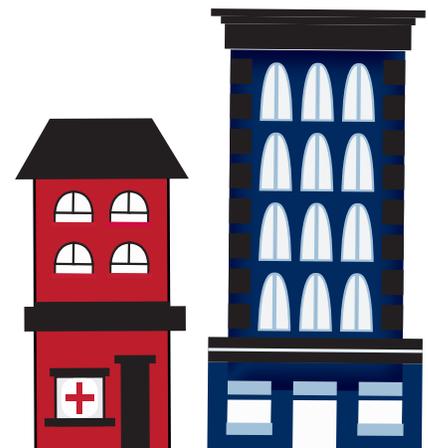
The first table shows the top five categories of business within the professional, scientific, and technical services industry. As the table demonstrates, the majority of small firms fall under the Offices of Lawyers, totaling 16,250. Management Consulting Services has the second-highest number of small firms, totaling 13,509.

The second table shows the top five categories of business within the healthcare and social assistance industry. The majority of small firms fall under the Offices of Physicians, totaling 19,252. Dentists trail significantly with the second-highest number, totaling 7,820.

Collectively, 27.7 percent of all small businesses with employees in Florida fall under the professional, scientific, and technical services and healthcare and social assistance industries.

27.7%

of all small businesses with employees work in these industries



Florida's Business Employment By Industry

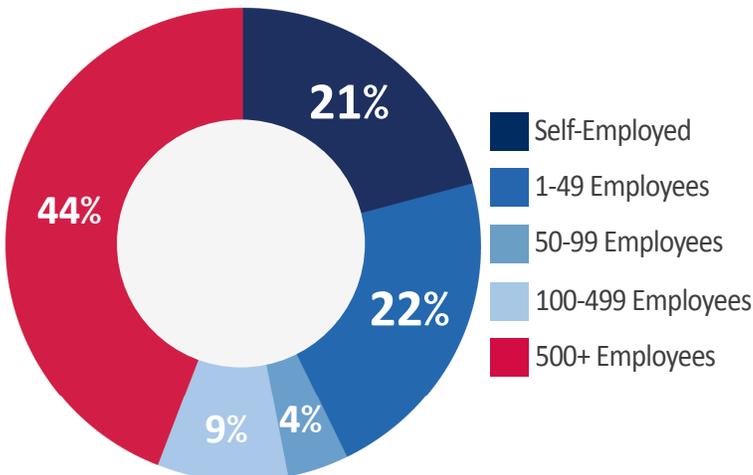
According to the U.S. Small Business Administration Office of Advocacy, the number of small businesses in Florida with employees totaled 404,951 with total employment of just over three million workers. The number of small businesses without employees (self-employed individuals) was 1,775,605. Combined, Florida's small businesses accounted for 56 percent of all business employment; the vast majority represented by businesses with fewer than 50 employees, as shown in the figure below.

Recently, the Institute for Economic Competitiveness at the University of Central Florida released an economic forecast for the state and Central Florida region. The report highlighted that construction; professional and business services; trade, transportation, and utilities; education and health services; and leisure and hospitality are expected to be the strongest performing job growth sectors during 2015-2018.¹

Construction, which between 2008 and 2010 was the worst performing sector for job growth, is projected to be the best performing at 7.9 percent. Over the next three years, professional and business services is projected to be the state's second fastest-growing job sector, averaging 4.1 percent growth. Manufacturing, which expanded at a rate of 2.5 percent in 2014, however, is expected to lose momentum to an average of 0.4 percent during 2015-2018.

56%
-or-
4.8 Million
of Florida's Private-Sector Workforce are Employed by Small Businesses

Florida Employment by Business Size
(including self-employed)



Five Strongest Performing JOB GROWTH SECTORS Forecasted During 2015-2018

		
CONSTRUCTION +7.9%	PROFESSIONAL & BUSINESS SERVICES +4.1%	
		
TRADE, TRANSPORTATION & UTILITIES +3.4%	EDUCATION & HEALTH SERVICES +2.2%	LEISURE & HOSPITALITY +1.9%

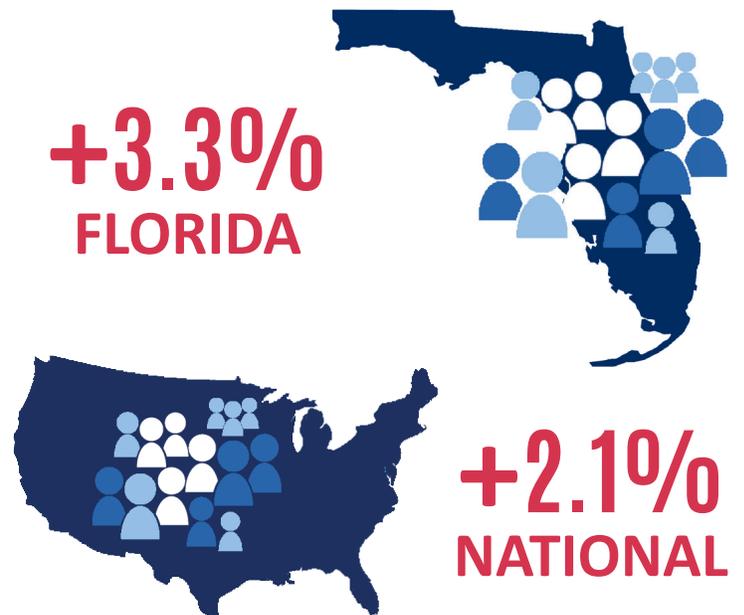
Firms & Employment in Florida By Industry

SELECTED INDUSTRIES	NON-EMPLOYER FIRMS	EMPLOYER FIRMS			EMPLOYMENT		
		<500	TOTAL SMALL FIRMS	% OF SMALL FIRMS	<500	TOTAL SMALL FIRMS	% OF SMALL FIRMS
HEALTHCARE & SOCIAL ASSISTANCE	154,971	46,029	201,000	22.9%	446,909	1,001,436	44.6%
ACCOMMODATION & FOOD SERVICES	28,204	27,322	55,526	49.2%	402,798	792,255	50.8%
PROF, SCIENTIFIC & TECHNICAL SVCS	220,494	65,952	286,446	23.0%	291,219	441,845	65.9%
RETAIL TRADE	130,772	44,317	175,089	25.3%	280,277	965,869	29.0%
CONSTRUCTION	153,180	43,083	196,263	21.9%	253,791	289,784	87.6%
WHOLESALE TRADE	38,022	26,924	64,946	41.4%	185,908	289,297	64.3%
MANUFACTURING	21,526	11,712	33,238	35.2%	150,240	282,612	53.2%
FINANCE & INSURANCE	58,818	16,876	75,694	22.3%	102,869	335,689	30.6%
ARTS, ENTERTAINMENT & RECREATION	76,826	6,941	83,767	8.3%	91,368	175,731	52.0%
REAL ESTATE, RENTAL & LEASING	202,769	23,904	226,673	10.5%	89,250	146,420	61.0%
EDUCATIONAL SERVICES	37,681	5,552	43,233	12.8%	77,608	152,496	50.9%
TRANSPORTATION & WAREHOUSING	91,021	11,200	102,221	11.0%	71,633	210,144	34.1%
ALL OTHER SERVICES	561,321	76,765	638,086	12.0%	556,297	1,848,804	30.1%

The report also highlighted that Florida has been one of the nation's leading states for job creation for the past several years. According to the most recent BLS data, the employment rate in the U.S. was up 2.1 percent. In Florida, 261,500 jobs were added between August 2014-2015, an increase of 3.3 percent.² The Institute for Economic Competitiveness at UCF forecasts that the state's employment rate will continue to outpace national job growth, at 3.1 percent in 2015 and 2.2 percent in 2016.

The UCF report concluded that stronger economic growth in Florida is expected for the next several years. This growth, however, will face a rising labor force participation rate as encouraged job seekers re-enter the labor force. This will result in a slower decline in the unemployment rate, which, as of August 2015, stood at 5.3 percent, just slightly higher than the national unemployment rate of 5.1 percent.² The unemployment rate is expected to fall to 5.1 percent between 2016 and 2017 before rising again in 2018.

Annual Job Growth



Sources: ¹Institute for Economic Competitiveness at the University of Central Florida 2015 Report; ²U.S. Department of Labor, Bureau of Labor Statistics

Business Dynamism: Births, Deaths & Survival

As the Great Recession wanes, a number of studies have been conducted to determine the recession's impact on entrepreneurship. The Kauffman Foundation found that establishment births remained constant over time, though the death rate increased during the recession period. Additionally, research has shown that an increase in the number of firm deaths correlated to an increase in entrepreneurship.

The U.S. Bureau of Labor Statistics found that since the recession began in December 2007, the number of establishment births has experienced the sharpest decline since the inception of the data series in 1994. In utilizing six-year survival data for firms established in 2007, a better assessment can be conducted as it also includes companies that began before the recession.¹

In the U.S., prior to the start of the recession in 2007, 46.3 percent of companies survived until 2013. According to the Bureau of Labor Statistics' Business Employment Dynamics (BED) series, Florida had one of the lowest survival rates in the country at 35.2 percent, ranking 50th just ahead of Idaho, which had the lowest six-year survival rate of all states.

The figure below shows the trend of private-sector establishment births and deaths in Florida. Though the number of firm deaths has experienced a decline, new establishments are only gradually being formed compared to the levels seen before the recession began.

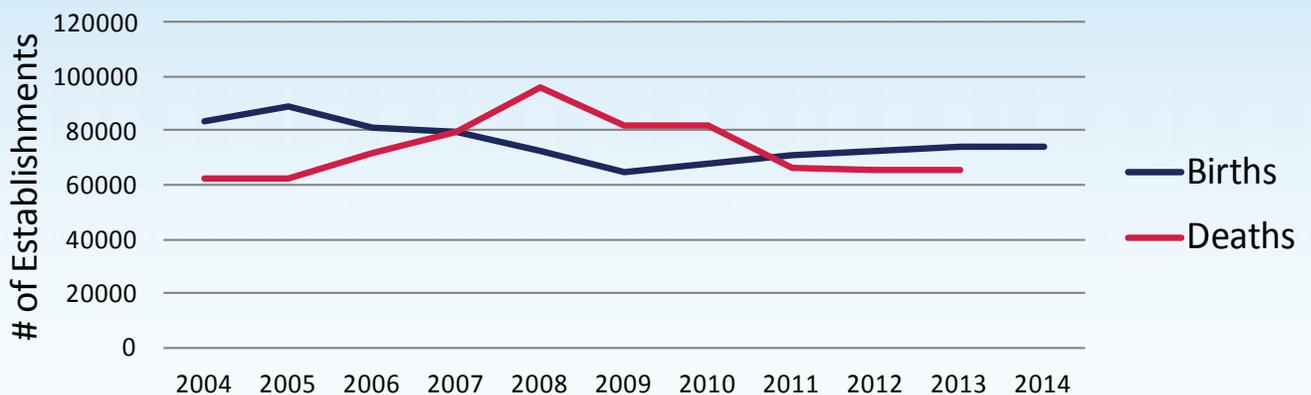
The figure to the right highlights the survival rates of Florida's establishments opened in 2002 compared to those opened in 2010. As the data shows, since the recession firms are experiencing a greater rate of survival. Of the 50,110 firms opened in 2002, only 29 percent survived until 2012 as compared to 66 percent of the 44,160 firms that opened in 2010.²

Florida's Establishment Survival Rates 2002-2010



Source: ²U.S. SBA, Office of Advocacy, Florida Small Business Profile 2014

Florida: Private-Sector Establishment Births and Deaths, Seasonally Adjusted



Source: ¹Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics *Data year ending in March

Florida's Small Business Pulse

Florida's economic conditions appear to be improving and the state's small businesses are optimistic, according to the September 2015 Florida Chamber Small Business Index Survey released in conjunction with the Florida SBDC Network.

The results showed that 59 percent of respondents expect the economy to improve within the next year. Additionally, 49 percent of respondents reported higher sales over the last three months, with 77 percent expecting an increase over the next year. Also, 48 percent indicated that their business was in a better position today than six months ago.

The survey results also showed that 43 percent of respondents plan to hire in the next six months, with an additional 40 percent planning to maintain their current workforce. Two percent expect to lay off employees in the next six months, down from four percent in the previous survey. Small businesses reported that the top obstacles preventing them from hiring new employees are economic uncertainty, lack of sales, and uncertainty about state government.

Overall, respondents indicated that the top small business challenges are access to capital (23 percent), economic uncertainty (18 percent), growth management process (14 percent), government regulations (12 percent), and workforce quality (12 percent). Interestingly, access to capital has returned as the top issue after previous survey results had indicated that capital access showed signs of improvement.

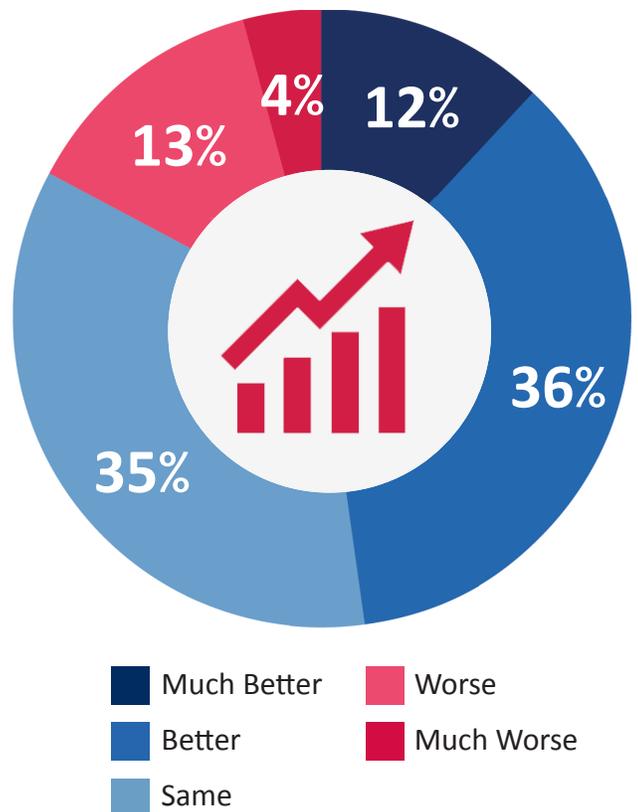
Further, 50 percent of respondents indicated they planned to invest in plants or equipment, up from 39 percent in the last quarter. Overall, Florida's small businesses are optimistic but business owners remain cautious as access to capital, economic uncertainty, and growth management process comprise the majority of the top concerns for survey respondents.

77% of Small Business Owners Expect an **Increase in \$ales** over the next year

Top Five Challenges Facing Florida Small Businesses

- 1 Access to Capital | 23%
- 2 Economic Uncertainty | 18%
- 3 Growth Management Process | 14%
- 4 Government Regulations | 12%
- 5 Workforce Quality | 12%

Percent of Businesses That Believe They Are Better Off Today Than 6 Months Ago



Small Business Lending in Florida

The U.S. SBA defines a small business as one with fewer than 500 employees. Small businesses borrow for four primary reasons: starting a business, purchasing inventory, expanding their business, and strengthening their company.¹

Though the economy continues to improve, small firms' recovery has been much slower than that of larger firms. Lending is riskier to small businesses as they are more sensitive to economic uncertainty and recessions. (A small business loan is typically considered to have a value of \$1 million or less.) This is illustrated in comparing delinquency rates at banks that primarily do small business lending versus those at other banks. According to the Federal Reserve, the loan delinquency rate in the U.S. at small business lending-intensive banks peaked at nearly seven percent in 2009, compared to about four percent at other banks. While delinquency rates have subsided, the level remains considerably higher for small business lending-intensive banks than pre-recession levels.²

Additionally, the transaction costs associated with underwriting small loans are very high. As a result, many banks have reduced or, in some cases, eliminated small loan offerings below a certain amount—typically \$100,000 or \$250,000.³ This is problematic as, according to the Federal Reserve in its 2013 Small Business Credit Survey, over 50 percent of small business loan applications were for loans less than \$100,000.⁴

To combat lending challenges, there are a number of existing federal, state, and local programs available for small businesses. The SBA has a number of established loan programs, including the 7(a) Loan Program, Microloan Program, and the CDC/504 Loan Program. Additionally, the state offers a number of capital assistance programs, including the Microfinance Loan Program and the Microfinance Guarantee Program.

Further, the Community Reinvestment Act (CRA) encourages FDIC institutions to support local communities. Using funds made available through this program, lending institutions in Florida made 383,144 small business loans in 2012 totaling over \$10.2 billion. Of these loans, 366,245, or 96 percent, were microloans less than \$100,000.⁵

VALUE AND VOLUME OF LOANS⁴



Small Businesses Borrow for 4 Main Reasons¹



STARTING A BUSINESS



PURCHASING INVENTORY



EXPANDING A BUSINESS



STRENGTHENING A BUSINESS

Sources: ¹U.S. SBA, Office of Advocacy, 2014 Finance FAQ; ²Report to Congress on the Availability of Credit to Small Businesses (2012). Board of Governors of the Federal Reserve System; ³Mills, K. & McCarthy, B. (2014). The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game. Harvard Business School; ⁴Small Business Credit Survey (2013) Federal Reserve New York; ⁵Statistics of U.S. Businesses; U.S. SBA, Office of Advocacy and Community Reinvestment Act (2012 data)

Florida's International Trade

With more than 95 percent of the world's population and 80 percent of the world's purchasing power outside the United States, Florida's future economic growth depends on expanding trade opportunities.

Last year, the state's international trade, including imports and exports, totaled \$153 billion. Florida's total exports helped contribute to the United States' record-setting value of goods and services exports in 2014 of \$2.34 trillion. In 2014, goods exports from the state supported 270,473 U.S. jobs.²

Florida's international trade totaled \$153 billion last year, supporting 270,473 U.S. jobs

According to the U.S. International Trade Administration, 61,489 companies exported goods from the state in 2013. Of these, 95.3 percent were small and medium-sized enterprises with fewer than 500 employees. Further, these firms generated over two-thirds, or 66 percent, of the state's total export value.

In 2013, Florida companies sold their products in 225 countries and territories. In 2014, Brazil was the state's largest export market, representing nearly \$5.1 billion or 8.7 percent of the state's total merchandise exports. Brazil was followed by Canada, representing over \$4 billion, followed by Colombia at \$3.1 billion.

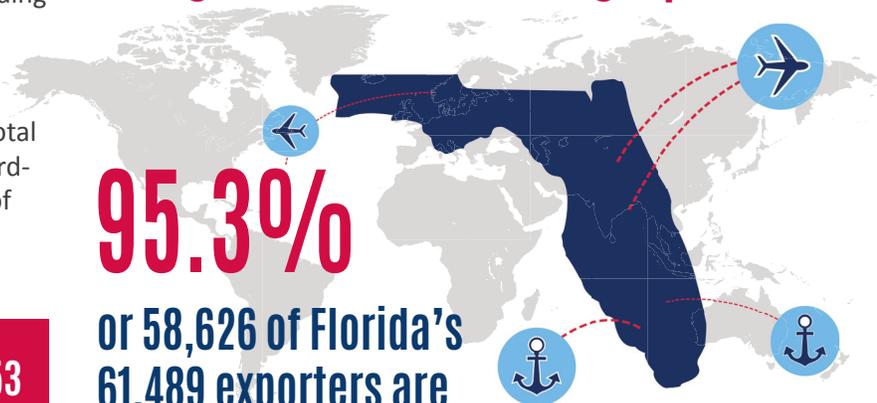
The state's largest merchandise export category was computer and electronic products, which accounted for \$14.0 billion of the state's total merchandise exports. This category was followed by transportation equipment (\$8.8 billion); chemicals (\$7.2 billion); machinery, except electrical (\$5.6 billion); and primary metal manufacturers (\$3.8 billion).

In 2014, merchandise exports from Florida's metropolitan areas included: Miami-Fort Lauderdale-West Palm Beach (\$38.0 billion); Tampa-St. Petersburg-Clearwater (\$5.8 billion); Orlando-Kissimmee-Sanford (\$3.1 billion); Jacksonville (\$2.5 billion); and Lakeland-Winter Haven (\$2.2 billion).

Small Business: Engine for Manufacturing Exports

95.3%

**or 58,626 of Florida's
61,489 exporters are
small businesses**



Small businesses
account for

66%

of total state exports

Florida Ranks¹

#1 in Export Intensity

#1 Exporter to Latin America & the Caribbean

#2 Largest Number of Exporters

#3 Largest Exporter of High-Tech Goods

Sources: ¹As of 2014, Enterprise Florida | ²International Trade Administration, U.S. Department of Commerce

Federal Government Contracting in Florida

Florida ranks **5th** highest nationwide for federal contract actions for **small businesses** valued at **\$4.2 Billion**

Federal government contract awards continue to be a source of sustainment and growth for many businesses, and a key economic driver in their respective states. Last year (FY2014), Florida had the fifth highest federal contract action by state (companies located in Florida), at a value of \$14.6 billion, or 3.39 percent of total federal contract action of \$430.3 billion.¹

Small Business Participation

In FY2014, Florida also ranked fifth highest nationwide in federal contract actions for small businesses, with a total value of \$4.2 billion.² Of that amount, the highest value of contract awards were from (in order of value): Army, Navy, Air Force, Defense Logistics Agency, Veterans Affairs, Homeland Security, and U.S. Army Corps of Engineers (Civil Programs).³

Trends

Since its wartime peak in 2009, U.S. government prime contract obligations have fallen. The overseas drawdown and spending caps enacted in the 2011 Budget Control Act have driven the decline. The rate of federal contract spending decline tempered in 2014 as the impact of the one-time 2013 budget sequester wore off. Contract spending will likely continue to fall due to budget caps and the continuing military drawdown in Afghanistan.⁴ War-related contracting categories such as logistics services and food fell the most from 2013 to 2014. Health categories had increases despite an overall decline in federal contracting. Nearly two-thirds of government contract obligations are spent on services such as IT support and facilities management rather than on products such as ammunition and food.⁵

Small Business Spike

The Federal Procurement Data System identifies vendors as small business or “other than” small business. Small



business contracting share showed a noticeable increase in 2014, possibly as agencies awarded more work via set-asides encouraged by the 2010 Small Business Jobs Act.⁶ Small business set-aside usage is growing, helping agencies meet their small business contracting goals (23 percent for the government as a whole). Dollars set aside for 8(a) and Service-Disabled Veteran-Owned Small Businesses grew from 2013 to 2014, as total contracting dollars fell.⁷

Small Business Challenges

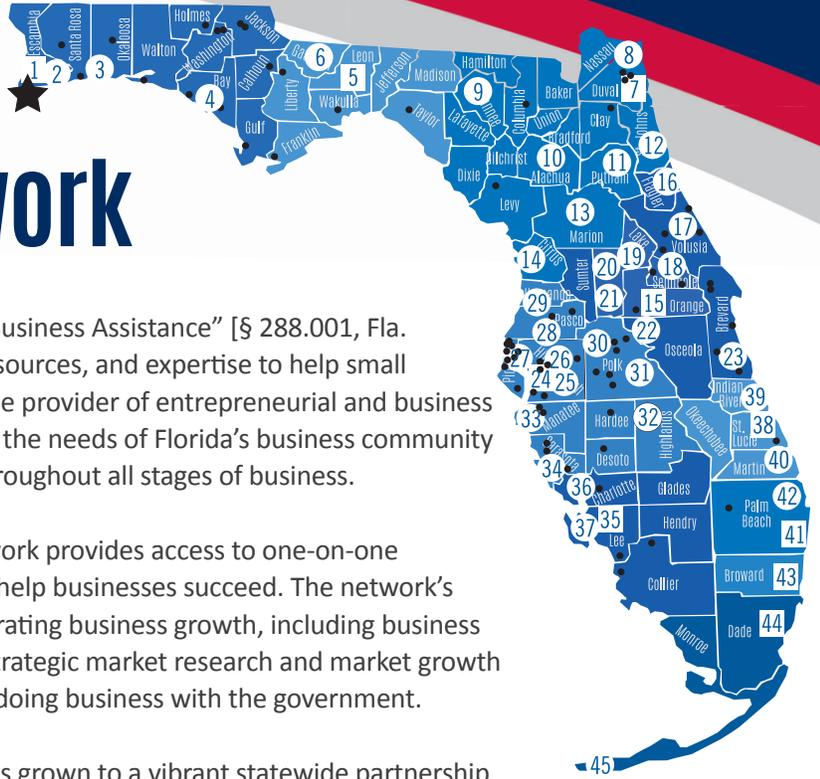
Industry sectors with the highest level and value of contract awards are the industries where large contractors are most heavily concentrated and where the small business participation rate is low. Industries with higher small business procurement rates tend to have more small business contractors (and therefore, more small business competition) and are smaller markets overall in terms of contract award values.⁸

Small Business Opportunities

Inadequate market research is a major barrier to small business procurement. Good market research is essential to determine if small business capabilities match procurement requirements. This is true for all industries, but particularly acute in industries with high concentrations of procurements from large firms. Market research analyzes large contracts and breaks off pieces that may be suitable for small contractors and investigates federal procurement subcontracting opportunities.⁹

Sources: ¹⁻³FEDMINE.US; ⁴⁻⁷Annual Review of Government Contracting 2015 Edition, NCMA and Bloomberg Government; ⁸⁻⁹SBA Office of Advocacy, Research Summary No. 423, June 2014

About the Florida SBDC Network



State designated as “Florida’s Principal Provider of Business Assistance” [§ 288.001, Fla. Stat.], the Florida SBDC Network provides tools, resources, and expertise to help small businesses grow and succeed. As the only statewide provider of entrepreneurial and business development services, the Florida SBDC Network serves the needs of Florida’s business community in all 67 counties—from Pensacola to Key West—and throughout all stages of business.

At no cost to the business owner, the Florida SBDC Network provides access to one-on-one professional business consulting specifically targeted to help businesses succeed. The network’s professional expertise is focused on areas vital to accelerating business growth, including business and strategic plan development, access to capital, and strategic market research and market growth development—including expanding internationally and doing business with the government.

Since its inception in 1976, the Florida SBDC Network has grown to a vibrant statewide partnership of 45 centers, including the state’s universities, colleges, and dozens of other public and private organizations. The synergistic effect of this partnership has resulted in a long history of positive revenue and economic growth for Florida and invaluable support to more than 1.1 million existing and emerging small business owners.

The Florida SBDC Network is funded in part by the U.S. Small Business Administration (SBA), Defense Logistics Agency, State of Florida and other private and public partners, with the University of West Florida serving as the Network’s designated lead host institution. The Florida SBDC Network is nationally accredited by the Association of SBDCs.

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FloridaSBDC.org





Helping Businesses Grow & Succeed



The Florida SBDC Network is a statewide service network funded in part through cooperative agreements with the U.S. SBA, Defense Logistics Agency, State of Florida, and other private and public partners; hosted by the University of West Florida; and nationally accredited by the Association of SBDCs.

