



Microbusiness Economic Impact

Presented by

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SVP, Sustainable Practices

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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”

www.aeoworks.org



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



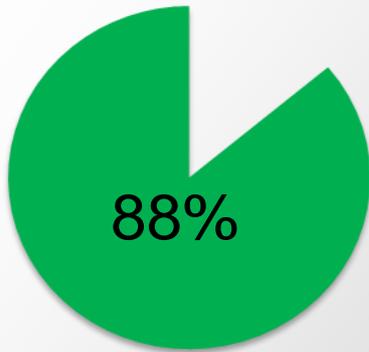
“If one in three Main Street microbusinesses hired just one employee, the country would be at full employment”



The role of microbusiness

Why does it matter in the US economy?

Business



25.5 million (or 88%) are microenterprises

Employment



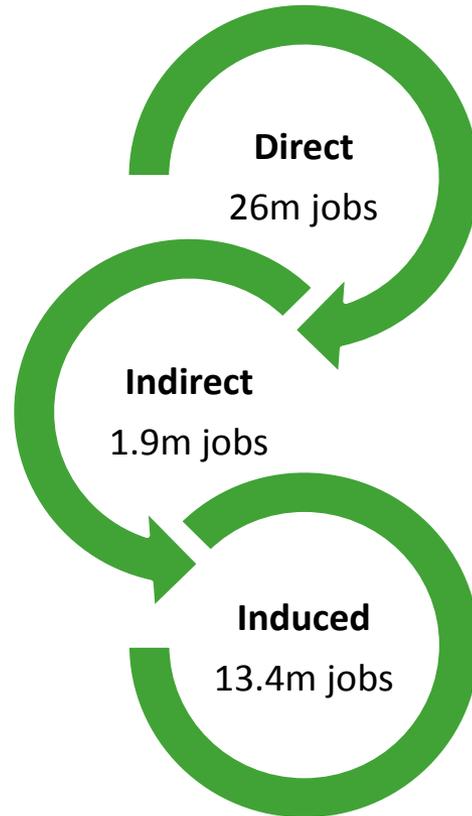
Microbusiness employment growth grew by 0.6% from 2009 – 2011, the fastest rate of employment growth (along with businesses with 10 -19 employees).

Economy



Microbusinesses generate approximately **\$4.87 trillion** annually for the U.S. economy

The story of microbusiness is job creation



- **41.3 million jobs**
- **31% of private sector employment**

Direct = 19.1m microbusinesses that employ only the owner and 6.9 m individuals employed in microbusinesses.

Indirect = Purchasing and contract spend of microbusiness

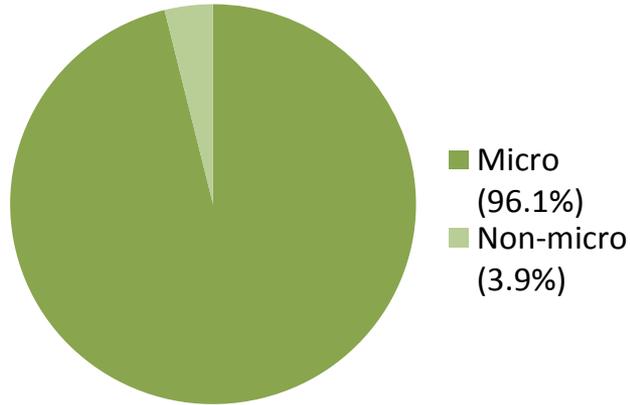
Induced = Personal spend on goods and services by individuals employed in microbusinesses

Source: Insight Center calculations working with MIG, Inc., which produces IMPLAN, an input-output analysis model

Microbusiness Matters: Women

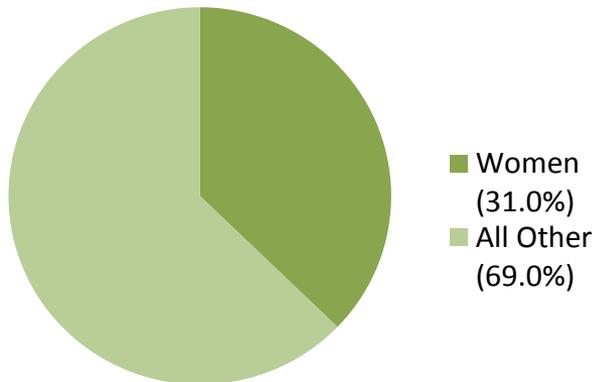
Most businesses owned by women are “micro”

100% = 7.8 million businesses



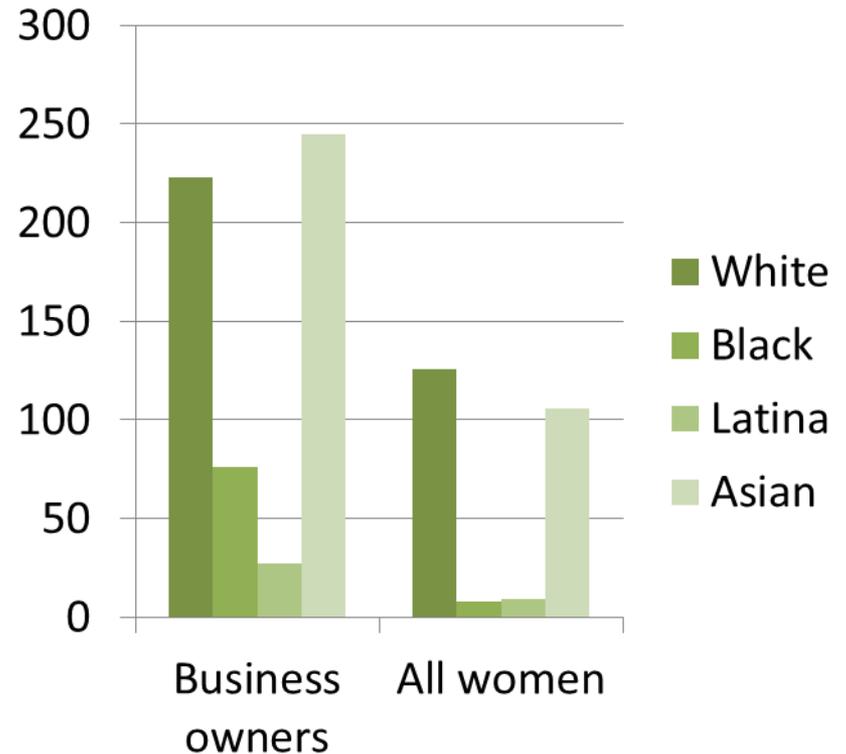
Women own >1/3 of microbusinesses

100% = 25.5 million businesses



Women business owners are wealthier

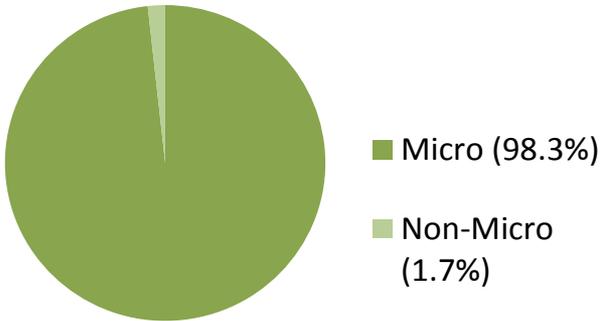
Median net worth, \$1,000



Microbusiness Matters: African-Americans

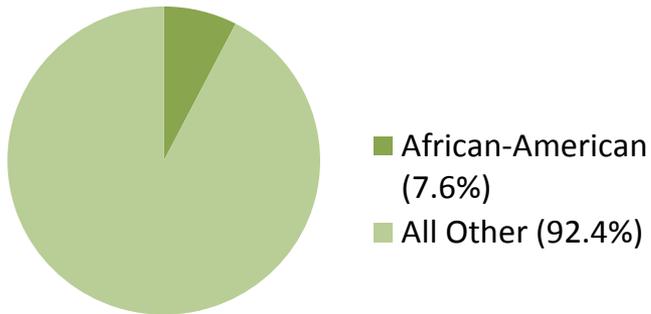
Most businesses owned by African-Americans are “micro”

100% = 1.9 million businesses



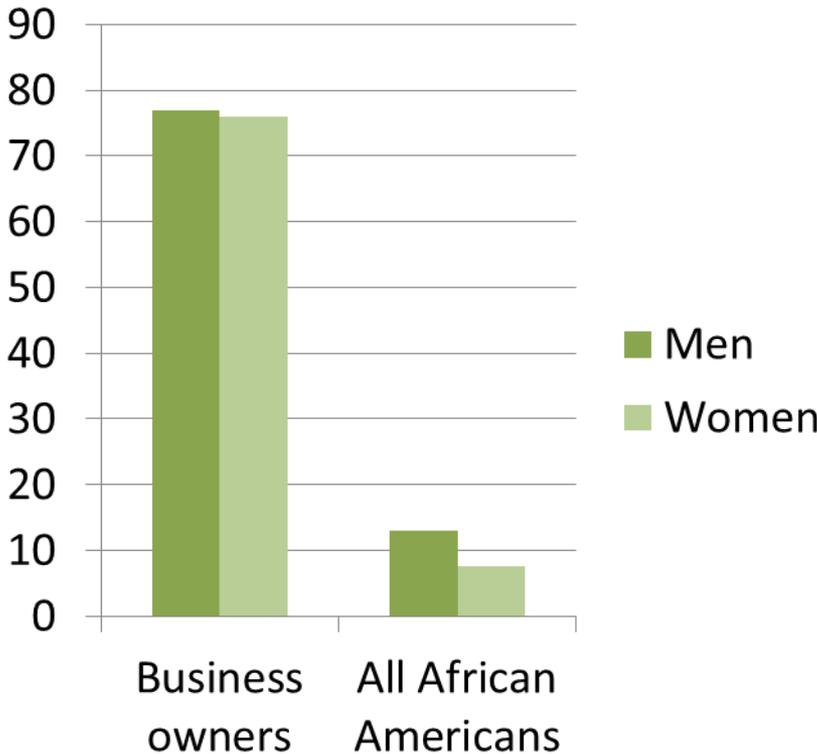
African-Americans own ~8% of microbusinesses

100% = 24.9 million businesses



African-American business owners are wealthier

Median net worth, \$1,000



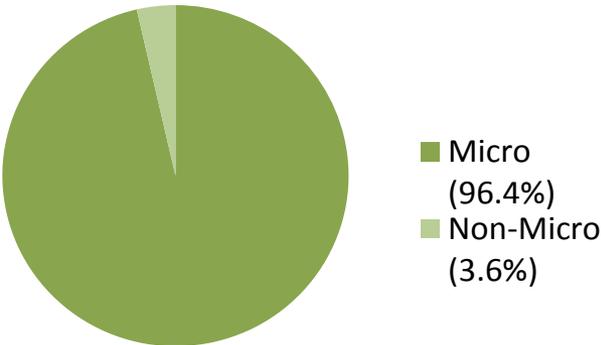
Source: Economic Census Survey of Business Owners (volume numbers); Survey of Income and Program Participation 2008 Microdata (wealth)



Microbusiness Matters: Latinos

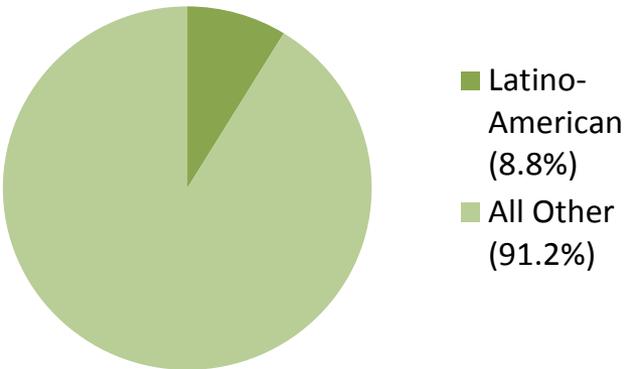
Most businesses owned by Latinos are “micro”

100% = 2.3 million businesses



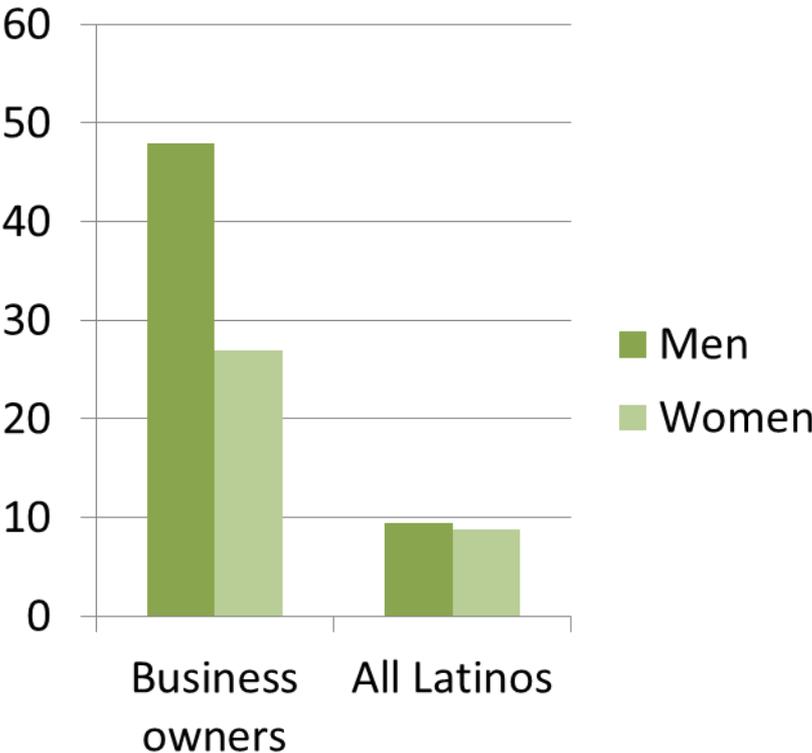
Latinos own ~9% of microbusinesses

100% = 24.9 businesses



Latino business owners are wealthier

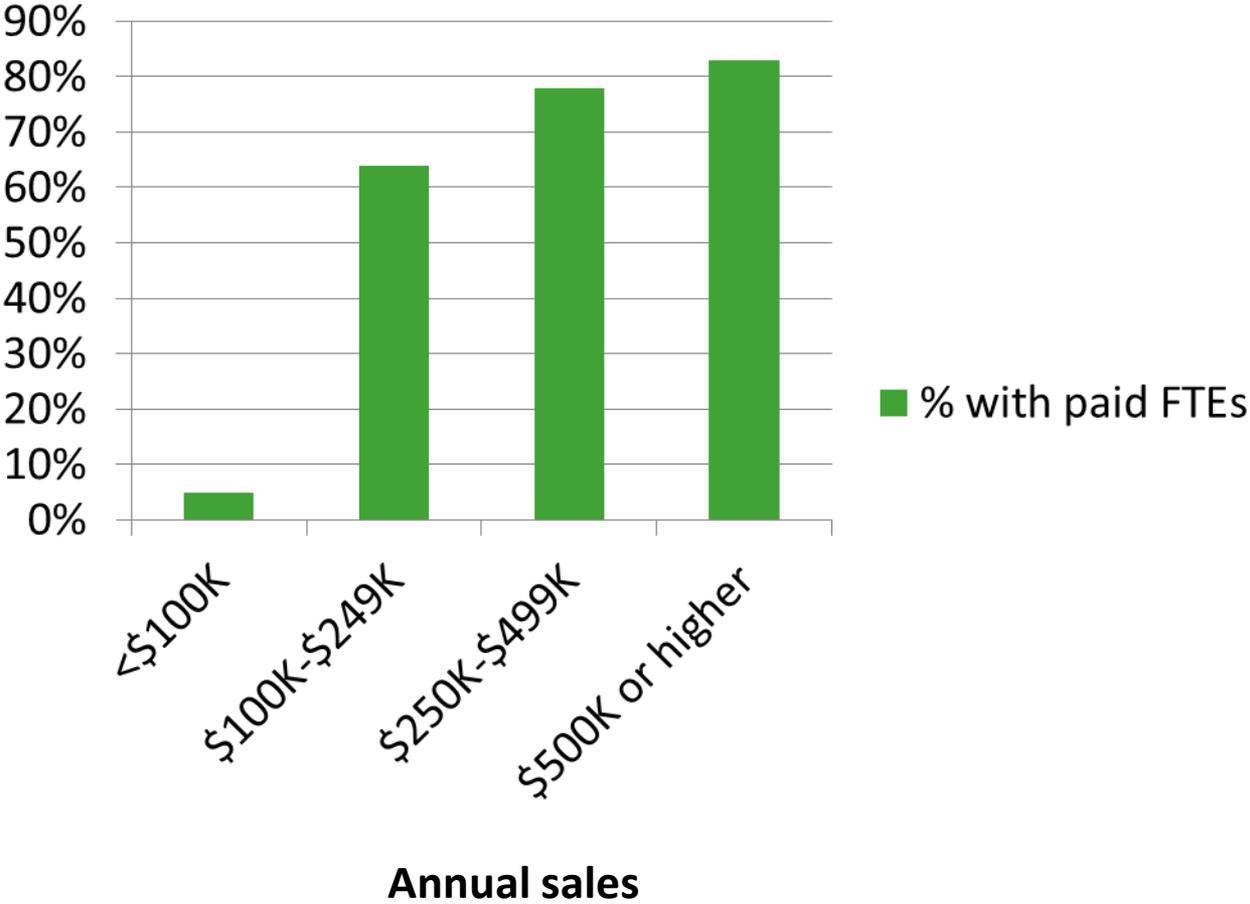
Median net worth, \$1,000



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

Confidence



Capacity



Connections



Capital

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



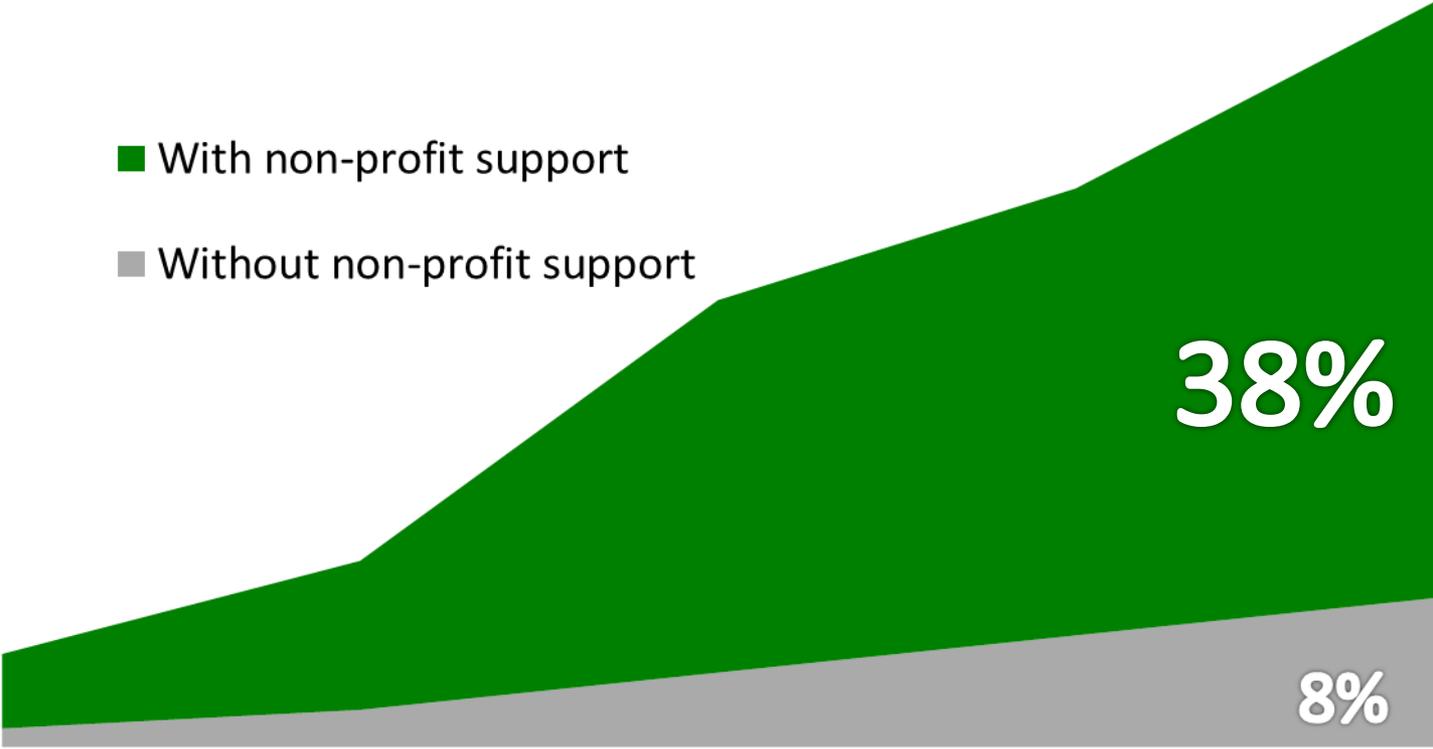
THE POWER OF ONE IN THREE



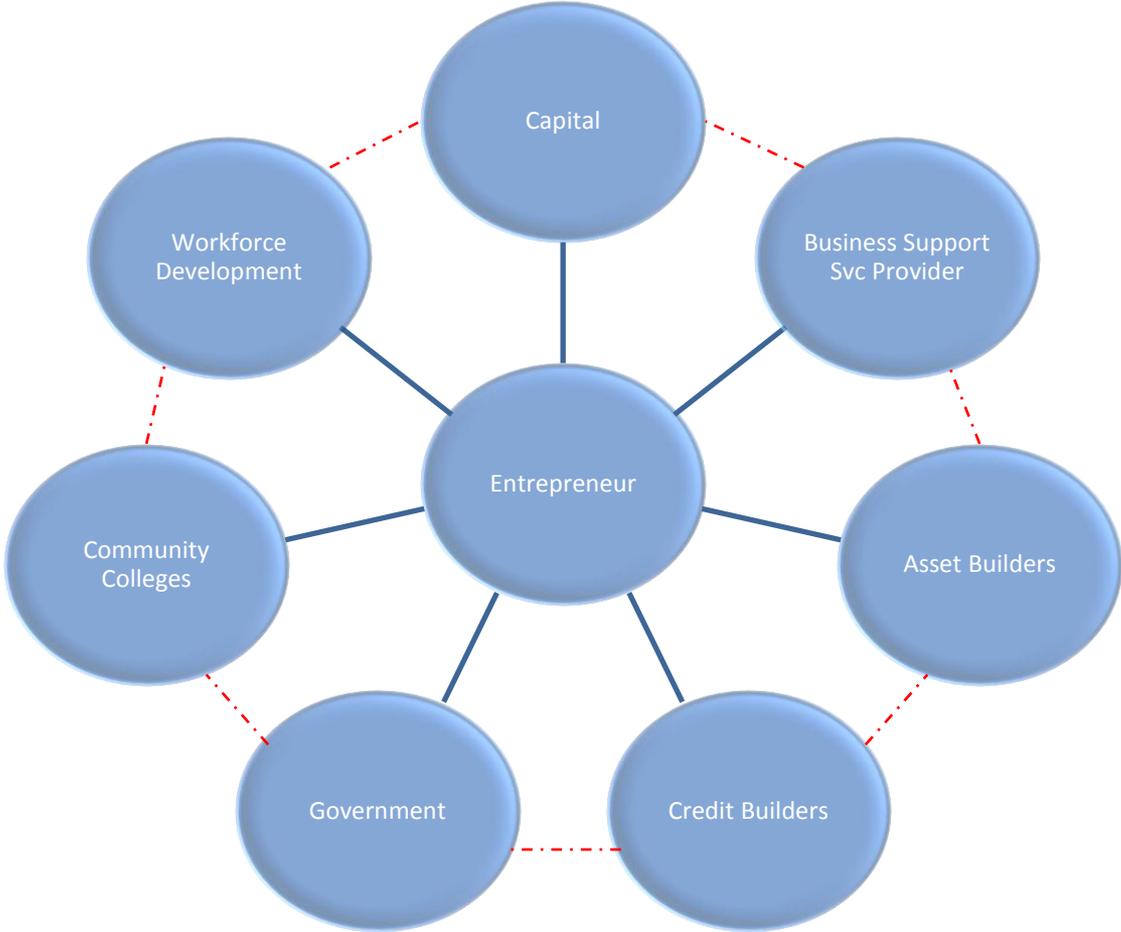
AEO Association for Enterprise Opportunity
[THE VOICE OF MICROENTERPRISE]

Support improves outcomes

Median annual revenue growth



The Entrepreneur *Value Chain*



AEO's One in Three Initiative to Create 500,000 Jobs

