



# New Business Start Up Trends: 2007-2012

A Comparison of Springfield with Four  
Benchmark Communities

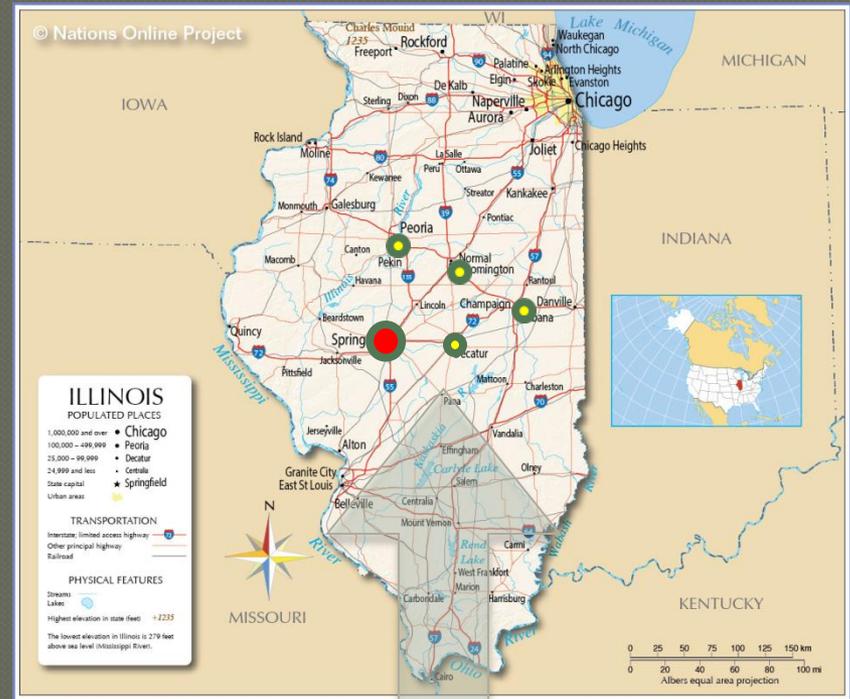


January 2016



# The Review

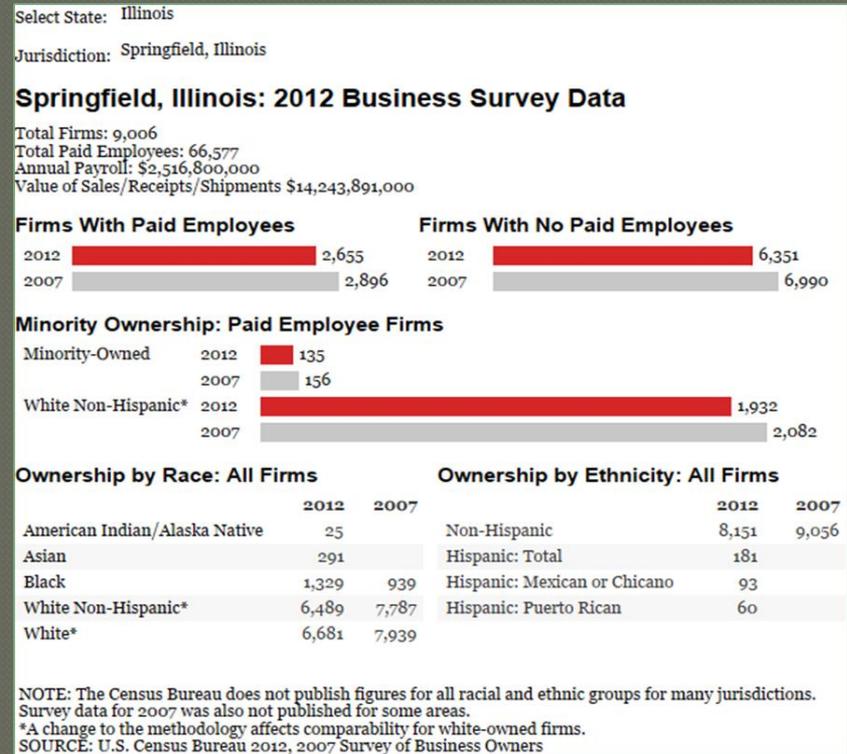
- Governing.com provided data from U.S. Bureau of the Census' *Survey of Business Owners 2012*.
- Identified cities where more businesses were being established (half-million nationally 2007-2012), but provided data for all cities.
- Given the SSCRPC's previous look at the regional economy which found weaknesses, looked at data to determine if Springfield showed similar gains.
- Compared to four other communities: Bloomington, Champaign, Decatur, Peoria.





# About the Data

- Most current year for the survey is 2012, so 2007-2012 provides 5-year snapshot.
- The data provided by Governing addresses:
  - Firms with both paid and unpaid employees.
  - Minority-owned businesses.
- 2007 was slightly before “official” recession, 2012 after, but still with national unemployment at 8%.





# Growth in Firms with Paid Employees

- 5% decline nation-wide 2007-2012.
- Springfield: -8.32%. Decatur: -9.61%.
- Other three communities show gains.

TABLE 1: Firms with Paid Employees: 2007 Compared to 2012

	Springfield	Bloomington	Champaign	Decatur	Peoria
2007 Total	2,896	1,867	1,578	1,551	2,723
2012 Total	2,655	1,943	1,685	1,402	2,812
Total Increase/ [Decrease]	[241]	76	107	[149]	89
% Change	<b>[8.32%]</b>	4.07%	6.78%	<b>[9.61%]</b>	3.27%

- Impact of decline not evenly distributed.



# Growth in Firms without Paid Employees

- Only 1/5 of firms have paid employees.
- Grew by 4% between 2007 and 2012.
- Springfield: -9.14%. Peoria: -0.13%.

TABLE 2: Firms without Paid Employees: 2007 Compared to 2012					
	Springfield	Bloomington	Champaign	Decatur	Peoria
2007 Total	6,990	4,320	4,189	3,528	5,248
2012 Total	6,351	4,615	4,201	3,641	5,241
Total Increase/ [Decrease]	[639]	295	12	113	[7]
% Change	[9.14%]	6.83%	0.29%	3.20%	[0.13%]

- Springfield showed greatest decline.



# Growth in Minority-Owned Firms with Paid Employees

- Much of national growth came from these firms rather than non-paid minority firms.
- Black-owned: +34%. Asian: +24%. Hispanic: +46%.

TABLE 3: Growth in Minority Paid-Employee Firms: 2007 Compared to 2012

	Springfield	Bloomington	Champaign	Decatur	Peoria
2007 Total	156	141	110	54	146
2012 Total	135	210	197	71	243
Total Increase/ [Decrease]	[21]	69	87	17	97
% Change	[13.46%]	48.94%	79.09%	31.48%	66.44%

- Only Springfield showed decline: -13.46%.



# Growth in White Non-Hispanic Firms with Paid Employees

- Given decline, comparison with White Non-Hispanic firms.
- White-owned firms declined at about half the rate.

TABLE 4: Growth in White Non-Hispanic Paid-Employee Firms: 2007 Compared to 2012

	Springfield	Bloomington	Champaign	Decatur	Peoria
2007 Total	2,082	1,365	1,062	1,191	2,012
2012 Total	1,932	1,419	1,114	1,059	2,077
Total Increase/ [Decrease]	[150]	54	52	[132]	65
% Change	[7.20%]	3.96%	4.90%	[11.08%]	3.23%

- Only Decatur showed greater decline: -11.08% vs. -7.20%.  
Others all show growth, but below minority-owned firms



# Full Report Available at [www.sscrpc.com](http://www.sscrpc.com)



## New Business Start Up Trends: 2007-2012 A Comparison of Springfield with Four Benchmark Communities

January 12, 2016

Based upon new data from the U.S. Bureau of the Census' *Survey of Business Owners*, analysis by *Governing.com*<sup>1</sup> identified areas of the country where more businesses are being established. *Governing* found that more than half a million new businesses were established nationwide over the five-year period studied (2007-2012, marking the most recent data available), and that several cities registered sizable gains in new businesses fueled in large part by growth in minority-owned companies. The SSCRPC looked to this data to determine if Springfield showed similar gains during the period covered, but found that it did not.

### The Data

The data provided and used here allows for the comparison of firms with paid employees versus those without (such as small sole proprietorships and partnerships), and the growth or decline in minority-owned firms over the period. *Governing* noted that increases in the growth of firms in a number of the cities could be explained by such factors as being in areas benefitting from strong regional economies or industries that support many small businesses, such as construction and real estate. However, *Governing* found that overall the number of firms with paid employees (those with hourly or salaried workers) dropped by over 5% nationally. In comparison, the national tally of all businesses rose by 2% from 2007 to 2012.

Given the results of the SSCRPC's recent study of long-term economic trends in the region that found a number of weaknesses<sup>2</sup>, the Commission looked at the data provided by *Governing* to determine if it confirmed any of the results the Commission found. Unfortunately, and within the limitations of the data used, *the new Census data appears to show similar weaknesses in the local economy to those found previously in the SSCRPC's study*.

The SSCRPC's previous study considered Sangamon County as an economic area, but the data provided by *Governing* considers only cities, so only Springfield is considered here in comparison to four other similar Central Illinois communities.

### Growth of Firms in Springfield with Paid Employees

Table 1, below, provides the data related to the growth of firms with paid employees in Springfield compared to four other Central Illinois benchmark communities: Bloomington, Champaign, Decatur, and Peoria. *During the five year period studied, only Springfield and Decatur showed a decrease in the number of firms with paid employees: a decline of 8.32% for Springfield and 9.61% for Decatur.*

The Census Bureau estimates that the number of firms with paid employees declined by about 5% nationwide between 2007 and 2012, and a slight majority of larger cities lost these firms, with a decline averaging -1.6% over the period. This being the case, Bloomington, Champaign and Peoria fared better than the nation as a whole, while Springfield and Decatur lost not quite twice as many of these firms as the nation. Given that the five Illinois communities are roughly similar in size (see attached charts for each city provided by *Governing.com*) and are not

<sup>1</sup> Maciag, Mike (Dec. 28, 2015). *Where New Businesses Are Starting Up*. *Governing.com*.  
[http://www.governing.com/topics/mgmt/eqv-business-ownership-survey-census.html?utm\\_medium=email&utm\\_source=Act-On-Software&utm\\_content=email&utm\\_campaign=Where%20Businesses%20Are%20Starting%20Up%2C%20Declining%20Corporate%20Tax%20Revenues&utm\\_term=Where%20New%20Businesses%20Are%20Starting%20Up](http://www.governing.com/topics/mgmt/eqv-business-ownership-survey-census.html?utm_medium=email&utm_source=Act-On-Software&utm_content=email&utm_campaign=Where%20Businesses%20Are%20Starting%20Up%2C%20Declining%20Corporate%20Tax%20Revenues&utm_term=Where%20New%20Businesses%20Are%20Starting%20Up)

<sup>2</sup> Sims, Norm (2015). *Planning for Growth: Reviewing Economic Growth Trends in the Springfield-Sangamon County Economic Area*. SSCRPC. Springfield: Illinois.