

AEO NEWS RELEASE

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Report Affirms U.S. Microbusinesses Are Potent Job-Creation Agents Self-employment Offers Job Stability, Financial Autonomy for Economically Deprived Families

Washington, D.C., Nov. 8, 2013 — A new report from the [Association for Enterprise Opportunity](#) (AEO) paints a panoramic picture of America’s 25.5 million microbusinesses. Key report findings are captured in a synopsis titled, [“Bigger than You Think: The Economic Impact of Microbusiness in the United States.”](#) and will be presented at a **Congressional Briefing** on Thursday, Nov. 14, 2013, 1 p.m. to 3 p.m.

“This study offers evidence that **microbusinesses create a variety of economic impacts, producing salutary effects on families that cut across racial, ethnic, and gender lines.** Based on previous insights, we’ve understood that microbusinesses are vital vehicles that put the unemployed to work, help families achieve economic self-sufficiency, and narrow America’s wealth gap,” said Connie Evans, president and CEO of AEO. “This new report buttresses our existing knowledge and field experience.”

The report segments microbusiness owners according to a typology ([See typology here](#)). And while the typology identifies unique traits, particularly related to sales/receipts and income, **low-barriers to entry make business ownership more accessible to those with aspirations of achieving the American Dream, regardless of their background.**

For example, microbusiness can be the great equalizer between those with a college degree and those without. Persons without a college degree constitute 52 percent of microbusiness owners, yet the findings show no significant difference in the median annual sales and receipts of the two groups. Unlike industries where a college degree is requisite, **microbusiness affords a level ground to seed a strong financial footing — regardless of education attainment.**



Report data also show microbusinesses, although small, in the aggregate, have a significant **influence on job creation by contributing to the employment of 41.3 million individuals — this represents 31 percent of private sector employment.** Essentially, these enterprises cause a ripple effect by creating direct, indirect and induced jobs.

The **W.K. Kellogg Foundation** funded the extensive two-year study of microbusinesses, which are enterprises with five or fewer employees. **Ninety-two percent of all U.S. businesses are microbusinesses.**

“We supported this research as part of our racial equity approach. We thought it was **important to explore and to document the economic impact and potential of microbusiness to influence ongoing work of eliminating poverty** and improving opportunities for vulnerable

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“Bigger than You Think: The Economic Impact of Microbusiness in the United States”

families and their children. The findings make it clear that support for microbusiness development must be part of national and local policy discussions related to equity and racial healing,” said Dr. Gail Christopher, Vice President, Program Strategy, W.K. Kellogg Foundation.

Further, report data posit **microbusiness as a viable option for unemployed persons, persons 50+ and underserved groups such as women and African-Americans** to attain self-sufficiency amidst a mercurial labor market, and as long-term job stability becomes more elusive. For these demographics, self-employment offers a pipeline to wealth-creation that might not otherwise be possible.

“Microbusinesses **make a much larger impact than they get credit for**, making them a vital strategy to any solution for reinvigorating and sustaining broad-based economic growth. We argue they are worthy of continued advocacy for increases in financial investment and policy support,” Evans said.

“Bigger than You Think: The Economic Impact of Microbusiness in the United States” will be available on [AEO's website](http://www.aeoworks.org) Friday, Nov. 15, 2013.

5 TYPES OF MICROBUSINESS OWNERS

30.4 %

Full time –

Owner works full time in microbusiness that generates less than \$50k in annual sales and receipts.

28.6 %

Full time –

Owner works full time in microbusiness that generates more than \$50k in annual sales and receipts.

25.8 %

Part time –

Microbusiness does not provide primary source of income.

10.9 %

Part time –

Microbusiness provides primary source of income.

4.4 %

Newcomer –

No previous business ownership experience and in current business less than four years. Business may be part or full time, representing owner's primary source of income.

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MEDIA INFO SHEET

About Microbusinesses

Microbusinesses are powerful – In 2011, **92 percent of U.S. businesses were microbusinesses**, and **generated approximately \$4.87 trillion annually for the U.S. economy**.

America’s 25.5 million microbusinesses influence job creation by contributing to the employment of 41.3 million individuals, which represents 31 percent of private sector employment.

Microbusinesses are **vehicles for self-sufficiency** for their owners – they allow their owners to accumulate a median net worth of nearly 2.5 times higher than non-business owners.

Microbusinesses are a **key driver for America’s employment and economic health** – If one in three Main Street microbusinesses hired just one employee, America would reach full employment.

Microbusiness is an important path to **key self-sufficiency, wealth-building and job creation**.

If entrepreneurs cannot acquire capital and other resources to start or develop, then **the heartbeat of Main Street USA slows**, jobs are not created, the vibrancy of communities dim, and the wealth chasm widens.

Congressional Briefing Agenda Snapshot

Thursday, Nov. 14, 1 p.m. to 3 p.m., Congressional Visitor Center, Congressional Meeting Room North

- Remarks by Sen. Mary Landrieu, D-La., Chairperson, Committee on Small Business & Entrepreneurship
- Response from Gina Wood, Member, AEO’s Economic Impact Council (EIC) and Senior Director, Program Development, Bipartisan Policy Center
- Presentation of AEO Research: Bigger than You Think: The Economic Impact of Microbusinesses in the United States, Connie E. Evans, president and CEO, AEO
- Response Panels: Government Stakeholder Panel, Typology of Microbusiness Owner Panel
- Audience Discussion

Interview Opportunities

- [Connie Evans](#), president and CEO, Association for Enterprise Opportunity (AEO)
- [Dr. Gail Christopher](#), Vice President, Program Strategy, W.K. Kellogg Foundation
- DMV-area entrepreneurs

About Association for Enterprise Opportunity (AEO)

The [Association for Enterprise Opportunity](#) (AEO) is the voice of microbusiness in the United States. For two decades, AEO and its more than 400 member organizations have helped millions of entrepreneurs contribute to economic growth while supporting themselves, their families and their communities. AEO members and partners include a broad range of organizations that provide capital and services to assist underserved entrepreneurs in starting, stabilizing and expanding their businesses. Together, we are working to change the way that capital and services flow to underserved entrepreneurs so that they can create jobs and opportunities for all.

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