



Alabama's Microbusiness Economy

Alabama Economic Outlook Conference
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20 million microbusinesses

Quantifying the impact of
microbusinesses on the US economy



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A person is painting a large, colorful, abstract mural on a wall. The mural features swirling patterns of yellow, orange, and blue. The person is wearing a blue shirt and is holding a paintbrush. The background is dark and out of focus.

**“You can’t create policy for
what you can’t see.”**

— Jim Hock

Chief of Staff, US Department of Commerce | January 2015-2017

Venture Forward Data

Microbusiness Density

20M+ microbusinesses

Monthly from Aug 2019

Down to ZIP Code

Raw counts and
per capita

Owner Profile Survey

21,000+ respondents

4 national, 23 cities

Demographics

Firmographics

Psychographics

Microbusiness Activity Index

Monthly from Apr 2020

CBSA, County, State

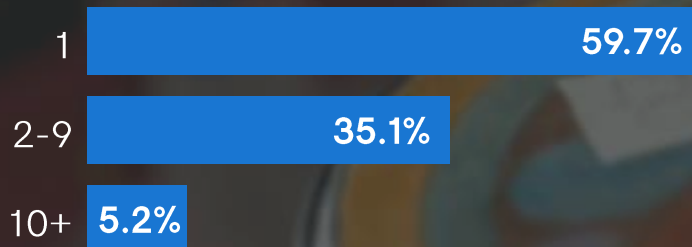
Composite Score plus:
Infrastructure
Participation
Engagement

Microbusinesses at-a-glance (US)

Number of employees

95%

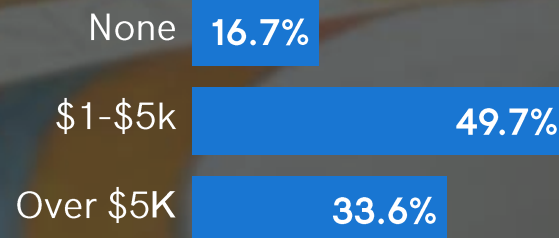
Have less than
10 employees



Start Up Capital

2 of 3

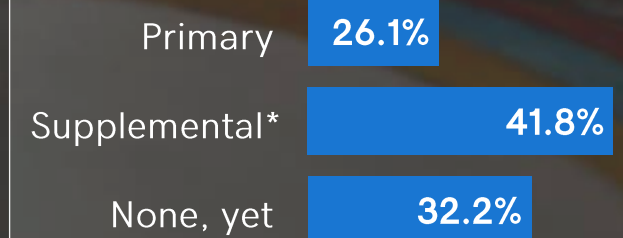
Required less than \$5,000 in
start-up capital



Source of Income

26%

Primary source for household
income



*69% of supplemental earners aspire to make their
business their primary source of income

Drivers and Impacts of Microbusinesses

Drivers of microbusiness activity

Necessity vs. Opportunity

Closing gaps

- Explosion of entrepreneurship during / after pandemic, esp. in majority Black zip codes
- Increase in women turning to microbusinesses
- Adoption by younger and less-educated entrepreneurs

Impacts of residential mobility (<1 year) on microbusiness density:

+1% ➡ +.32
microbusinesses /100 ppl.

For every incremental microbusiness per 100 people...

+\$195

Median household income

-0.05%

Unemployment rate

2 for 1

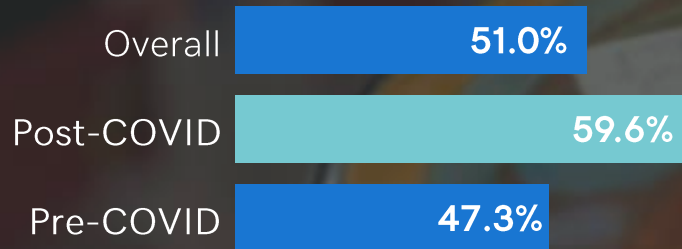
For each entrepreneur, two or more jobs are created on top of their own

Closing Opportunity Gaps

Gender

51%

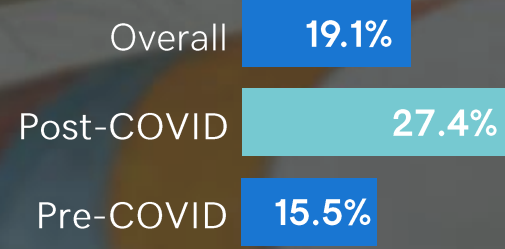
Female



Race

19%

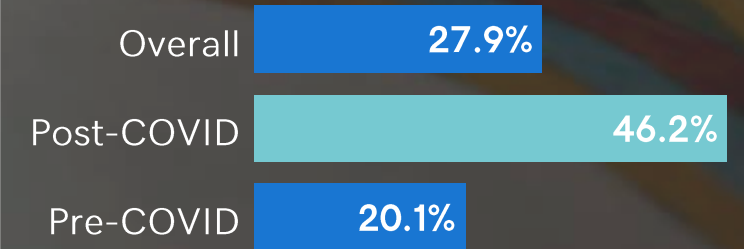
Black



Age

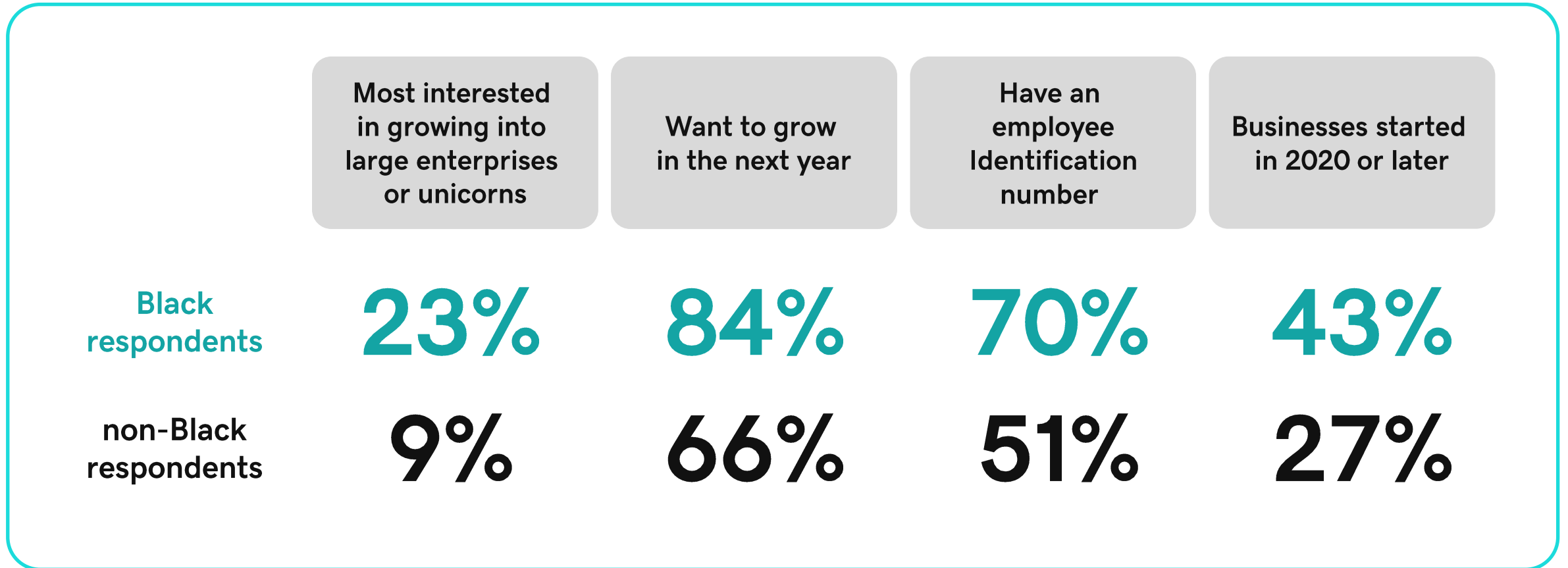
28%

Under 40



August 2022 - National Survey results

A deeper look at Black entrepreneur trends



Microbusiness are a critical economic engine for owners

Macro-economic trends are putting them at risk

Microbusinesses are a key source of income:

68% currently derive income from their business

26% view their microbusiness as their primary source of income

48% derive at least 25% of their total household income from their microbusiness

Macro-economic forces are negatively impacting owners:

68% said they were experiencing negative impacts

31% saw revenue declines in prior 6 months

60% cited inflationary pressures

37% cited domestic supply chain issues

Causing owners to take steps to address:

74% took action

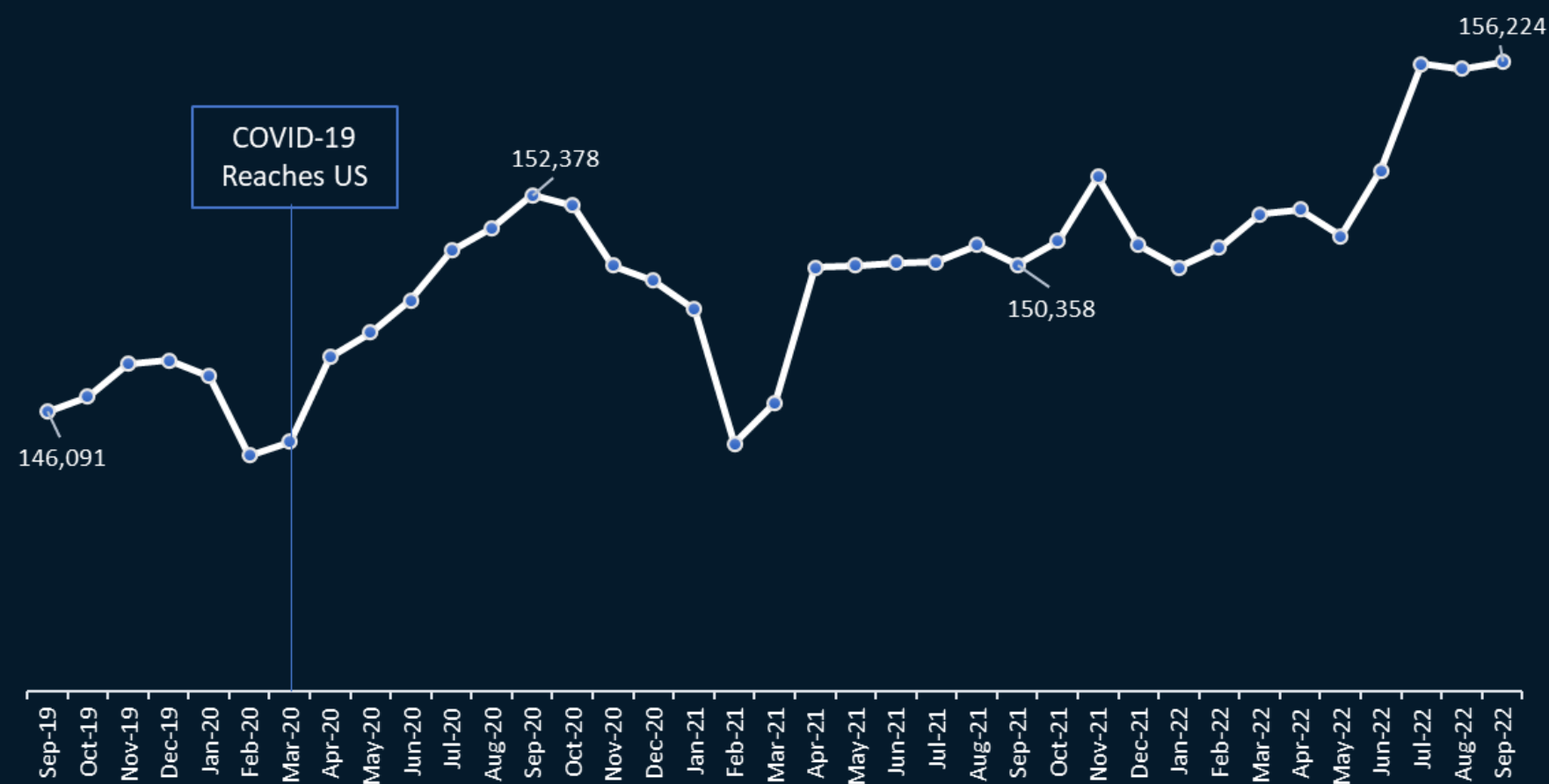
50% raised prices

24% cut costs

Regional Microbusiness Results

	Microbusiness Count (Sept '22)		Microbusiness Growth Rate (Sept '21 to '22)		Microbusiness Density (Sept '22)		Microbusiness Activity Index (Sept '22)	
	#	US Rank	Rate	US Rank		US Rank	Composite Score	US Rank
Alabama	156,224	31	3.9%	35	4.11	46	100.06	42
Arkansas	82,648	38	5.5%	15	3.58	48	99.14	46
Georgia	706,772	6	5.0%	20	8.82	14	103.34	29
Kentucky	139,988	32	4.6%	26	4.05	47	100.68	40
Louisiana	161,315	30	5.9%	12	4.52	44	99.62	44
Mississippi	67,362	42	8.3%	8	2.96	49	97.02	48
North Carolina	532,500	11	4.6%	27	6.59	29	102.87	32
South Carolina	232,483	27	8.1%	9	5.84	35	101.62	37
Tennessee	369,239	19	8.5%	7	7.01	26	101.56	38

Microbusinesses in Alabama (2019-2022)

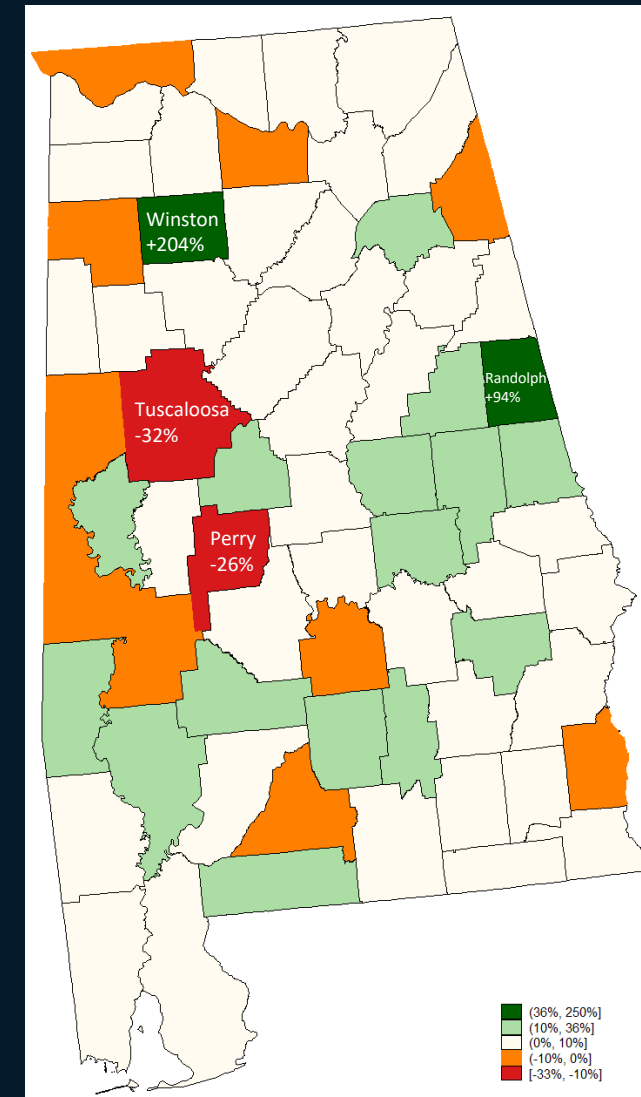


Microbusinesses by County

Alabama – September 2022

	September 2022	September 2021	Y/Y Change #	Y/Y Change %
Jefferson	32,931	31,415	1,516	4.8%
Madison	18,798	17,983	815	4.5%
Baldwin	14,289	12,998	1,291	9.9%
Mobile	13,019	12,244	775	6.3%
Shelby	12,391	11,570	821	7.1%
Montgomery	8,333	8,089	244	3.0%
Tuscaloosa	6,601	9,715	-3,114	-32.0%
Lee	5,174	4,778	396	8.3%
Lauderdale	3,059	3,131	-72	-2.3%
Houston	2,797	2,745	52	1.9%
Rest of AL	38,817	35,674	3,143	8.8%

September 2021 to September 2022
Percent Change in Microbusinesses



Microbusinesses by Metropolitan Area Alabama – September 2022

	September 2022	September 2021	Y/Y Change	Per 100	Composite MAI	Engagement	Participation	Infrastructure
Anniston-Oxford	2,516	2,390	5.3%	2.8	99.7	103.2	98.2	100.0
Auburn-Opelika	5,174	4,778	8.3%	4.0	105.2	105.6	100.0	112.6
Birmingham-Hoover	49,018	46,427	5.6%	5.8	106.4	106.9	102.4	108.4
Daphne-Fairhope-Foley	14,289	12,998	9.9%	8.3	106.5	102.2	104.0	110.3
Decatur	3,088	3,165	-2.4%	2.6	100.5	106.6	99.5	94.4
Dothan	3,426	3,359	2.0%	3.0	101.3	107.7	99.4	96.5
Florence-Muscle Shoals	4,101	4,093	0.2%	3.5	99.6	101.6	100.0	96.3
Gadsden	2,199	1,907	15.3%	2.7	100.5	105.7	98.4	98.8
Huntsville	20,994	20,129	4.3%	5.8	108.2	106.9	102.5	114.7
Mobile	13,139	12,359	6.3%	4.0	102.4	105.9	100.3	100.5
Montgomery	11,952	11,346	5.3%	4.2	104.0	106.2	100.3	106.3
Tuscaloosa	6,947	10,040	-30.8%	3.5	102.9	107.0	99.5	103.2

Most microbusiness owners don't know where to get help and most local governments don't know the scale of microbusinesses in their community

**Only
1 in 4**

Microbusiness owners are aware of business assistance funding or programs available to them.

Of those aware of local resources, only 31% have utilized them.

Most microbusiness owners are unaware of the government resources available to them.

**Only
1 in 2**

Microbusinesses are registered with an employee identification number (EIN), **so half aren't showing up on their city's radar.**

Local governments are unaware of the microbusinesses in their communities.

- **2022 National Survey**
- Despite strong desires to grow their microbusinesses, approximately **76%** of entrepreneurs reported being completely unaware of local government funding and resources.
- Only half have an employee identification number (EIN) for their microbusiness.
- In all scenarios, utilization of available resources is low.



Nicole Sullivan
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How can local government help businesses succeed? (Top 3 Responses)

	Alabama	National Avg
Access to capital	36%	24%
Marketing my business	36%	41%
Tax incentives	36%	36%

Effective training improves outcomes

Focused Training

86% Prefer online format

79% Prefer 2 to 3 hours total, in short 30-minute increments

73% Prefer live sessions with experts (vs recordings)

With Active Follow Up

81% Applied learnings from training

38% Used skills at least monthly

Yields Better Results

68% Reported positive outcomes since training

44% Got more customers

26% Increased revenue

16% Increased profits



**Working together
to support your local
microbusinesses**

Access our data at: www.godaddy.com/ventureforward