What is Small Business?

The Small Business Administration (SBA) defines a small business as one that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period. However, for consistency, this profile uses the SBA’s Office of Advocacy criterion that describes a small business as an establishment with less than 500 employees.

Examples of small business sectors include:
- Professional, Technical, and Scientific Services
- Personal and Laundry Services
- Merchant Wholesalers, Durable Goods
- Food Services and Drinking Places
- Administrative and Support Services
- Specialty Trade Contractors
- Construction of Buildings
- Repair and Maintenance
- Clothing and Clothing Accessory Stores

Examples of specific small businesses include:
- Custom Computer Programming Services
- Advertising Agencies
- Beauty Salons
- Garages
- Security Guards and Patrol Services
- Drywall and Insulation Contractors
- Extermination and Pest Control Services

Quick Facts

→ The small business owner generates ideas for specific products or services. The business is started to sell products or service.
→ 15% of small businesses in California provide professional, technical and scientific services.
→ In California, there were more than 280,000 small business enterprises in 2012.
→ Each small business has an average of 3 employees.
→ 106 community colleges in California provide education in small business development.

What is Impacting Small Businesses in California?

challenges
- Networking with other small business owners
- Connectedness with local and regional industry clusters
- Fluctuating market demand
- Access to capital
- Keeping up with changing laws and regulations
- Securing funds to start a business can be an issue

opportunities
- Can be responsive to customer and market demand
- Organizational structure allows creativity in the way they do business
- Recent federal tax policies have made owning a small business more attractive as billions of dollars in tax relief are offered to entrepreneurs
- Specialized small business opportunities in rural areas and career technical education

INSIDER PERSPECTIVE

Community colleges’ role in small business should be to transform businesses from inside out and help small business owners pursue their own purpose and passion!

— Laura Manyweather
Business Owner
My Life Template
What is the Small Business Landscape in California?

According to the State of California’s Employment Development Department, establishments with less than five employees dominate the small business landscape in California with nearly 1.8 million establishments of this size in 2012. Small business establishments with 100 or more employees numbered nearly 14,000 in the same year.

In 2012, there were nearly 470,000 registered small business enterprises in California. The combined number of employees for these businesses is over 1.4 million individuals, with an average of 3 employees per business. The table below highlights the number of businesses, total sales, and total number of employees by region.

### SMALL BUSINESS ESTABLISHMENTS (CALIFORNIA, 2012)

![Chart showing the distribution of small business establishments by number of employees in 2012.]

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Number of Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>1,727,407</td>
</tr>
<tr>
<td>5-9</td>
<td>424,140</td>
</tr>
<tr>
<td>10-19</td>
<td>209,759</td>
</tr>
<tr>
<td>20-99</td>
<td>142,480</td>
</tr>
<tr>
<td>100-499</td>
<td>13,544</td>
</tr>
</tbody>
</table>

### SMALL BUSINESS OWNERSHIP ACTIVITY BY REGION (CALIFORNIA, 2010)

<table>
<thead>
<tr>
<th>Region</th>
<th># of Businesses</th>
<th>Total Sales (x 1,000)</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco</td>
<td>26,429</td>
<td>$16,167,454</td>
<td>83,199</td>
</tr>
<tr>
<td>South San Francisco Bay</td>
<td>9,650</td>
<td>$6,218,697</td>
<td>29,062</td>
</tr>
<tr>
<td>East Bay</td>
<td>31,537</td>
<td>$18,458,184</td>
<td>93,254</td>
</tr>
<tr>
<td>North Bay</td>
<td>22,333</td>
<td>$12,807,536</td>
<td>63,567</td>
</tr>
<tr>
<td>Silicon Valley</td>
<td>23,322</td>
<td>$14,427,507</td>
<td>74,469</td>
</tr>
<tr>
<td>Los Angeles/Orange County</td>
<td>167,921</td>
<td>$110,039,140</td>
<td>515,398</td>
</tr>
<tr>
<td>Inland Empire</td>
<td>35,100</td>
<td>$20,994,533</td>
<td>10,209</td>
</tr>
<tr>
<td>San Diego/Imperial County</td>
<td>40,219</td>
<td>$24,248,861</td>
<td>120,920</td>
</tr>
<tr>
<td>Central</td>
<td>41,059</td>
<td>$25,261,560</td>
<td>117,780</td>
</tr>
<tr>
<td>Mother Lode</td>
<td>3,654</td>
<td>$1,947,374</td>
<td>9,874</td>
</tr>
<tr>
<td>South Central</td>
<td>21,218</td>
<td>$12,682,742</td>
<td>63,543</td>
</tr>
<tr>
<td>Greater Sacramento</td>
<td>28,440</td>
<td>$16,003,429</td>
<td>83,642</td>
</tr>
<tr>
<td>Northern Coast</td>
<td>5,606</td>
<td>$3,229,366</td>
<td>16,544</td>
</tr>
<tr>
<td>Northern Inland</td>
<td>11,674</td>
<td>$6,607,444</td>
<td>31,044</td>
</tr>
<tr>
<td><strong>Total, All California</strong></td>
<td><strong>468,930</strong></td>
<td><strong>$289,672,964</strong></td>
<td><strong>1,408,098</strong></td>
</tr>
</tbody>
</table>

The number of establishments and total employment impacts of small businesses varies by region. In terms of total number of employees, the Los Angeles/Orange County region has the majority of jobs. The same industry sector — Scientific, technical, and professional services — is the most prevalent small business sector across every region of the state. Within each region, there is a wide variation of specific types of small businesses within the scientific services. Further information about these sectors and Small Business Ownership in California can be found at [www.coeccc.net/scans](http://www.coeccc.net/scans).
What Segments are Driving Economic Activity?

Small business owners can be found in every labor market sector and economic region of California. Across California, the largest specific industries for small business owners are: Professional, Technical, and Scientific services (42,541 establishments); Personal and laundry services (19,862 establishments); and Specialty trade contractors (18,044 establishments). These 3 industries alone account for over 80,000 small businesses.

Professional, technical, and scientific services accounts for 15% of small businesses in California alone. Within the professional services industry, the top specific small business types are: (1) Administrative management and general management consulting; (2) Custom computer programming services; (3) Engineering services; (4) Offices of lawyers; and (5) Computer systems design services.
What is the Role of the Community Colleges?

California Community Colleges (CCC’s) have an opportunity to increase or build collaboration efforts with employers in the private business sector. This is important because curriculum and course offerings need to reflect small business ownership and not limit focus to specific areas such as small business accounting or management. Collaboration efforts include placing employers on local advisory boards or to serve as adjunct instructors. CCC’s also have an opportunity to work on partnerships with local high schools to build and strengthen existing career pathways potentiating increasing the small business owner pipeline. Some resources available to CCC’s include: California Community Colleges Economic and Workforce Development Initiative Centers (e.g. Business and Entrepreneurship Centers), Local Government and Workforce Agencies (e.g. WIBs), 4-year Universities and Colleges, and Foundations.

What Programs are Available through the Community Colleges?

- Business Administration and Management
- Cosmetology Entrepreneurship Concentration
- Entrepreneurship Academy Business Department
- Interior Design, Early Childhood Education, Fashion and Multimedia
- Youth Entrepreneurship Program
- SBDC (Small Business Development Center)

Data notes and sources: Data and information included in the Sector Profile were compiled from the following public and proprietary sources: California Community College Chancellor’s Office; CA Employment Development Department, California Labor Market Trends, August 2010; Lindegaard, Stefan, Three Innovation Drivers for Small Business, March 4, 2012; Small Business Administration (SBA); U.S. Dept. of Commerce, International Trade Association; Economic Modeling Specialists, Inc.; InfoGroup, Inc.