

Young Businesses Are Small, But Small Businesses Are Not Necessarily Young

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The typical small firm is relatively more established.

About a quarter of small employers (less than 500 employees) are more than 20 years old (Chart 1). The median age of a small employer business is just under 10 years old; the mean age is even older than 10 years but data limitations do not allow an exact figure to be calculated.

(Source: Census Bureau, Business Dynamics Statistics)

Most existing small firm employment is from older firms.

Over 50 percent of small firm employment is in firms that are over 15 years old. Only 21 percent is in firms that are 5 years old or younger (Chart 2).

(Source: Census Bureau, Business Dynamics Statistics)

Small businesses' percent of employer firms decreases with age.

About a third of small employer firms are 5 years old or younger, about a third are 6 to 15, and about a third are 16 or older. (Table 1). By contrast, four out of five large businesses are 16 or older.

(Source: Census Bureau, Business Dynamics Statistics)

Nonemployer businesses tend to be younger than employer businesses.

The median nonemployer is about 6 years old. This is about 4 years less than the median age of employers. Nonemployers' small size is the main reason for the difference; it allows them to take advantage of easier and often less costly entries and exits.

(Source: Census Bureau, Survey of Business Owners)

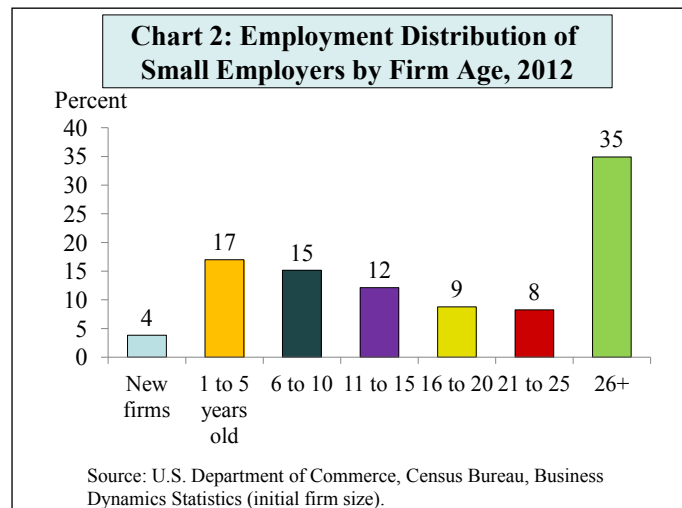
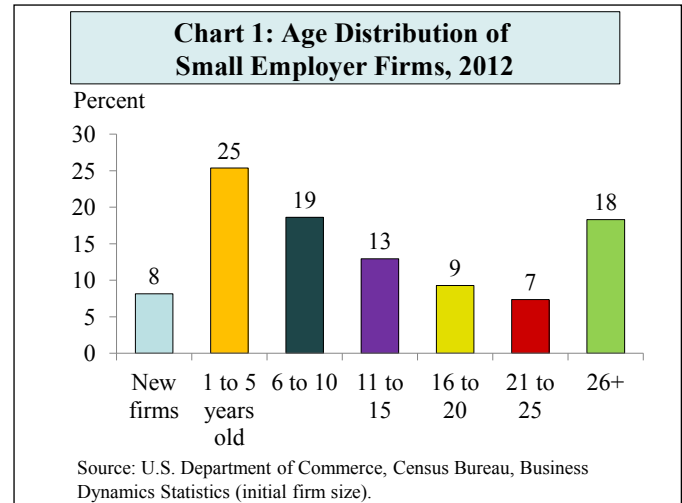


Table 1: Employer Firms and Age, 2012

Thousands of Employer Firms	Total	Employment size of firm		
		<20	20-499	500+
Firm Age (Yrs.)				
Total	5,044	4,455	569	20
0-5	1,685	1,579	105	1
6-15	1,587	1,428	156	3
16+	1,771	1,447	308	16

Source: U.S. Census Bureau, Business Dynamics Statistics (initial firm size).