

# Business Formations in Missouri for 2010

## An Economic Engine

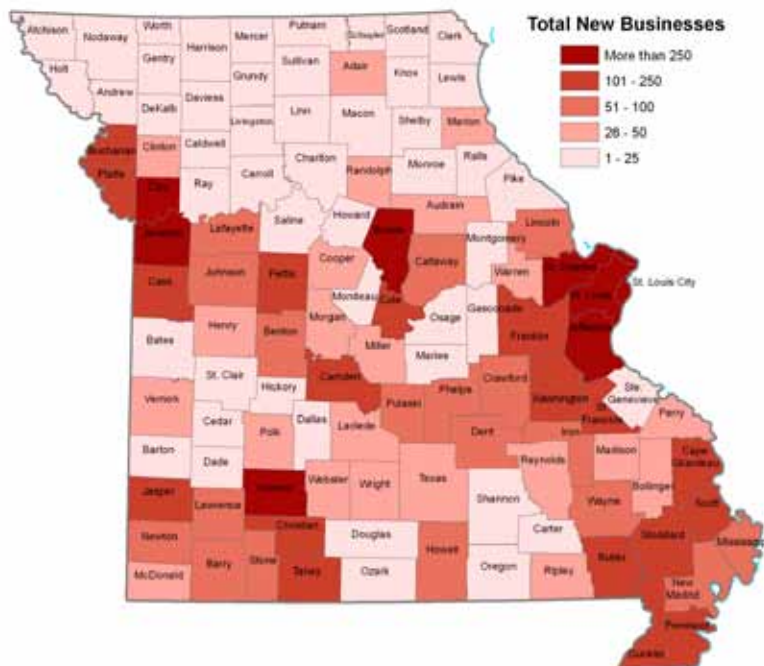
New businesses bring industry diversity and job growth to a state and are a major engine for economic growth. Research has shown a positive relationship between levels of entrepreneurial activity and economic growth across countries.

## 13,492 Business Formations

Missouri had 13,492 new business formations in 2010, an increase from the 2009 total of 13,415.

Formations occurred in every county in Missouri but were led by the population centers of St. Louis, Kansas City and Springfield. Over half the counties of Missouri saw no change or an increase in business growth between 2009 and 2010.

## 2010 New Businesses by County



## Top Ten Business Formations

**Private household** employers accounted for 29 percent of all formations and include services such as in-home care taking and cooking. **The Professional and Technical Services**, which include legal and accounting firms, information technology services, engineering and scientific services, etc., accounted for 10 percent of all formations.

- 1) Private Households
- 2) Professional, Scientific and Technical Services
- 3) Admin. and Support Services
- 4) Food and Drink Establishments
- 5) Wholesale Electronic Markets, Agents and Brokers
- 6) Specialty Trade Contractors
- 7) Ambulatory Health Care Services
- 8) Construction Contractors
- 9) Truck Transportation
- 10) Repair and Maintenance



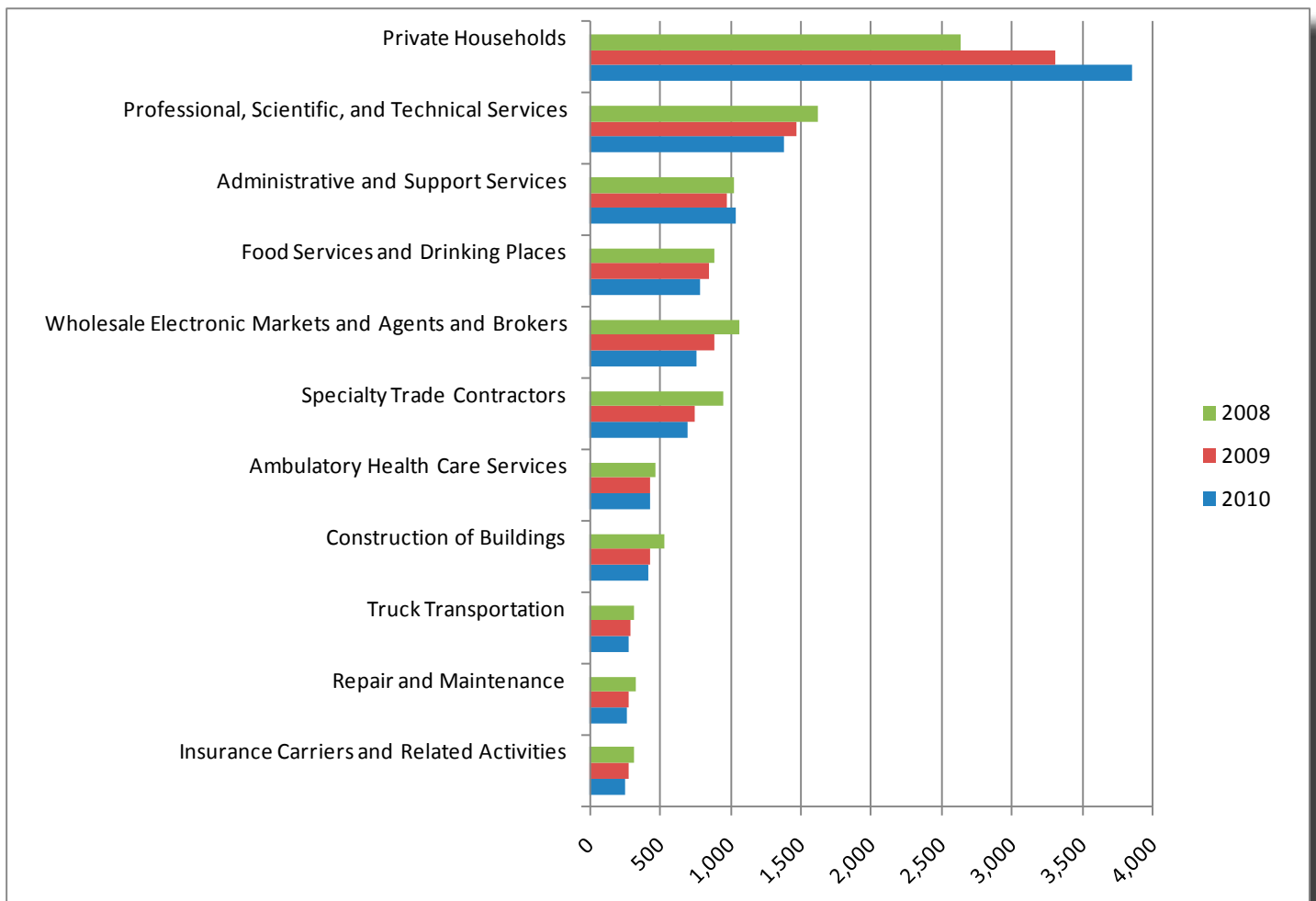
## Urban and Rural Region Distinctions

Private Households, Professional, Scientific, and Technical Services, Administrative and Support Services, and Food Services and Drinking Places were the top categories for new formations regardless of location; however some industry distinctions can be drawn between 11 large urban counties (including St. Louis City) and other counties.

Private household services accounted for nearly 50 percent of all formations in the rural regions compared to 25 percent in urban areas. Seventy-seven percent of all Professional, Scientific, and Technical Services formations happened in the 11 urban counties. Truck Transportation firms, such as long-haul freight companies, were a more common new business formation in rural areas than urban, as were Repair and Maintenance firms.

There are 28 counties including St. Louis City that are intersected by at least one of the five major interstate highways in Missouri. These 28 represent only a quarter of the 115 counties and yet host 54 percent of all 2010 new business formations.

## New Businesses by Industry Sector



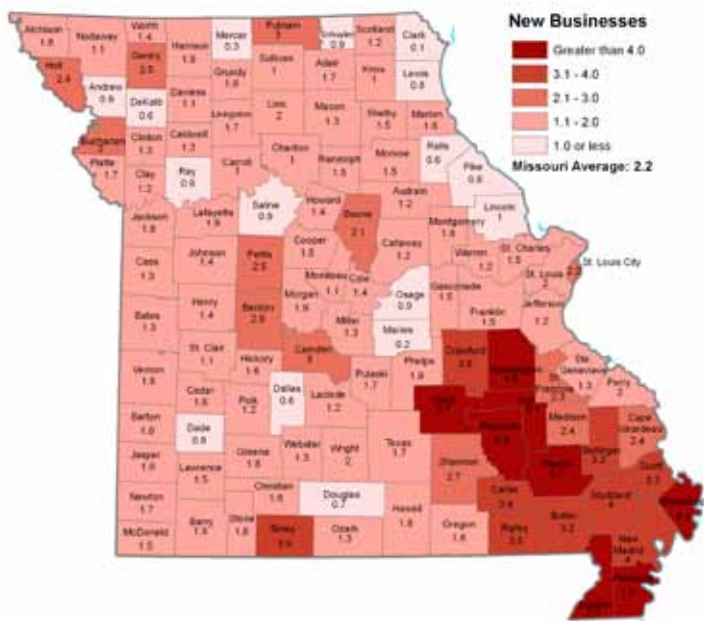
## Formation Rates Show High Activity in Southeast Missouri

Total business formation tends to be highest in urban areas that have high population density. The map below shows new business starts per 1,000 people for each county in Missouri. This map is useful because it allows business growth to be standardized by population, making it possible to identify rural counties with high business growth.

The statewide average new business formation rate of 2.2 is a 0.2 increase over 2009.

The counties of Southeastern Missouri continue to show a higher business formation rate than the rest of the state. The region's top industries for new businesses mirror those of other rural regions with a few exceptions. Private household services accounted for 72 percent of all formations in the Southeast counties. Crop production firms, with 18 new businesses, was among the top ten industries for new businesses in the Southeast.

### 2010 New Businesses Per 1,000 Population



The Missouri Economic Research and Information Center (MERIC) monitors new business formations through unemployment insurance accounts established in the state. This allows MERIC to gauge the number of new, non-farm businesses by industry and county detail.

Business data is derived from the Quarterly Census of Employment and Wages, a cooperative program between the Bureau of Labor Statistics and state labor market information centers that monitors employing businesses.

Non-employer businesses, such as sole proprietors, are monitored through a U.S. Census program that uses administrative data, chiefly IRS returns, to develop statistics. Non-employer businesses account for less than 4 percent of all sales but do account for the largest number of businesses. More information is available at: <http://www.census.gov/econ/nonemployer/>



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