



AN IN-DEPTH LOOK AT

SAN DIEGO'S SMALL BUSINESS ECOSYSTEM



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ABOUT THE INITIATIVE

Small businesses - those with fewer than 100 employees - are the backbone of the regional economy. This initiative, which includes a survey of 522 small businesses across San Diego and Imperial counties, seeks to uncover insight and gain a deeper understanding of small business perceptions of the regional business climate. The end goal is to develop new and enhance existing programming and support for small businesses in the region.

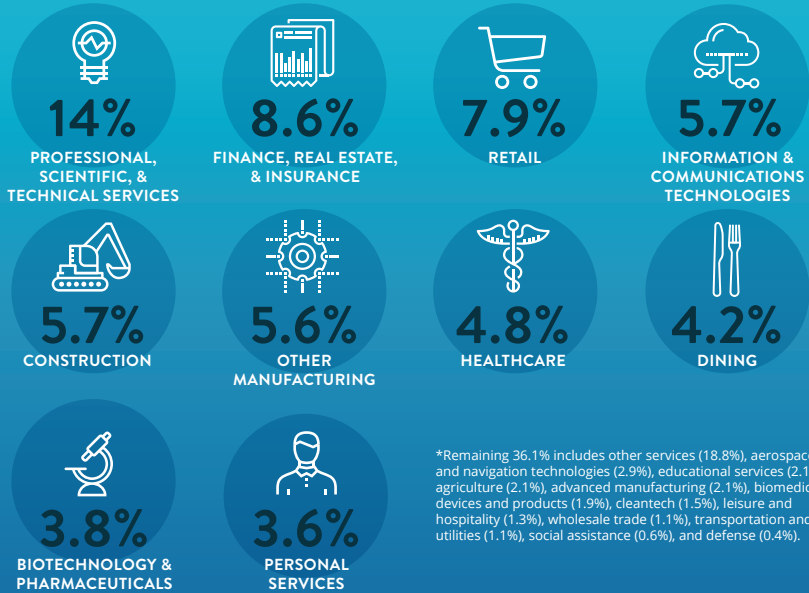
ABOUT THE RESPONDENTS

522
RESPONDENTS

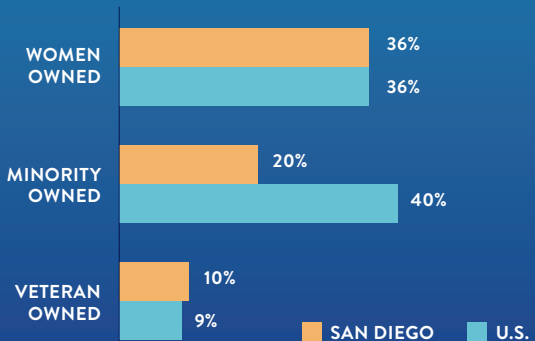
68%
LOCAL
SERVICES

22%
COMPANIES
OPERATING MORE
THAN 20 YEARS

SMALL BUSINESS INDUSTRY BREAKDOWN, TOP 10 TOTAL RESPONSES = 522



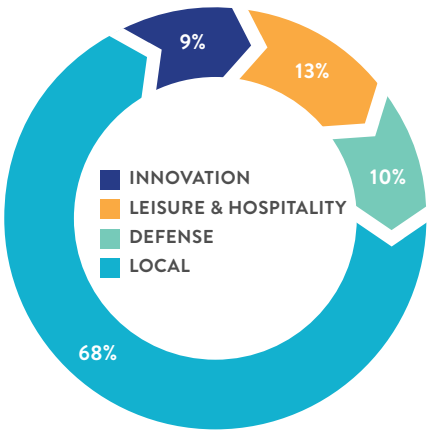
OWNERSHIP BREAKDOWN SURVEY RESPONDENTS VS NATIONAL AVERAGE



REGIONAL EMPLOYMENT BREAKDOWN, 2017

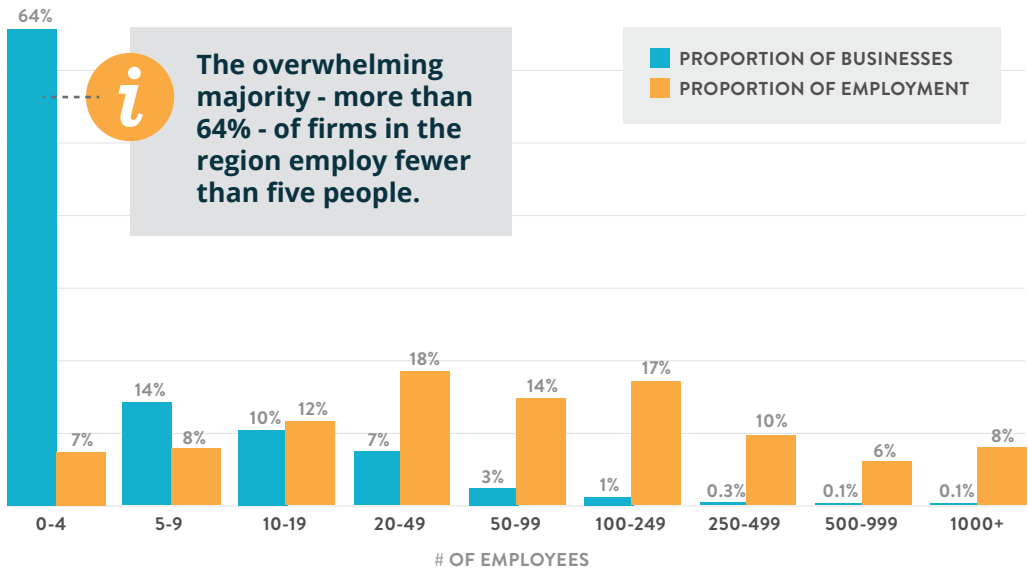
SMALL BUSINESSES DRIVE SAN DIEGO'S ECONOMY

Today, small businesses represent 98% of San Diego's businesses and employ roughly 59% of the workforce. Moving forward, it is projected that small businesses will be the primary driver of regional economic growth. At present, nearly two-thirds of regional employment is locally-serving, and can be found in industries such as healthcare, finance, real estate, education, construction, personal services, and food and beverage.

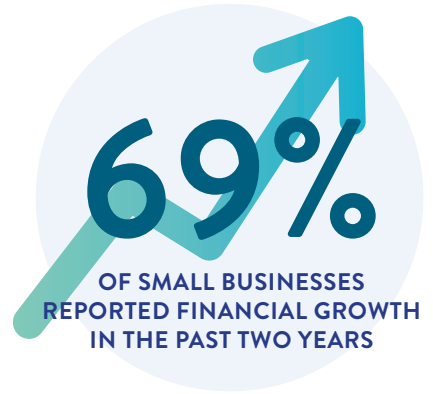


OF THE REGION'S WORKFORCE ARE IN BUSINESSES WITH FEWER THAN 20 EMPLOYEES

REGIONAL FIRM SIZE & EMPLOYMENT BREAKDOWN



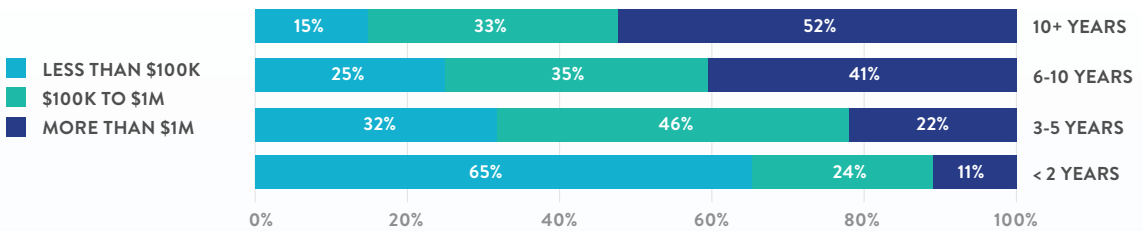
SMALL BUSINESSES PERFORMANCE



REVENUE

Nearly two-thirds of companies who have been operating less than two years generate less than \$100K in annual revenue, while more than half of established companies (10 years or longer) generate more than \$1M in revenue annually.

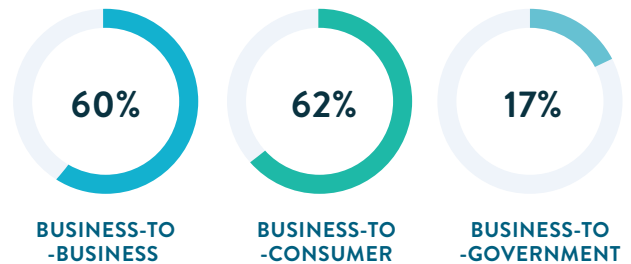
ANNUAL REVENUE BY AGE OF BUSINESS



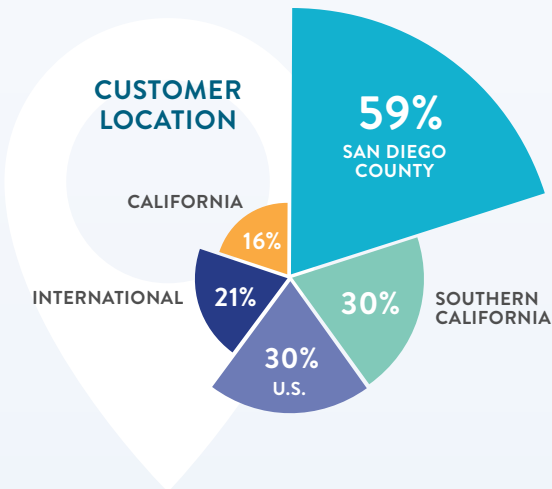
CUSTOMER BASE

The majority of businesses in the region are primarily engaged in business-to-consumer and business-to-business operations. The share of companies doing business-to-government contracting is reflective of the procurement opportunities in San Diego's defense-related industries.

SALES CHANNEL



*respondents can select more than one



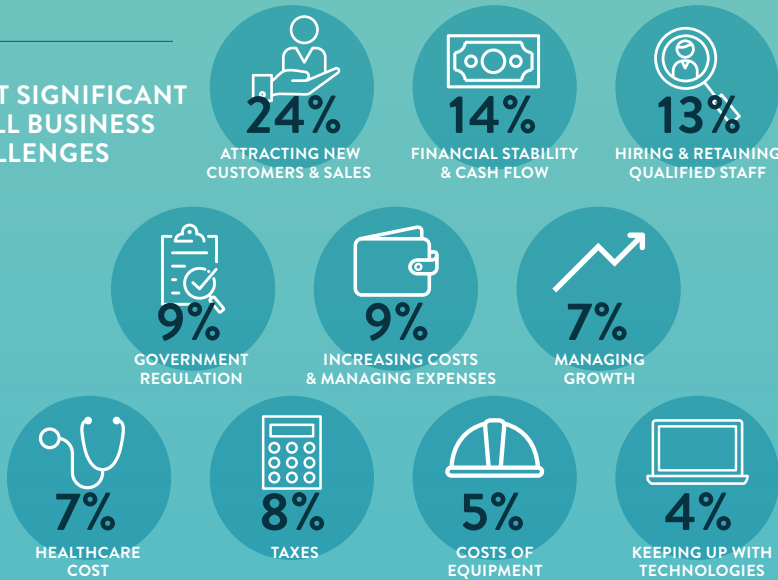
CUSTOMERS NEAR & FAR

The majority - 59% - of the region's small businesses have local customers. Additionally, a significant portion of small businesses sell their products to the rest of the state, nation, and even international markets.

SMALL BUSINESS CHALLENGES

Lack of resources and support are a threat to small business competitiveness and can often be the reason small businesses permanently close. While business challenges vary widely by industry, 'attracting new customers and growing sales' was found to be the single, greatest challenge with nearly a quarter of companies ranking it as the most significant.

MOST SIGNIFICANT SMALL BUSINESS CHALLENGES



KEY TAKEAWAYS

SALES - AND ATTRACTING NEW BUSINESS - ARE THE BIGGEST CONCERN OF THE REGION'S SMALL BUSINESS OWNERS.

85% of locally-serving small businesses said 'sales and new business' was a challenge, including **25%** who said it was the most significant challenge.

AVAILABLE CAPITAL AND INVESTORS FOR GROWTH IS ANOTHER MAJOR CONCERN.

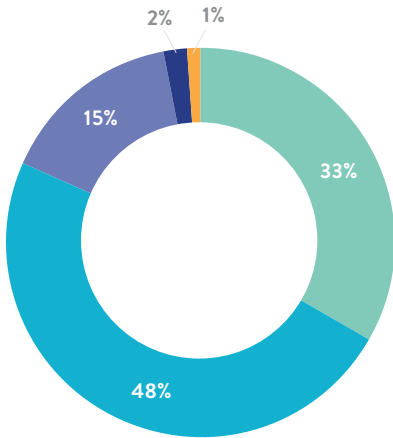
14% of small businesses said that 'financial stability and cash flow' was the most significant challenge.

THE HIRING OUTLOOK IS POSITIVE FOR SMALL BUSINESSES.

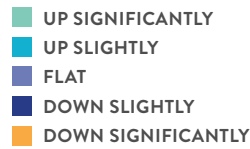
Over the next two years, **41%** of locally-serving small businesses intend to hire more employees. In fact, staffing ranked as the top area of likely future investment by small businesses.

LOOKING AHEAD...

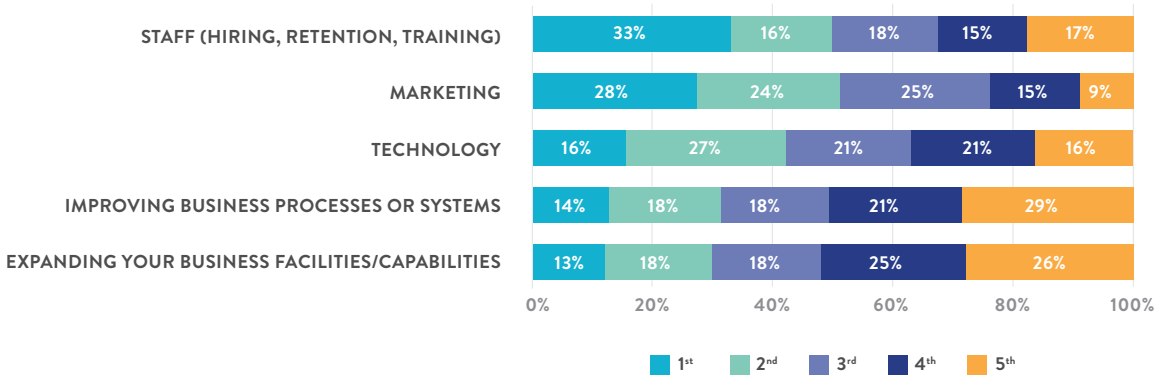
Overall, small businesses feel confident about the future. Of firms surveyed, roughly 43% expect to grow in terms of workforce and 81% expect to grow in terms of financial performance. For 33% of firms, staff development will be the most likely future investment. Additionally, 52% of firms indicated marketing was the first or second most likely investment in the near future.



PROJECTED FINANCIAL PERFORMANCE, NEXT TWO YEARS



MOST LIKELY FUTURE INVESTMENTS



ABOUT THE SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The San Diego & Imperial Small Business Development Center (SBDC) Network is a resource partner of the US Small Business Administration and hosted by Southwestern College. The SBDC is here to empower small business creation and growth to achieve job creation and retention, capital investments, and dynamic innovation that improves the quality of life in San Diego and Imperial Counties. The SBDC network provides a vast array of "No Cost" and "Low Cost" support to entrepreneurs and small businesses with one-on-one business advising, workshops, and training events. Service is provided at its locations in Carlsbad, National City, University of San Diego/Linda Vista, Encanto, Kearny Mesa, El Cajon, and El Centro (Imperial County). **Please visit sdvSBDC.org to learn more.**

