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The 2016 State of Small Business Report: *Small Business and Its Impact on Florida* was developed by the Florida SBDC Network in collaboration with the University of West Florida Center for Research and Economic Opportunity.

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Florida is a big small business state and our state’s leaders understand that they are the engine to economic prosperity.

On behalf of the Florida SBDC Network, the state’s principal provider of small business assistance, I am pleased to present the 2016 State of Small Business Report: Small Business and Its Impact on Florida. The purpose of this report is to provide an overview of the size, scope, and well-being of our state’s small businesses.

Small businesses comprise 98.9 percent of all businesses in the state and employ nearly half of the state’s private sector workforce. Florida’s small businesses have been a major contributor to the 1.2 million private sector jobs created since early 2010.

Florida consistently ranks as one of the top states for business thanks to its favorable business climate, tax benefits, no personal income tax, and proximity for global trade. Florida also benefits from a thriving tourism industry. In 2015, Florida became the first state to welcome more than 100 million domestic and international visitors.

However, Florida’s small businesses continue to face a host of challenges. Research shows that access to capital continues to remain the greatest challenge, with 28 percent of the Florida SBDC’s most recent survey of small business clients citing it as their top issue.

Cybersecurity is also a growing issue for small businesses. According to cybersecurity firm Symantec, last year 43 percent of cyber-attacks worldwide were targeted at small businesses with less than 250 employees, a 26 percent increase from 2014.

Additionally, while exporting provides a number of benefits, only a fraction of Florida’s small businesses export – roughly 2.8 percent.

The Florida SBDC Network is committed to fostering the growth and success of Florida’s small businesses. Our hope is that this report will serve as a primary index on the state of Florida’s small businesses and be used by policy makers and administrators for future policy and decision-making in their support.
Florida’s economic recovery continues, albeit at a somewhat slower pace in recent months. Some 1.2 million jobs have been added to nonfarm payrolls since employment bottomed out in December of 2009.

That’s a 17.3 percent cumulative growth, compared to 11.3 percent for the nation as a whole over the same time period (see Figure 1). June to July growth was 28,100 on a seasonally adjusted basis, enough to take the 12 month total in July 2016 to 250,200 above the jobs level of July 2015. July 2016 was also 306,000 jobs above the pre-recession employment peak that had been reached in March 2007, almost a decade earlier. The Great Recession took a toll on our state.

Of those 1.2 million jobs added since the jobs recovery began in early 2010, 257,100, or about one out of five, have been added in leisure and hospitality. This represented 28 percent cumulative growth since December 2009. Manufacturing has gained 46,000 jobs, or 14.9 percent, since bottoming out in December 2009. Although the gain in jobs in leisure and hospitality is a much bigger number, in some ways, manufacturing job growth is the bigger story.

A 14.9 percent increase in manufacturing jobs is good growth and a great recovery from the recession. However, it bucks the longer term trend, both in Florida and for manufacturing employment nationally. Due to automation, and aided by globalization, manufacturing businesses now produce more output than ever before, but they do it with fewer people. This is primarily due to the use of industrial robots and automated processes in our domestic U.S. manufacturing businesses. It also is due to the spread of technology globally and cheaper than ever shipping costs. The ability to manufacture abroad and ship to the U.S. market results in less expensive products to be sold by local wholesalers and retailers. Figure 2 shows U.S. manufacturing output per employee measured in inflation-adjusted dollars per hour. It also shows the total number of employees in manufacturing in the U.S. Both output and employment are adjusted so as to measure January 1990 as having a value of 100 percent. What can be seen is that by quarter two of 2016, output per employee has increased from 100 to 242, or an increase of 142 percent. However, employment has fallen from an index value of 100 down to a value of 69, a decrease of 31 percent. Manufacturers are producing more than double the amount of output that they did a generation ago, but they are doing it with almost a third fewer people.

As the value of output per worker rises, businesses can potentially pay those remaining workers more, depending on the cost of installing the labor saving technology. When that happens, manufacturing jobs can be great jobs. However, the changes cut both ways. In a labor market where so many assembly line tasks are being replaced by technology, those displaced workers must either retrain, or find new employment, or both. This excess supply of people willing and able to work puts downward pressure on wages.

Sectors which are harder to automate, including health care, leisure and hospitality, and education, have had growing numbers of jobs. However, this may just mean that they are ripe for the same technology revolution which has changed manufacturing.

Manufacturers are producing more than double the amount of output that they did a generation ago, but they are doing it with almost a third fewer people.
Total Nonfarm Employment, Florida and U.S.
December 2009 = 100, Seasonally Adjusted
Figure 1

Manufacturing: Output Per Hour, Total Employment
Quarter 1 1990 = 100, Seasonally Adjusted
Figure 2
Florida’s Economic Overview

Real Gross Domestic Product

Florida: $789.8B (+3.1%)

U.S.: $16.4T (+2.6%)

7th fastest annual growth rate in real GDP


New Business Establishments

4th Quarter 2015

35,656

Of the 54,149 businesses that opened in 2014
79.1% survived through 2015


New Jobs

232,000

July 2015 - July 2016

(+3.3%)

Private Sector Employment Growth

1.9% for the U.S.

Unemployment Rate

5.2% to 4.7%

July 2015 - July 2016

Source: U.S. Department of Labor, Bureau of Labor Statistics
According to the most recent SBO (2012) there were over 2,100,000 business owners in the state of Florida; which equates to approximately 21 percent of the state’s adult population. Nationwide this number is closer to 17 percent of the adult population. Florida ranks second behind Vermont (23%) in the proportion of business ownership to the adult population.

The number of business owners in the state of Florida grew steadily between 1992 and 2012. However, growth slowed drastically between 2007 and 2012, only increasing 4.5 percent, during that five-year period. Much of the slowdown can be attributed to the Great Recession. These numbers suggest that, despite the Recession officially ending in June 2009, business ownership has not experienced the same type of growth it did prior to the crash. Despite lower growth rates from previous years, business ownership in the state did grow faster than the rest of the country (2.0%) during the same time period.

Florida’s population continues to grow, with the U.S. Census Bureau estimating that, as of July 2015, over 20 million people or 6.3 percent of the U.S. population call the state home; ranked third only behind California and Texas. The state’s population has increased 7.8 percent between 2010 and 2015¹ and is projected to reach over 26 million by 2040².

On average, 1,036 New Residents Move to Florida Each Day

Growth Rate of Business Ownership Statewide and Nationally Between 2007-2012

4.5% 2.0%
Firm Characteristics

The type of firm is also changing with non-employer firms, or firms without any paid employees, increasingly representing a larger percentage share. Per the U.S. Census Bureau, non-employer firms are mostly self-employed individuals whose businesses may or may not provide their primary source of income. Both statewide and nationally, the sales receipts from these firms average approximately four percent of all sales.

Between 2007 and 2012 represented the first period in twenty years where the percentage of firms with employees had declined (-5.1%). This is likely a result of the 2007 Great Recession. During that same time, non-employer firms continued to grow (7.0%), albeit at a slower rate than in previous periods (Figure 1).

The top ten industries for non-employer firms in the state of Florida include: all other personal services; janitorial services; offices of real estate agents and brokers; beauty salons; all other professional, scientific, and technical services; other activities related to real estate; home health care services; independent artists, writers, and performers; other direct selling establishments; and landscaping services. Many of the jobs associated with these industries are flexible enabling individuals to go into business for themselves on the side of permanent employment elsewhere and can often be done without the need for other employees.
Demographic Characteristics of Business Owners

The percentage of minority-owned businesses increased by 36.2 percent between 2007 and 2012, making up 44.1 percent of all Florida businesses (see Figure 1), which proportionately represents more than twice the state’s minority adult population (20.1%). Nationally, the percentage of minority-owned businesses increased by 38.1 percent during the same time period. Minorities represent 28.8 percent of all business owners, meanwhile they represent 21.3 percent of the adult population ages 18 and up.

The number of female-owned businesses has also increased steadily over the past fifteen years. In 1997, female business owners made up only 26.0 percent of business owners; in 2012 they made up 38.5 percent of all business owners in the state. Between 2007 and 2012, female business ownership increased 39.0 percent. The percentage of female-owned businesses in Florida has increased at a similar pace as female ownership nationwide, with 26.0 percent of females owning businesses in 1997 and 35.8 percent in 2012.

Proportionally, female business ownership is still significantly lower than the overall female adult population. Nationwide, females make up 51.3 percent of the adult population ages 18 and up—statewide is at 51.7 percent.

While the percentage of minority and female-owned businesses have increased, there has been little change in the percentage share of male-owned businesses. In 2007 male business owners made up approximately 51.6 percent with little change in 2012 (51.7%). This trend is consistent with male business ownership nationwide which only grew by approximately 2.5 percentage points between 2007 (51.3%) and 2012 (53.7%).

Veteran-owned businesses have also seen little change at both the state and national levels. In Florida, veterans make up 8.8 percent of business owners compared to 9.1 percent nationally. The SBA notes that the veteran population is older than the non-veterans population. As this population continues to retire or pass away one can expect the percentage of veteran-owned businesses will continue to decline.

As shown in Figure 2, the SBO also collects data on the age of business owners at the national level. The 45 to 54 age bracket continues to have the largest share of business owners making up 21.9 percent in 2007 and 21.4 percent in 2012; however, the percentage of business owners in older brackets continue to increase. In 2007, business owners ages 55 to 64 made up 17.8 percent compared to 20.5 percent in 2012. Business owners age 65+ made up 9.2 percent in 2007 but increased 3.4 percent to 12.6 percent in 2012. These statistics are consistent with an aging Baby Boomer population that continues to work beyond retirement. This generation was greatly impacted by the 2007 Great Recession as many companies sought to cut costs through early retirement incentives. At the same time, many lost significant amounts of their retirement savings with little time remaining to make up for losses. Therefore, one explanation for the increase in business ownership is likely due to necessity rather than desire.

Sources: 1The U.S. Census defines ownership by gender as a business where 51% or more of the business is owned by either males or females. Businesses can also be classified as “equally male-/female owned” if ownership is split 50/50 percent; 2“Demographic Characteristics of Business Owners,” Small Business Administration, January 16, 2014; 3Note: Some data not available for each year.
Florida Small Business
JOB IMPACT

2.3M Small Businesses

412,790 Small Businesses with Employees

3.1M Workers are Employed by Small Businesses, or 43.2% of all Florida Employees

27% of working Floridians are Employed by Small Businesses with <50 Employees

3 Out of Every 4 New Jobs are Created by Small Businesses

Small Businesses Account for 55% of the Private Sector Workforce

Sources: ^U.S. Census Bureau, BDS 2013
The impact of international trade in Florida is undeniable. International trade comprises 17 percent of Florida’s economy, with more than $153 billion in trade value moving through the state’s air and seaports each year.

In 2015, exports from Florida contributed to the $2.23 trillion of goods and services exported from the U.S. Further, as of 2013, international trade supported 2.5 million jobs in the state.\(^1\)

According to the U.S. International Trade Administration, in 2015 Florida’s largest export markets were:

1. $3.9B Canada
2. $3.7B Brazil
3. $2.7B Mexico
4. $2.5B Colombia
5. $2.0B Venezuela

The state’s largest merchandise export categories were computer and electronic products, which accounted for $12.0 billion of the state’s merchandise exports. This category was followed by transportation equipment ($8.7 billion); chemicals ($6.7 billion); machinery ($5.3 billion); and miscellaneous manufacturers ($3.2 billion).

As of 2013, there were 61,489 companies that exported from Florida. Of these, 95.3 percent were small and medium-sized enterprises with fewer than 500 employees. These firms generated over two-thirds, or 66 percent, of the state’s total export value.

While exporting provides a number of benefits, only a fraction of Florida’s small businesses—roughly 2.8 percent—export. Nationally, only five percent of small employer firms export. Often small businesses are at a disadvantage due to a lack of resources in navigating the complexities of trade, including identifying potential customers and suppliers.\(^2\)

To help combat this issue, the Florida SBDC Network and Enterprise Florida, in partnership with the U.S. Commercial Service, offer a scholarship export assistance program to help Florida businesses identify overseas growth strategies. Through the partnership, qualified new and infrequent export manufacturers and professional service providers have the opportunity to meet with Florida SBDC International Trade Specialists to prepare a customized export marketing plan. The plan, which takes an average of 120 hours to develop, includes a thorough export readiness assessment, industry analysis, market analysis with target market recommendations, a review of overseas trade opportunities, and an action plan that includes export promotion programs and services.

As a testament to this effort, the Florida SBDC Network was awarded the President’s “E” Award for Export Service in 2016. The President’s “E” Award is the highest recognition any U.S. entity can receive for making a significant contribution to the expansion of U.S. exports.

Gig Economy Gives Rise to Non-Employer Firms

Florida is leading all states in the rate of increase in the number of non-employer businesses, according to the most recent statistics from the U.S. Census Bureau.¹

**Growth of Non-Employer Firms**

Between 2013-2014

- **Florida** 6.0% at 1.9 Million
- **Texas** 5.4%
- **Alaska** 5.3%

Between 2013 and 2014, Florida’s number of non-employer businesses grew 6 percent to 1.9 million. The state was followed by Texas, which jumped 5.4 percent and Alaska, which grew 5.3 percent.

According to the U.S. Census Bureau, “most non-employers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner’s principal source of income.”

Approximately 42.5 percent of non-employer businesses in Florida are owned by females, 49.8 percent are owned by males, and 22.1 percent are owned by minorities.

As the data suggests, as the “gig economy” continues to grow, many non-employer businesses are finding ways to run their businesses without hiring additional employees. Led by ride-sharing service Uber, the “gig economy” refers to temporary freelance projects and assignments versus traditional long-term careers.

Increasingly, non-employers are starting businesses that do not require additional help or they are outsourcing their needs to independent contractors to avoid hiring employees. The ability to outsource greatly reduces the additional time, paperwork, and costs beyond basic salary associated with additional employees.

As mentioned previously, according to the Census Bureau data, all other personal services; janitorial services; and the offices of real estate agents and brokers were the top three industries with the largest number of non-employer firms.

Florida also led in the number of non-employer establishments per adults aged 18 and older, with 12.3 non-employer businesses for every 100 adults.

Florida was third behind only California and Texas in receipts for non-employer businesses between 2013 and 2014 at $84.6 billion, according to the Census Bureau.

Florida is ranked 3rd in receipts, between 2013-2014, for non-employer businesses

$84.6 Billion
only behind California and Texas

**Florida Employment By Size**

<table>
<thead>
<tr>
<th>Group</th>
<th>Number (Employees)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Employed</td>
<td>1.83M</td>
<td>20.79%</td>
</tr>
<tr>
<td>1-19 Employees</td>
<td>1.25M (14.24%)</td>
<td></td>
</tr>
<tr>
<td>20-99 Employees</td>
<td>979,911 (11.07%)</td>
<td></td>
</tr>
<tr>
<td>100-499 Employees</td>
<td>(790,928 or 8.95%)</td>
<td></td>
</tr>
<tr>
<td>500+ Employees</td>
<td>3.97M (44.95%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: ¹Nonemployer Statistics, U.S. Census Bureau 2014
Florida’s middle market businesses are thriving, beating the national rate in year-over-year revenue growth during the 2nd quarter of 2016.

That’s according to the “Middle Market Indicator” from the National Center for the Middle Market, which reported that revenue from mid-size businesses in Florida grew 8.5 percent, while the national rate stood at 7.2 percent. Florida companies also reported 5.9 percent employment growth over the past 12 months, versus 4.4 percent nationally.

Florida’s construction market along with wholesale trade and business services have been among recent strong performers, said Thomas Stewart, executive director of the National Center for the Middle Market.

“‘You see some interesting patterns,’ Stewart said. ‘But right now, you see in the last 12 months mid-sized companies in Florida have been really burning up the tracks.’”

With that surge in revenue, middle market companies in Florida are also preparing for growth, with two-thirds or 66% of firms indicating that they are preparing for growth through capital investment.

Middle market businesses are defined as those that bring in between $10 million and $1 billion in annual revenue. There are about 7,000 middle market businesses in Florida that account for a total of $277 billion in annual revenue, according to the National Center for the Middle Market.

While Florida’s middle market companies are outperforming the national average—they make up 25 percent of the state’s business revenue and employ 21 percent of the state’s workforce—the Sunshine State ranked the lowest in the proportion of firms in the middle market. In Florida, the percentage of middle market companies is nearly half the national average—.48 compared to 0.96 nationally.

“Florida’s middle market companies are important drivers of our state’s economy, but often are not well understood or represented,” said Michael Myhre, CEO and Network State Director for the Florida SBDC.
Florida’s Small Business Needs

As Florida’s recovery continues, business owners are showing confidence in stability of the state’s economy, according to the Florida SBDC Network’s most recent annual survey of small business clients.

Three quarters of those surveyed said they expected their sales to increase in 2016, with 49 percent expecting a moderate increase and another 26 percent expecting their sales to increase significantly.

Stability and growth can be seen in hiring, as 48 percent of respondents reported they expected to maintain their current staffing levels, while 40 percent said they would increase hiring moderately and another eight percent said they expected to increase their workforce significantly.

The survey indicated that the top challenge facing Florida’s small businesses is accessing capital or financing (28 percent), followed by market growth development (17.18 percent). Access to capital was also the top issue reported last year.

Other challenges included strategic planning (17.01 percent), technology (13 percent), and operations management (9 percent).

“Access to capital remains the greatest barrier for Florida’s small businesses,” said Michael Myhre, CEO and Network State Director for the Florida SBDC. “Though the economy continues to improve, entrepreneurs and small business owners are still struggling to obtain the capital necessary to grow their enterprises.”

Top Challenges Facing Florida Small Businesses

“Access to capital remains the greatest barrier for Florida’s small businesses,” said Michael Myhre, CEO and Network State Director for the Florida SBDC. “Though the economy continues to improve, entrepreneurs and small business owners are still struggling to obtain the capital necessary to grow their enterprises.”

- Accessing Capital (28%)
- Market Growth Development (17.18%)
- Strategic Planning (17.01%)
- Technology (13%)
- Operations Management (9%)

Seventy-five percent of small businesses expect an increase in sales in 2016.
Access to capital is the greatest challenge facing Florida small businesses, with 28 percent of respondents saying it was a problem, according to the Florida SBDC Network’s most recent annual survey of small business clients.

In an effort to further examine the issue, the Florida SBDC Network recently partnered with the Federal Reserve Bank of Atlanta to collaborate on the “Small Business Credit Survey: Report on Employer Firms” to offer data to help understand the dilemma that businesses face not only in Florida, but also across the country.¹

Florida’s statistics aligned closely with those nationally, with 60 percent of Florida businesses reporting that their revenue increased last year. Nationally, 54 percent said their revenue was up.

But, Florida businesses faced a tougher road in several categories, with only 53 percent operating at a profit and 30 percent operating at a loss. In the U.S., 55 percent of small businesses were at a profit, while only 24 percent had losses.

Debt was also a looming issue for Florida – 60 percent reported that they were more than $50,000 in debt, while 64 percent reported that amount nationally. Fifty-two percent of Florida businesses had applied for financing in the past year, while only 47 percent had nationally.

The positive was that 61 percent of businesses, both in Florida and on the national level, applied for funds to expand their businesses. Of these, 70 percent were approved in Florida, while nationally 82 percent were approved.

Survey Statistics: Florida Compared to the U.S.

<table>
<thead>
<tr>
<th>Category</th>
<th>Florida</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Increased</td>
<td>60%</td>
<td>54%</td>
</tr>
<tr>
<td>Operating at a Profit</td>
<td>53%</td>
<td>55%</td>
</tr>
<tr>
<td>Operating at a Loss</td>
<td>30%</td>
<td>24%</td>
</tr>
<tr>
<td>&gt; $50,000 in Debt</td>
<td>60%</td>
<td>64%</td>
</tr>
<tr>
<td>Applied for Financing</td>
<td>52%</td>
<td>47%</td>
</tr>
<tr>
<td>Applied to Expand Their Business</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Of Those That Applied to Expand:</td>
<td>70%</td>
<td>82%</td>
</tr>
</tbody>
</table>

The Department of Veterans’ Affairs projects that more than one million service members will leave the military between 2011 and 2016.

For many veterans, entrepreneurship proves to be the next logical step in their career path as the experience gained from the military provides a competitive edge for starting a business.

According to the U.S. Small Business Administration, veterans are 45 percent more likely to start a business than those with no prior active duty experience.1

Further, veterans with service-connected disabilities may choose entrepreneurship due to physical limitations. According to the U.S. Census Bureau’s Survey of Business Owners, service-disabled veterans account for 8.3 percent of all veteran-owned businesses nationwide.

As of 2012, there were 2.5 million veteran-owned businesses in the United States. Florida ranked among the top three states with the highest number of veteran-owned businesses with 185,756, or 8.8 percent of all businesses in the state.

By sector, professional, scientific, and technical services had the largest share of veteran-owned businesses with 16.8 percent, followed by other services (except public administration); and construction.2

Most veterans leave the service with a wealth of technical expertise. However, business ownership still proves challenging for many veterans. Among the top obstacles facing veteran-owned businesses are lack of business experience and access to capital.

Luckily, a wealth of expertise is available to veterans interested in entrepreneurship. The Florida Department of Veterans’ Affairs and Veterans Florida websites are great places for veterans to find more information about available assistance. Veterans also have access to research, tools, and professional consulting at no cost through the Florida SBDC Network, which operates more than 40 offices from Pensacola to Key West.

Florida is among the top 3 states with the highest number of veteran-owned businesses:

185,756 or 8.8%

Floridians are home to more than 1.6 million veterans, the 3rd largest population in the country.3

25% of all Florida Veterans own and operate a business.

45% Veterans are 45 percent more likely to start a business than those with no prior active duty experience.1

Federal government contract awards continue to be a source of sustainment and growth for many Florida businesses, and a key economic driver in Florida.

Last year (FY2015), Florida had the seventh highest federal contract total spend by state, at a value of $13.620 billion, however this represented only 0.2 percent growth from FY2014. Of this amount, in Florida, defense agencies spending at $10.187 billion continued to be significantly higher than civilian agencies spending of $3.433 billion.¹

Federal Agency Spending by Industry
The top three markets for federal spending are defense and aerospace, professional services, and information technology (IT), which accounts for more than half of the reported spent in FY2015 (see Figure 1). In addition to defense and aerospace, the markets where defense spending accounts for the majority of the total spent include: Architecture, engineering and construction; health services; machinery equipment and tools; and chemicals, fuels, and lubricants.

The civilian agencies’ highest spending is in operations and maintenance, and medical and scientific equipment. Spending in professional services and IT appears to be more evenly split between civilian and defense agencies, with slightly more being spent by civilian agencies in professional services, and slightly more by defense in IT.²

Federal Agency Small Business Spending Goals
The U.S. federal government has focused on increasing spending with small businesses, and this is reflected in the government-wide small business goal achievement over the past few years. As shown in Figure 2, FY2015* will be the third year in a row that the government is anticipated to have met or exceeded the 23 percent goal for small business spending, and it is anticipated to be the first year that the women-owned small business (WOSB) goal has been met/exceeded.

Federal Small Business Goal Achievement

<table>
<thead>
<tr>
<th></th>
<th>SB Goal 23%</th>
<th>SDV Goal 5%</th>
<th>WOSB Goal 5%</th>
<th>SDVOSB Goal 3%</th>
<th>HUBZone Goal 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015*</td>
<td>25.81%</td>
<td>10.07%</td>
<td>5.05%</td>
<td>3.98%</td>
<td>1.83%</td>
</tr>
<tr>
<td>2014</td>
<td>25.06%</td>
<td>9.50%</td>
<td>4.70%</td>
<td>3.66%</td>
<td>1.83%</td>
</tr>
<tr>
<td>2013</td>
<td>23.47%</td>
<td>8.59%</td>
<td>4.35%</td>
<td>3.39%</td>
<td>1.75%</td>
</tr>
<tr>
<td>2012</td>
<td>22.21%</td>
<td>7.98%</td>
<td>4.00%</td>
<td>3.03%</td>
<td>2.01%</td>
</tr>
<tr>
<td>2011</td>
<td>21.75%</td>
<td>7.70%</td>
<td>3.91%</td>
<td>2.68%</td>
<td>2.40%</td>
</tr>
</tbody>
</table>

*2015 data is not certified by the U.S. SBA (the official numbers are typically released in early summer), but is published on smallbusinessdashboard.gov.

SDB - Small Disadvantaged Business; WOSB - Woman-Owned Small Business; SDVOSB - Service-Disabled Veteran-Owned Small Business; HUBZone - Historically Underutilized Business Zone

State and Local Government Agency Spending
State and local government agencies also represent a large market segment for Florida’s small businesses. Florida ranked fourth highest in the nation in terms of state and local government agency spending, with a total value of $164.382 billion in FY2015, slightly up from $164.272 billion in FY2014.³ This includes spending by cities, counties, and school districts, colleges and universities.


Federal Spending Top 10 Industries FY2015
(with Civilian and Defense Breakout)
Cybersecurity: A Growing Issue for Businesses

Cybersecurity Reality

Cyber-attacks on small businesses are on the rise but many business owners still aren’t prepared to deal with potential breaches.

- 43% of all attacks worldwide were targeted at small businesses with less than 250 employees; that’s up from 34% in 2014.
- 79% of small businesses do not have a cyber-attack response plan even though 63% have already been the victim of a cyber-attack.
- $20K The average cost of a cyber-attack on a small business.

Last year, 43 percent of all attacks worldwide were targeted at small businesses with less than 250 employees, according to the cybersecurity firm Symantec’s annual Internet Security Threat Report, which was released in April 2016. That's up from 34 percent in 2014. Symantec reported a “steady increase” in attacks targeting small businesses over the last five years.

“Cybersecurity is critical for businesses of all sizes,” said Dr. Eman El-Sheikh, director of the Center for Cybersecurity at the University of West Florida. “Cyber criminals are looking for valuable data, such as financial or health data, and they will target smaller businesses if such data is easier to access. Reports indicate that small and medium-sized business are more likely to be the targets of cyber-attacks than larger corporations. And, it may be harder for smaller company to recover from an attack that costs millions of dollars.”

But, while cyber-attacks on small businesses are rapidly increasing, studies show that many companies still aren’t prepared to deal with them.

A survey released by Nationwide Insurance in November 2015 shows that 79 percent of small businesses do not have a cyber-attack response plan even though 63 percent of those businesses have already been the victim of a cyber-attack. The survey focused on 500 small business owners who have fewer than 300 employees.

“It’s important for companies of all sizes to have a cybersecurity plan to protect their business. Companies should consider how to secure and backup their data, develop secure communication and business protocols and provide cybersecurity training for employees,” El-Sheikh said. “No matter how secure a company’s systems or networks are, they’re only as strong as their weakest link. So it’s important for small businesses to educate their employees about proper cybersecurity practices.”

According to a study from the National Small Business Association, the average cyber-attack cost a small business just over $20,000 in 2014.

The Florida SBDC offers cybersecurity consulting services to small business owners to help them avoid loss.

“Cybersecurity is a growing issue for small businesses,” said Michael Myhre, CEO and Network State Director for the Florida SBDC.

“Small businesses often do not have the resources or expertise to protect themselves from cyber-attacks and are frequently targeted due to this vulnerability. Therefore, developing a cybersecurity strategy is extremely important no matter a businesses’ size. Florida SBDCs can assist small businesses evaluate the risk of cyber threats and help businesses proactively guard themselves from an attack through the creation of cybersecurity plans.”
Florida SBDC Network

*Helping Businesses Grow & Succeed*

State designated as “Florida’s Principal Provider of Business Assistance” [§ 288.001, Fla. Stat.], the Florida SBDC Network provides tools, resources, and expertise to help small businesses grow and succeed. As the only statewide provider of entrepreneurial and business development services, the Florida SBDC Network serves the needs of Florida’s business community in all 67 counties—from Pensacola to Key West.

At no cost to the business owner, the Florida SBDC Network provides access to one-on-one professional business consulting specifically targeted to help the business succeed. The network’s professional expertise is focused on areas vital to accelerating business growth, including business and strategic plan development, access to capital, and strategic market research and market growth development—including expanding internationally and doing business with the government.

Celebrating its 40th anniversary in 2016, the Florida SBDC Network has grown to a vibrant statewide partnership of more than 40 centers, including the state’s universities, colleges, and dozens of other public and private organizations. The synergistic effect of this partnership has resulted in a long history of positive revenue and economic growth for Florida and invaluable support to more than 1.1 million existing and emerging small business owners.

The Florida SBDC Network is funded in part by the U.S. Small Business Administration (SBA), Defense Logistics Agency, State of Florida, and other private and public partners, with the University of West Florida serving as the Network’s designated lead host institution. The Florida SBDC Network is nationally accredited by the Association of SBDCs.

→ [FloridaSBDC.org](http://FloridaSBDC.org)

UWF Center for Research and Economic Opportunity

Founded in 2015, the UWF Center for Research and Economic Opportunity (CREO) fosters excellence in economic growth and knowledge creation. CREO’s activities include providing resources for research initiatives and capacity building, creating partnerships with industry and the community, promoting educational activities and supporting sustainable development. CREO oversees the Haas Center, the UWF Office of Economic Development and Engagement, and the UWF Office of Research and Sponsored Programs. In addition, CREO hosts the Florida SBDC Network Headquarters Office.

The Haas Center engages in applied research and strategy developments in economics and across the social sciences as a research and consulting arm of UWF. The Haas Center has played a prominent role in economic development efforts across the Northwest Florida region and around the state for the past two decades.

The UWF Office of Economic Development and Engagement was created to enable UWF to play a more significant role in economic development and job growth in Northwest Florida. The office serves as the interface between the community and the University on matters directed at improving regional planning, partnerships, and research endeavors.

The University of West Florida is a vibrant, distinctive institution of higher learning with undergraduate, graduate, and targeted research programs. Founded in 1963, UWF has multiple locations in Northwest Florida, and serves a student population of more than 12,000. Dedicated to helping students realize their full potential, UWF favors small class sizes with quality teacher-scholars who deliver personalized, innovative, hands-on learning and leadership opportunities.

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Florida’s Principal Provider of Business Assistance [288.001, Fla. Stat.]
2016 State of Small Business Report: *Small Business and Its Impact on Florida*
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