

Association for Enterprise Opportunity

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TOP TEN REASONS WHY MICROENTERPRISE MATTERS MORE THAN EVER TO AMERICA

The Association for Enterprise Opportunity (AEO) defines a microenterprise as a business with five or fewer employees, requiring \$35,000 or less in initial capital. These businesses may be relatively small, but they are making a very large difference when it comes to job creation and help for our nation's struggling economy. Here are ten facts about microenterprises that you may not be aware of:

1. There are an estimated 24 million microenterprises in the US today, representing 18% of all private employment in the country;
2. More than 87% of all businesses in the US today are microenterprises;
3. One out of every six US private sector employees works for a microenterprise;
4. More than 4.5 million new jobs were created in the United States by microenterprises between 2000 and 2005;
5. On average, microenterprises are responsible for 900,000 new jobs created per year;
6. In 2002 when the nation saw the unemployment rate hit a record high of 5.8% - microenterprises created close to 1 million new jobs;
7. AEO members (mostly microenterprise practitioners) report a dramatic increase in microloan applications over the past year and have indicated this is a direct result of the banking industry tightening business lending restrictions;
8. Prior to the credit crisis and economic slowdown, AEO estimated that more than 10 million business owners faced difficulty obtaining business capital – AEO members estimate that number has grown dramatically over the past year;
9. AEO estimates the microloan approval rate among its members is nearly 60% and reports that the average microloan is \$7000; and
10. About \$300 million in loans have been made by AEO members to entrepreneurs.

Microenterprise development is a proven pathway to business ownership for underserved entrepreneurs that generates income, builds assets and supports local economies. AEO members and its members assist more than 200,000 entrepreneurs annually through business training, technical assistance and access to capital.

The Small Business Administration defines a microloan as \$35,000 or less. Microloans specifically target aspiring and existing entrepreneurs who would otherwise face difficulty obtaining access to capital.