

Small Business and the Northeast Georgia Region

NEGRC
NORTHEAST GEORGIA
REGIONAL COMMISSION

Photo Courtesy of the City of Auburn4

Small Business in Georgia and our Region

The state of Georgia ranks #1 in the US for small business climate by the National Federation of Independent Business: Small Business Association (2018) and ranks #3 overall in the US as Best State to Start a Business (WalletHub, 2019). The purpose of this document is to analyze small business in the Northeast Georgia region and to provide a guide for local governments to improve and expand their resources in the support and creation of small businesses. This document seeks to meet the goals laid out by the Northeast Georgia Regional Commission (NEGRC) in the Regional Plan (2018); specifically, it aims to support the NEGRC's goal of enhancing economic competitiveness across the region and providing a regional outlook on small-business best practices.

What is a Small Business?

What constitutes a small business varies by industry for federal consideration. However, in Georgia, if a business is independently owned and operated and has fewer than 300 employees, or brings in less than \$30 million in yearly gross receipts, it is considered a small business.¹

What are Receipts?

Receipts means all revenue in any form received or accrued from any source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances. Generally, receipts are considered “total income” (or in the case of a sole proprietorship, “gross income”) plus “cost of

goods sold,” as these terms are defined and reported on Internal Revenue Service (IRS) tax return.

Receipts do not include net capital gains or losses; taxes collected if included in gross or total income, such as sales or other taxes collected from customers; proceeds from transactions between a “concern” (a commercial or industrial enterprise and the people who constitute it) and its domestic or foreign affiliates; and amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker. For size-determination purposes, the only exclusions from receipts are those specifically provided for in this paragraph. All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, investment income, and employee-based costs such as payroll taxes, may not be excluded from receipts.

How is the Number of Employees Determined?

In determining a concern's number of employees, the Small Business Administration (SBA) counts all individuals employed on a full-time, part-time, or other basis. This includes employees sourced from a temporary employee agency, professional employee organization, or leasing concern. The SBA will consider criteria used by the IRS for federal income tax purposes in determining whether individuals are employees of a concern. Volunteers (*i.e.*, individuals who receive no compensation, including no in-kind compensation, for work performed) are not considered employees.

¹ <https://www.georgia.org/small-business>

Small Business Sectors in the State of Georgia and the Northeast Georgia Region

Georgia ranks #1 (for the 7th year running) in the US for “best state for business” (Site Selection, 2019) and ranks #3 in the US for ease in starting and growing a business (WalletHub, 2019). The state’s reputation for the promotion and development of small business reflects positively for business in the Northeast Georgia region. The largest small-business employers in Georgia are within the Accommodation and Food Service, Health Care and Social Assistance, and Professional, Scientific, and Technical Service industries. The greatest number of small businesses in Georgia are within the Professional, Scientific, and Technical Service industry, followed closely by the Retail Trade and Other Services industries, two of the leading industries in the Northeast Georgia region. Figure 1 (right, top) lists business industries in Georgia and the number of employees in each field. Figure 2 (right, bottom) highlights small business employment numbers and identifies the portion of each industry’s workforce employed by small businesses. While Agriculture, Forestry, Fishing and Hunting employs a smaller number of people in Georgia, the majority of the industry (93.5%) is comprised of small business establishments. Industries made up of a majority of small businesses can be greatly affected by economic downturns and changes to the small business economy.

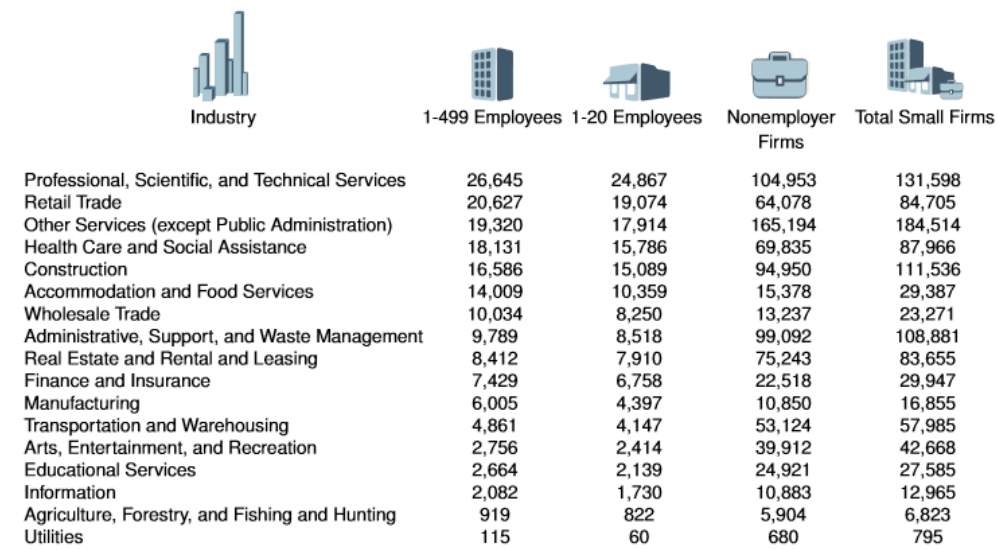


Figure 1 <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-GA.pdf>

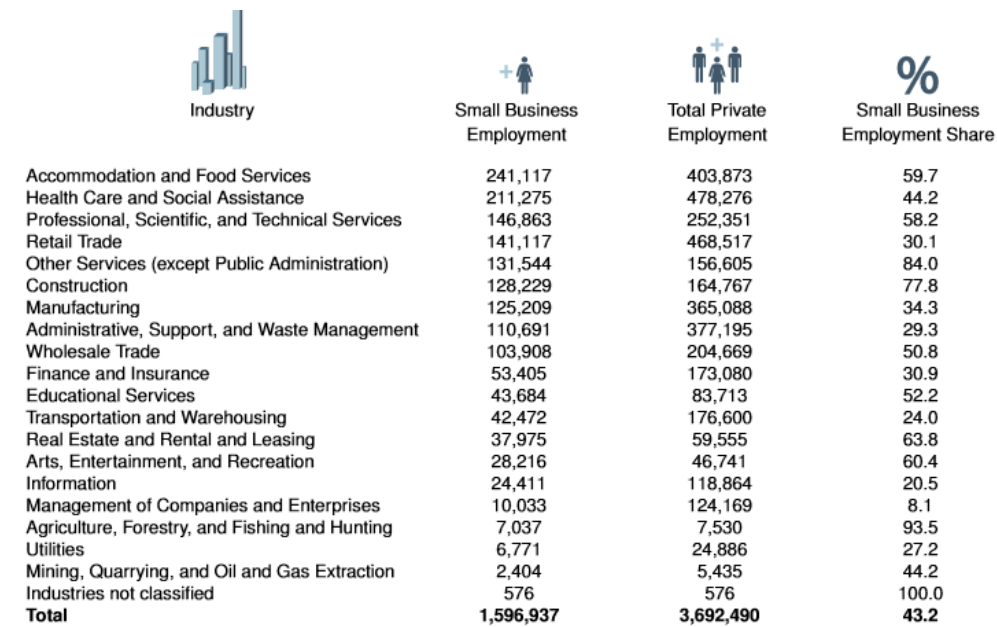


Figure 2 <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-GA.pdf>

The Northeast Georgia Region

For the Northeast Georgia region, Other Services (except Public Administration) is the dominant industry for small businesses. The Other Services sector is comprised of establishments engaged in providing services not specifically included elsewhere in the classification system. Establishments in this sector are primarily engaged in activities such as equipment and machinery repair, promoting or administering religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, personal care services, death-care services, pet-care services, photofinishing services, temporary parking services, and dating services. Retail Trade and Construction are also leading industries in the Northeast Georgia region.

Summary of Top Small-Business Sectors in the Northeast Georgia Region, by County

County	Top Small Business Sector	Percentage
Barrow County	Other Services	14.9%
Clarke County	Retail Trade	15.2%
Elbert	Other Services	16.2%
Greene	Other Services	14.8%
Jackson	Retail Trade	17.7%
Jasper	Other Services	17.0%
Madison	Other Services	14.2%
Morgan	Retail Trade	16.0%
Newton	Other Services	14.2%
Oconee	Construction	13.5%
Oglethorpe	Other Services	23.3%
Walton	Retail Trade	14.0%

While any business with up to 300 employees is considered a small business in Georgia, the majority of Northeast Georgia’s small businesses have only four or fewer employees. Business trends in the Northeast Georgia region were all analyzed using data from Esri and Business Analyst Online, accessed in 2020, but reflecting numbers from 2019. This data does not reflect the full impact of COVID-19 on the business climate in Northeast Georgia; small businesses, particularly in Retail Trade, are expected to be hardest hit by the pandemic.

Summary of Small Businesses in the Northeast Georgia Region, by Employment

Employment Size	Percentage
Establishments with 1 to 4 employees	55.89%
Establishments with 5 to 9 employees	18.15%
Establishments with 10 to 19 employees	12.78%
Establishments with 20 to 49 employees	8.85%
Establishments with 50 to 99 employees	2.56%
Establishments with 100 to 249 employees	1.44%
Establishments with 250 to 499 employees	0.33%
Total	100.00%

The following sections provide overviews of the current small business numbers for each county in Northeast Georgia, The leading business sectors in each county are identified along with the percentages of establishments organized by size. A comparison of recent changes or trends in small business employment sectors are also included to provide evidence of sectors of changes in a county’s economy.

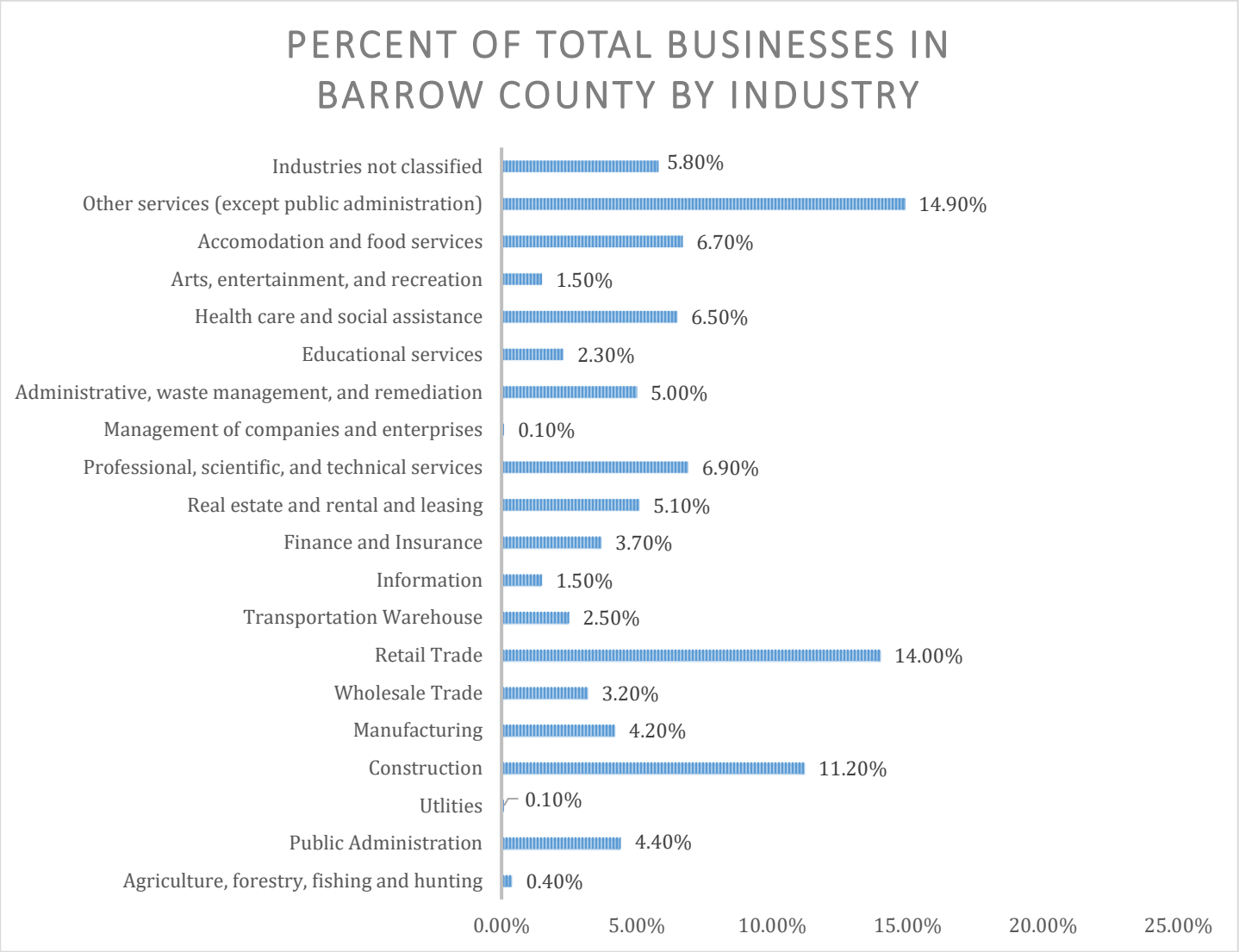
Barrow County

Types of Small Businesses in Barrow County

The leading small business sector in Barrow County is Other Services (14.9%), followed by Retail Trade (14%) and Construction (11.2%). In 2017, a majority of businesses were Retail Trade (15.64%). Like most of the other counties in the Northeast Georgia region, a majority of small business establishments (57.9%) employ fewer than five people.

Small Business Employment Size

Barrow County		
Establishments with 1 to 4 employees	678	57.95%
Establishments with 5 to 9 employees	202	17.26%
Establishments with 10 to 19 employees	154	13.16%
Establishments with 20 to 49 employees	84	7.18%
Establishments with 50 to 99 employees	24	2.05%
Establishments with 100 to 249 employees	23	1.97%
Establishments with 250 to 499 employees	5	0.43%
Total	1,170	100.00%



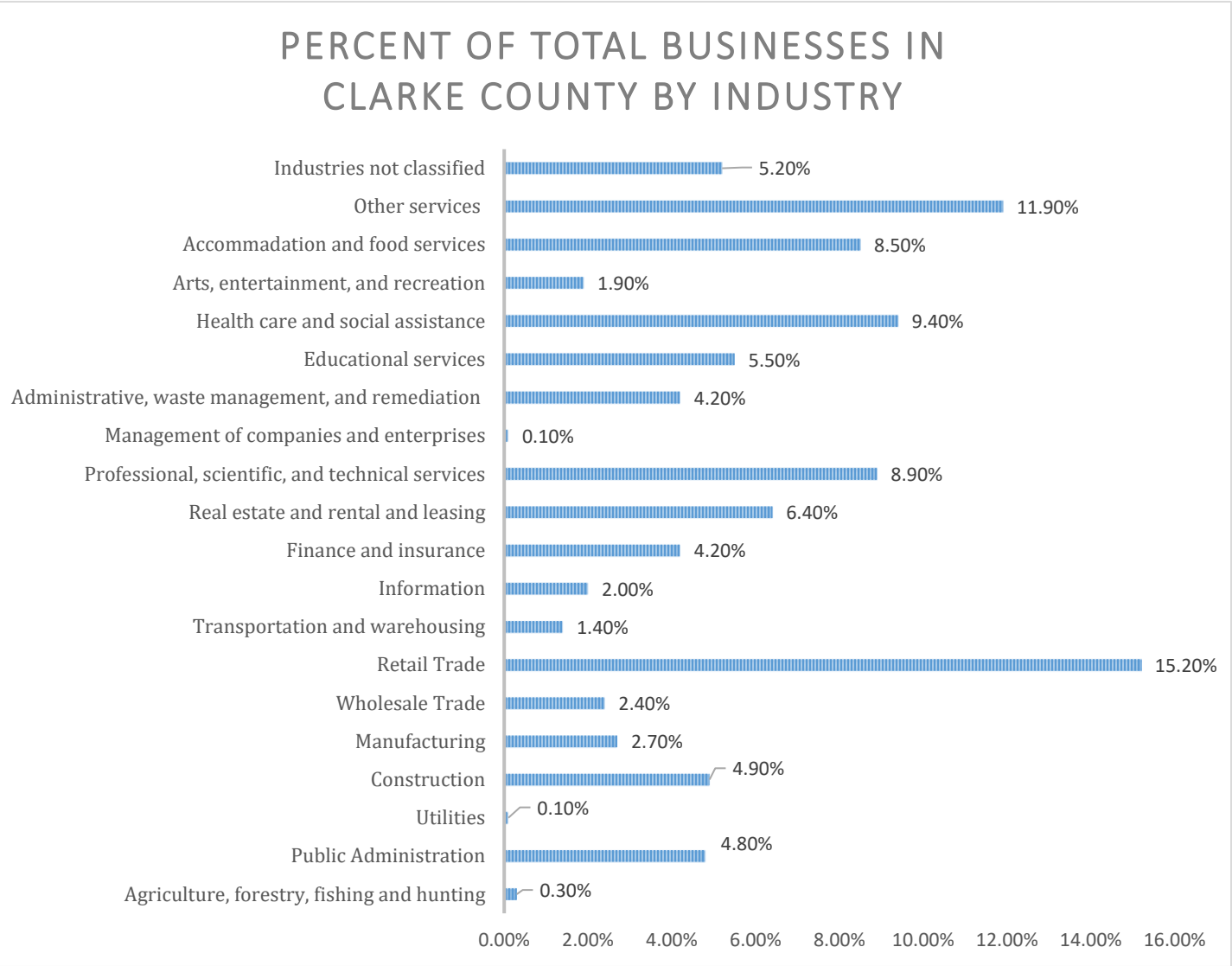
Clarke County

Types of Small Businesses in Clarke County

The three leading industries in Clarke County are Retail Trade (15.2%), Other Services (11.9%), and Health Care and Social Assistance (9.4%). In 2017, the leading industry for small business was also Retail Trade (16.87%). In Clarke County, 48.92% of establishments employ one to four employees.

Small Business Employment Size

Clarke County		
Establishments with 1 to 4 employees	1473	48.92%
Establishments with 5 to 9 employees	567	18.83%
Establishments with 10 to 19 employees	444	14.75%
Establishments with 20 to 49 employees	347	11.52%
Establishments with 50 to 99 employees	117	3.89%
Establishments with 100 to 249 employees	55	1.83%
Establishments with 250 to 499 employees	8	0.27%
Total	3011	100.00%



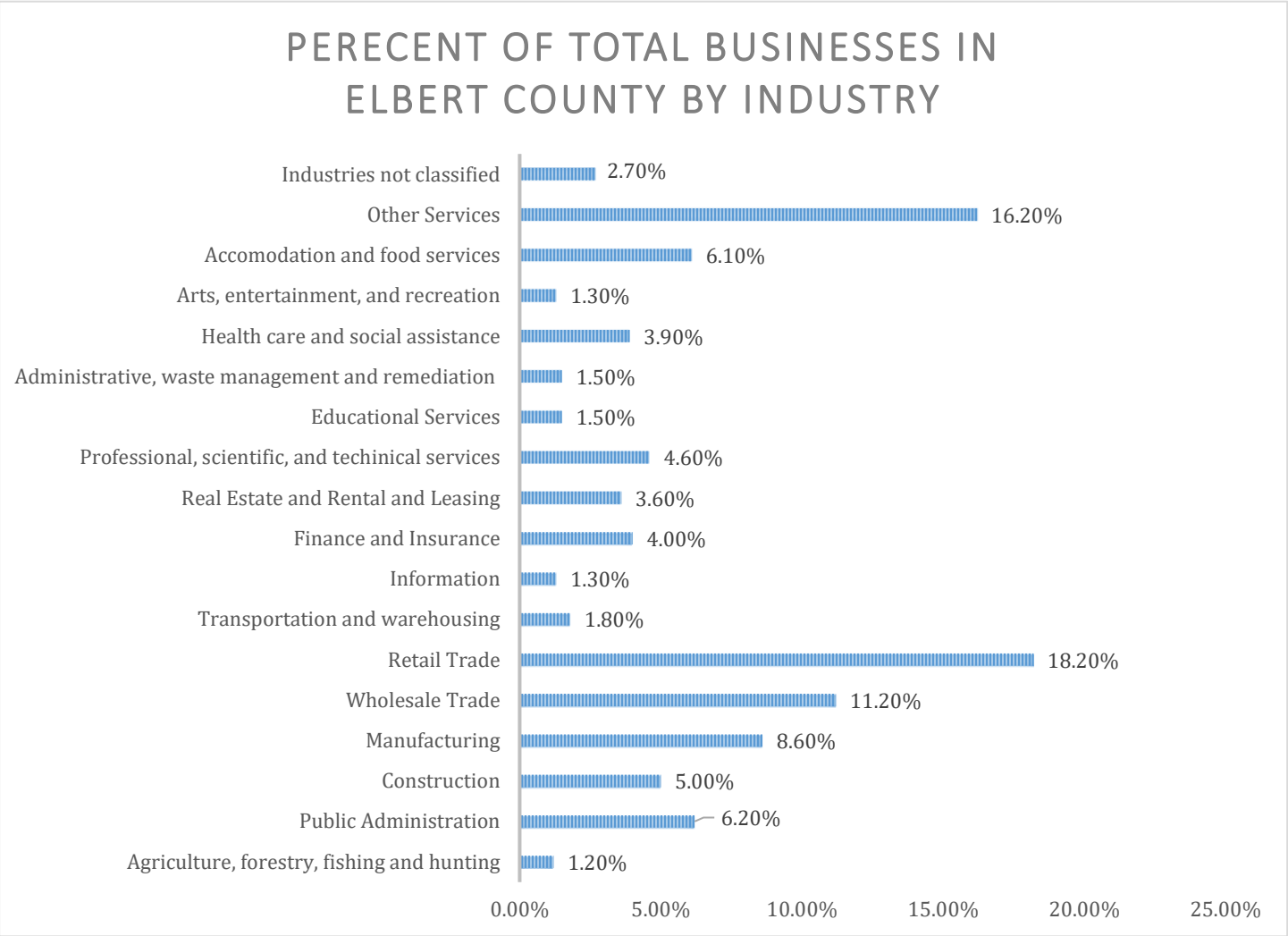
Elbert County

Types of Small Businesses in Elbert County

The largest industry in Elbert County is Retail Trade, with 18.2% of businesses falling into this category, followed by Other Services (16.2%) and Wholesale Trade (11.2%). In 2017, Manufacturing was the leading industry with 19.5% of all businesses falling in that category. In Elbert County, 58.03% of businesses employ one to four people.

Small Business Employment Size

Elbert County		
Establishments with 1 to 4 employees	253	58.03%
Establishments with 5 to 9 employees	81	18.58%
Establishments with 10 to 19 employees	57	13.07%
Establishments with 20 to 49 employees	27	6.19%
Establishments with 50 to 99 employees	10	2.29%
Establishments with 100 to 249 employees	7	1.61%
Establishments with 250 to 499 employees	1	0.23%
Total	436	100.00%



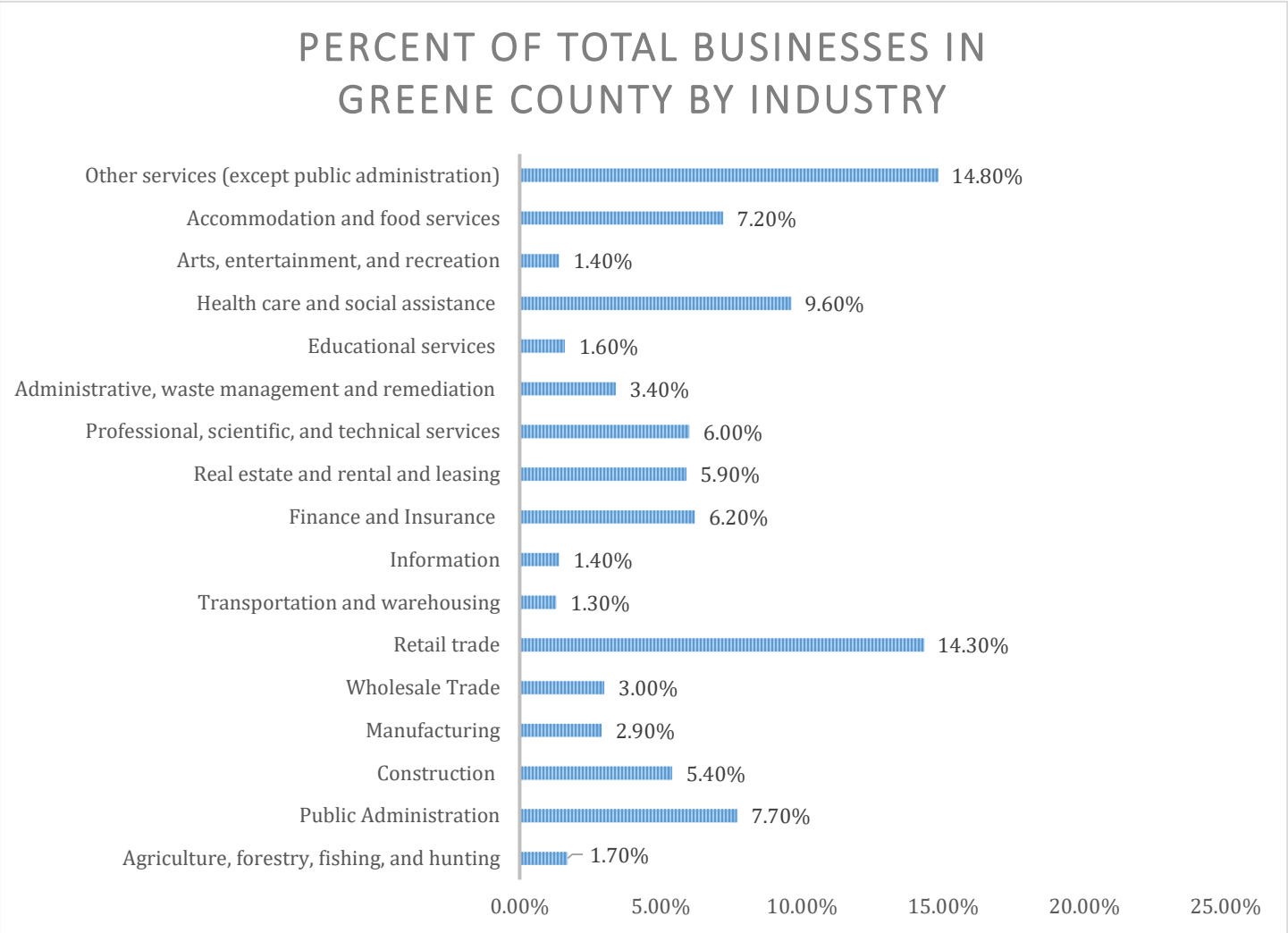
Greene County

Types of Small Businesses in Greene County

In Greene County, 14.8% of small businesses fall into the Other Services (except Public Administration) category, and 14.3% of businesses are part of Retail Trade. Health Care and Social Assistance establishments make up 9.6% of businesses in Greene County. This is a change from 2017 when Retail Trade was the leading industry with 17.77% of businesses falling into that category. In Greene County, 58.77% of establishments employ one to four people.

Small Business Employment Size

Greene County		
Establishments with 1 to 4 employees	248	58.77%
Establishments with 5 to 9 employees	91	21.56%
Establishments with 10 to 19 employees	38	9.00%
Establishments with 20 to 49 employees	31	7.35%
Establishments with 50 to 99 employees	8	1.90%
Establishments with 100 to 249 employees	5	1.18%
Establishments with 250 to 499 employees	1	0.24%
Total	422	100.00%



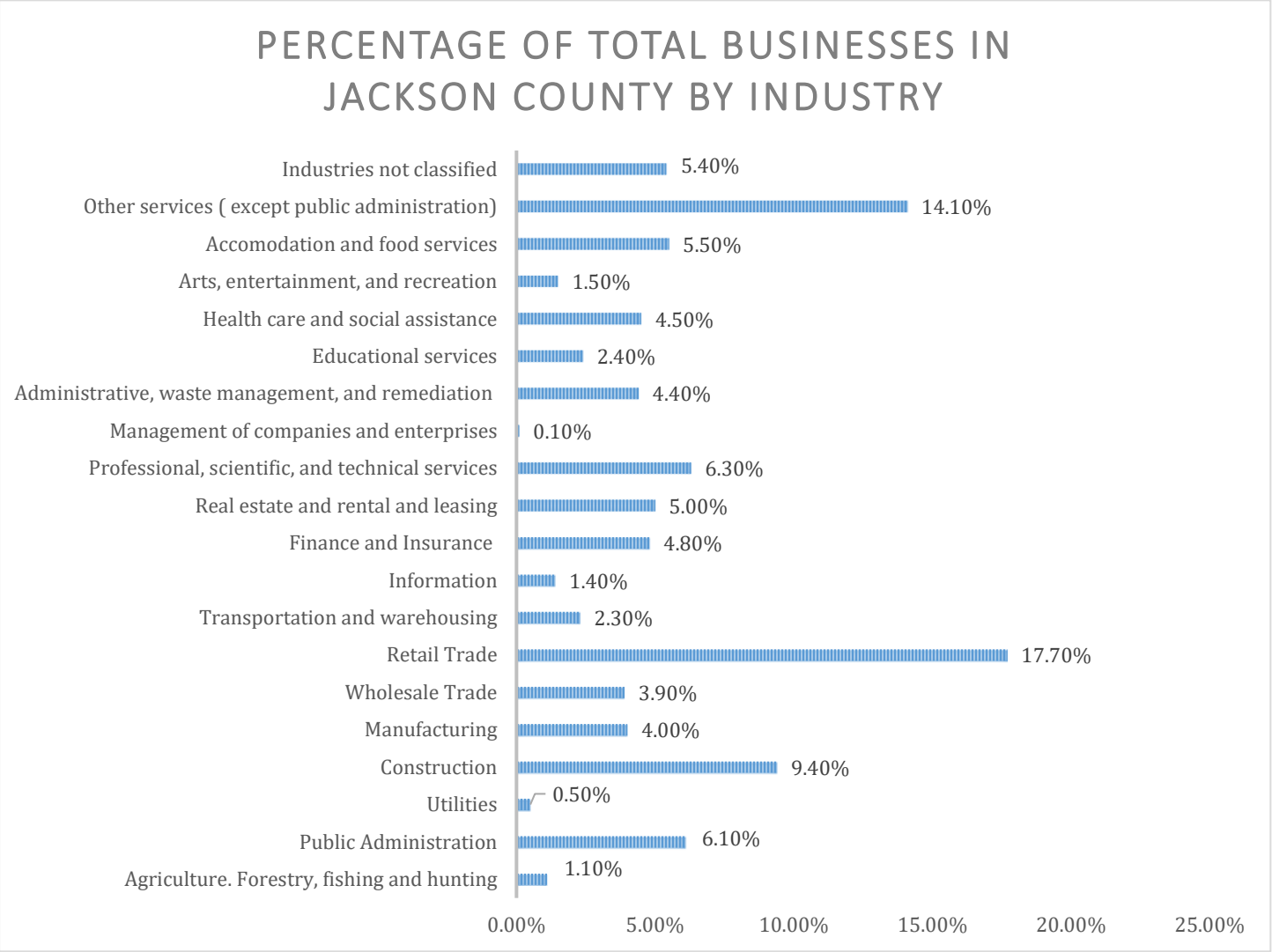
Jackson County

Types of Small Businesses in Jackson County

The leading industry in Jackson County is Retail Trade (17.7%), followed by Other Services (except Public Administration) at 14.1% and Construction at 9.4%. In 2017, the leading industry was also Retail Trade (19.2%). In 2019, 57.04% of establishments in Jackson County employed fewer than five people.

Small Business Employment Size

Jackson County		
Establishments with 1 to 4 employees	713	57.04%
Establishments with 5 to 9 employees	210	16.80%
Establishments with 10 to 19 employees	166	13.28%
Establishments with 20 to 49 employees	96	7.68%
Establishments with 50 to 99 employees	35	2.80%
Establishments with 100 to 249 employees	25	2.00%
Establishments with 250 to 499 employees	5	0.40%
Total	1,250	100.00%



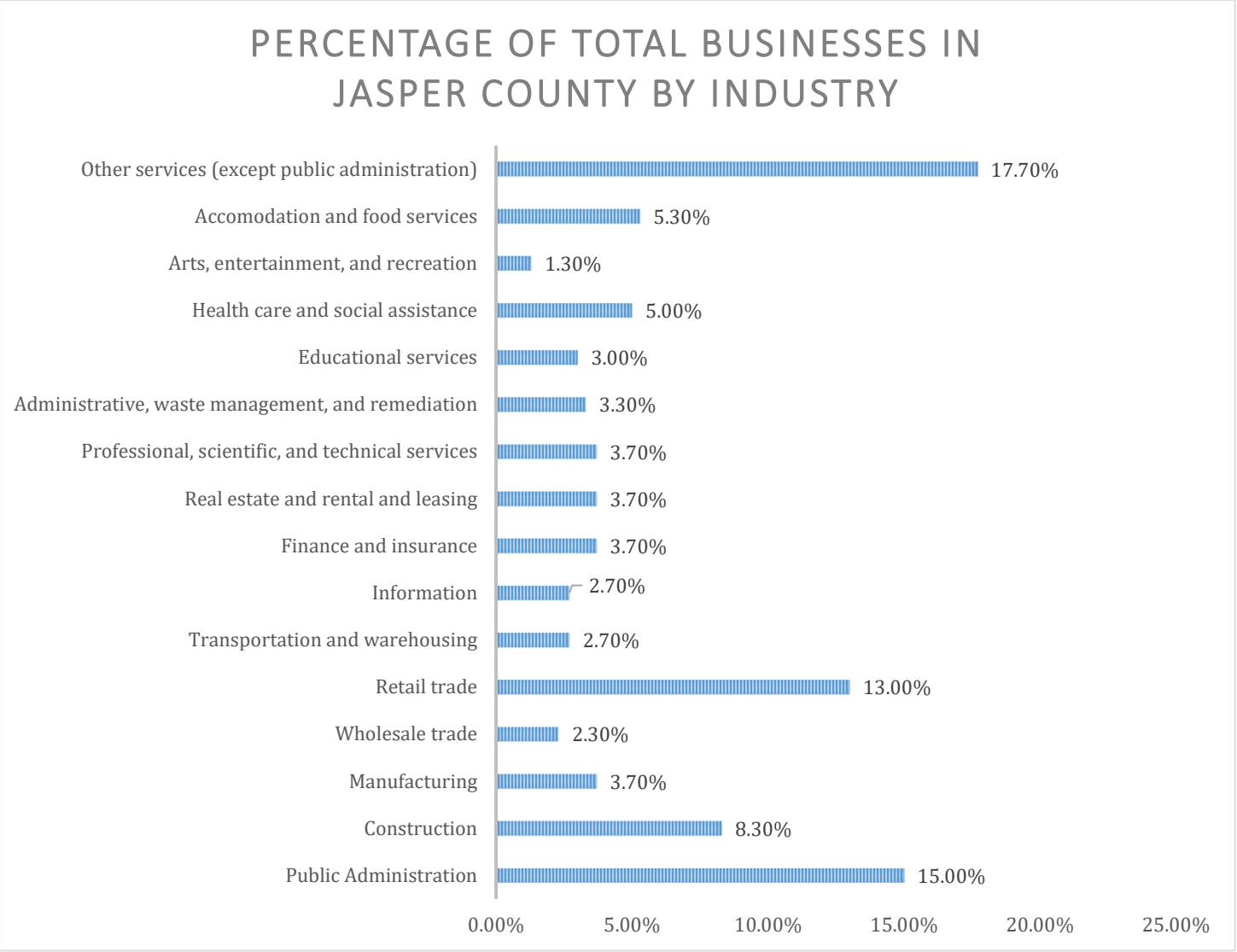
Jasper County

Types of Small Businesses in Jasper County

Other Services (except Public Administration) is the leading small business sector in Jasper County, making up 17.7% of businesses, which has remained constant since 2017. In 2019, Public Administration businesses made up 15% of establishments, followed by Retail Trade at 13%. In Jasper County, 63.52% of small businesses have one to four employees.

Small Business Employment Size

Jasper County		
Establishments with 1 to 4 employees	101	63.52%
Establishments with 5 to 9 employees	22	13.84%
Establishments with 10 to 19 employees	16	10.06%
Establishments with 20 to 49 employees	13	8.18%
Establishments with 50 to 99 employees	6	3.77%
Establishments with 100 to 249 employees	1	0.63%
Establishments with 250 to 499 employees	0	0.00%
Total	159	100.00%



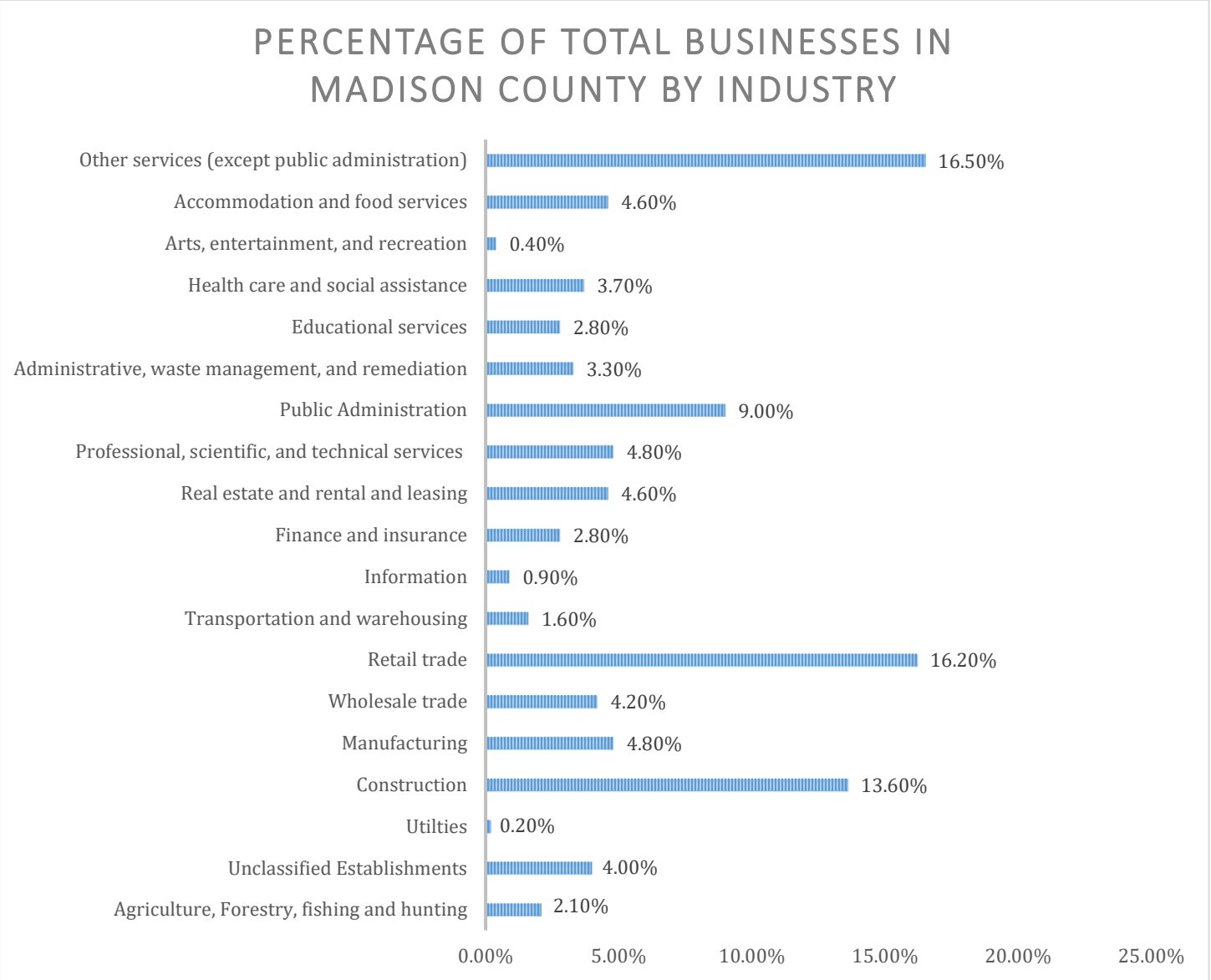
Madison County

Types of Small Businesses in Madison County

In Madison County, 16.5% of small businesses are considered Other Services (except Public Administration). Retail makes up 16.2% of all small businesses, followed by 13.6% of businesses in Construction. In 2017, Construction led small businesses in Madison County with 18.7% of businesses involved in that industry. In 2019, 61.76% of establishments employed one to four people.

Small Business Employment Size

Madison County		
Establishments with 1 to 4 employees	218	61.76%
Establishments with 5 to 9 employees	78	22.10%
Establishments with 10 to 19 employees	36	10.20%
Establishments with 20 to 49 employees	18	5.10%
Establishments with 50 to 99 employees	1	0.28%
Establishments with 100 to 249 employees	1	0.28%
Establishments with 250 to 499 employees	1	0.28%
Total	353	100.00%



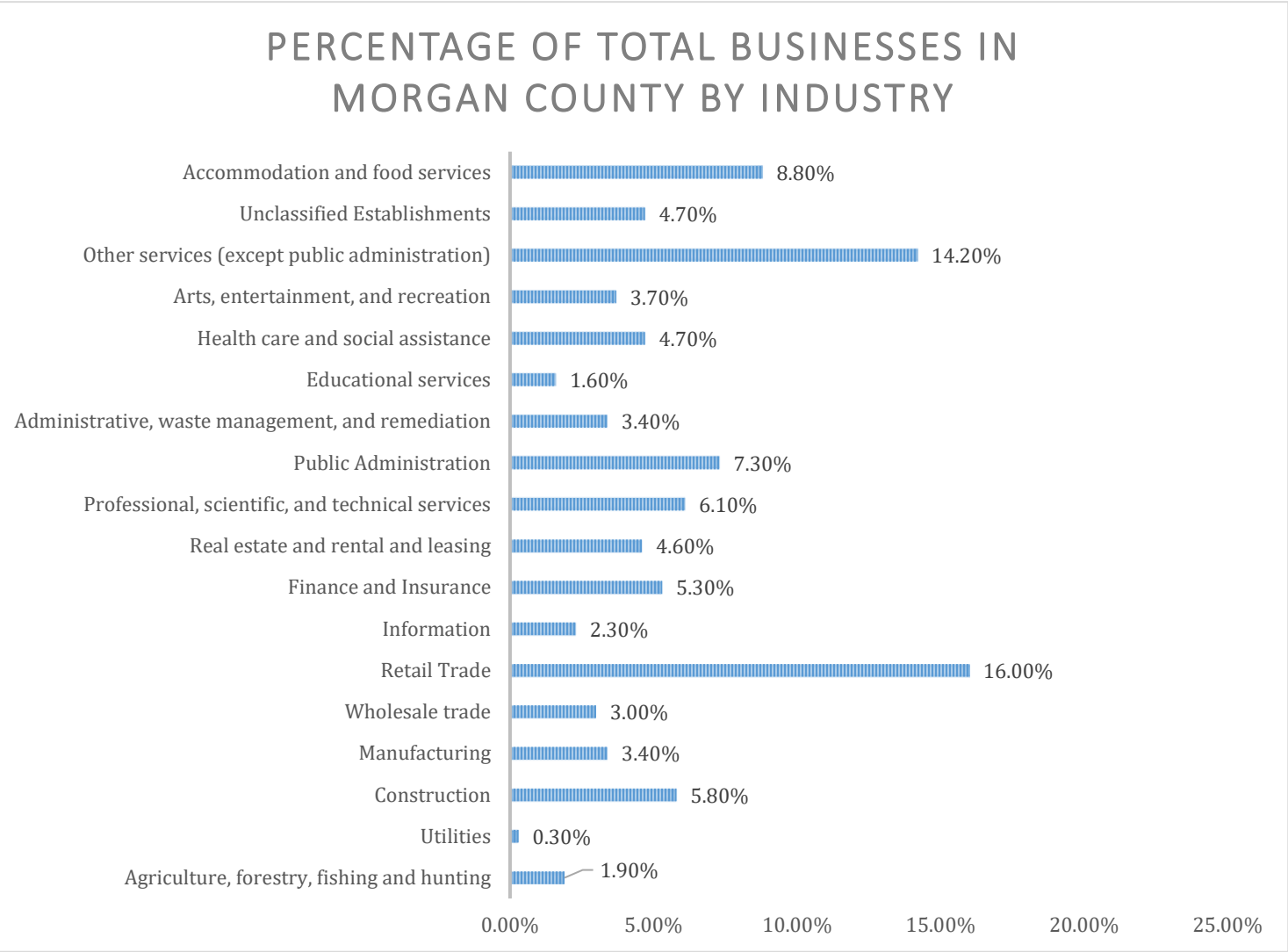
Morgan County

Types of Small Businesses in Morgan County

In Morgan County, Retail Trade is the leading type of small business (16.0%), followed by Other Services (except Public Administration) at 14.2%, and Accommodation and Food Service making up 8.8% of small businesses in Morgan County. In 2017, Retail Trade was also the leading type of small business (14.94%). In 2019, 54.36% of small businesses employed one to four people.

Small Business Employment Size

Morgan County		
Establishments with 1 to 4 employees	262	54.36%
Establishments with 5 to 9 employees	100	20.75%
Establishments with 10 to 19 employees	61	12.66%
Establishments with 20 to 49 employees	36	7.47%
Establishments with 50 to 99 employees	12	2.49%
Establishments with 100 to 249 employees	9	1.87%
Establishments with 250 to 499 employees	2	0.41%
Total	482	100.00%



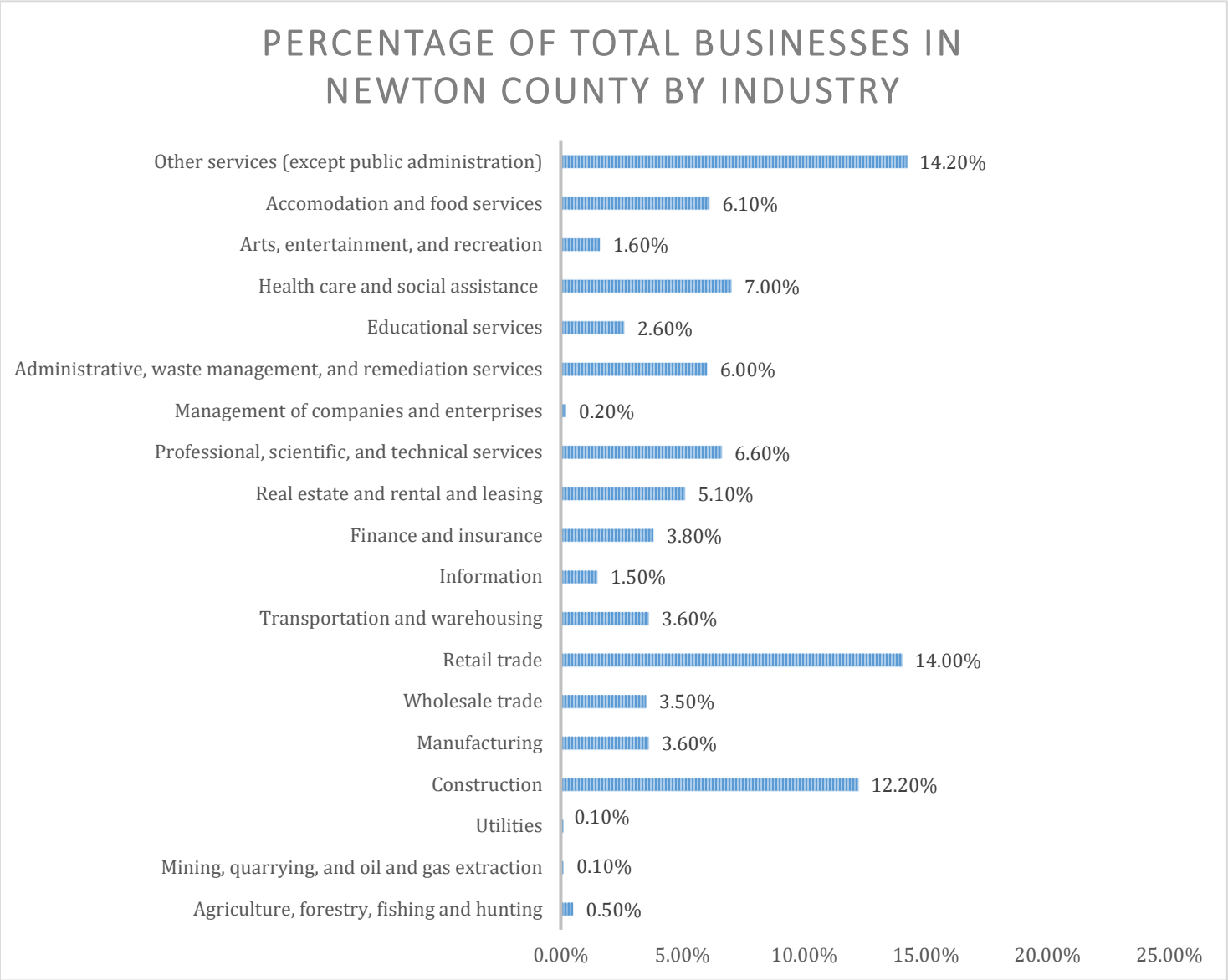
Newton County

Types of Small Businesses in Newton County

The leading type of small business in Newton County is Other Services (except Public Administration) at 14.2%. Next is Retail Trade, which makes up 14.0% of businesses, followed by Construction, which makes up 12.2% of small businesses in the county. In 2017 the leading industry was Retail Trade (16.45%). In Newton County, 55.19% of total establishments employ one to four people.

Small Business Employment Size

Newton County		
Establishments with 1 to 4 employees	765	55.19%
Establishments with 5 to 9 employees	260	18.76%
Establishments with 10 to 19 employees	183	13.20%
Establishments with 20 to 49 employees	127	9.16%
Establishments with 50 to 99 employees	22	1.59%
Establishments with 100 to 249 employees	22	1.59%
Establishments with 250 to 499 employees	7	0.51%
Total	1,386	100.00%



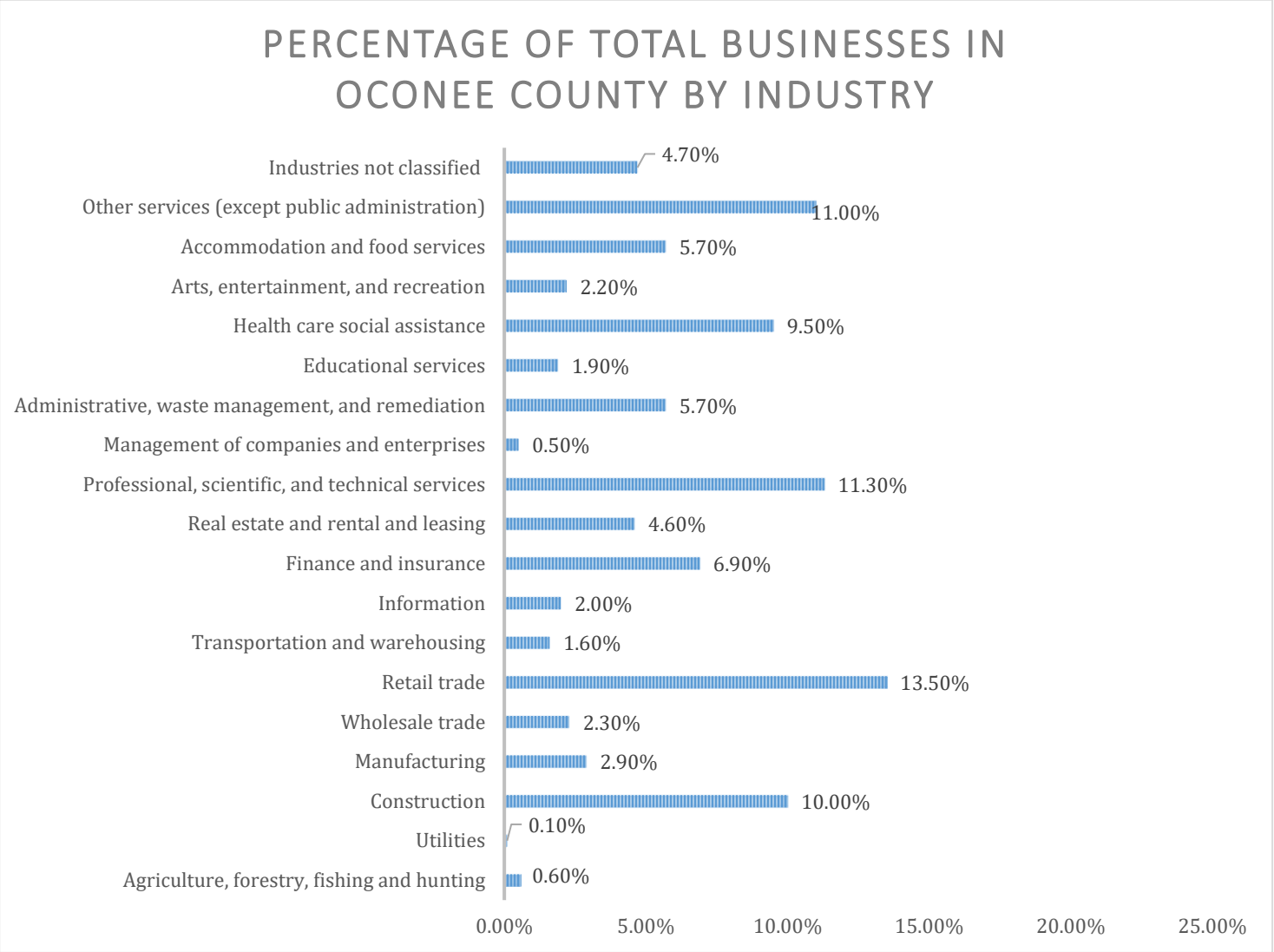
Oconee County

Types of Small Businesses in Oconee County

Construction is the leading small-business sector in Oconee County at 13.5%. Professional and Scientific Services account for the second-highest number of small businesses (11.3%), followed by Other Services (except Public Administration) at 11.0%. In 2017, Professional and Scientific Services led small-business types at 14.58%. The majority of small businesses in Oconee County (59.84%) have one to four employees.

Small Business Employment Size

Oconee County		
Establishments with 1 to 4 employees	669	59.84%
Establishments with 5 to 9 employees	174	15.56%
Establishments with 10 to 19 employees	126	11.27%
Establishments with 20 to 49 employees	109	9.75%
Establishments with 50 to 99 employees	31	2.77%
Establishments with 100 to 249 employees	7	0.63%
Establishments with 250 to 499 employees	2	0.18%
Total	1,118	100.00



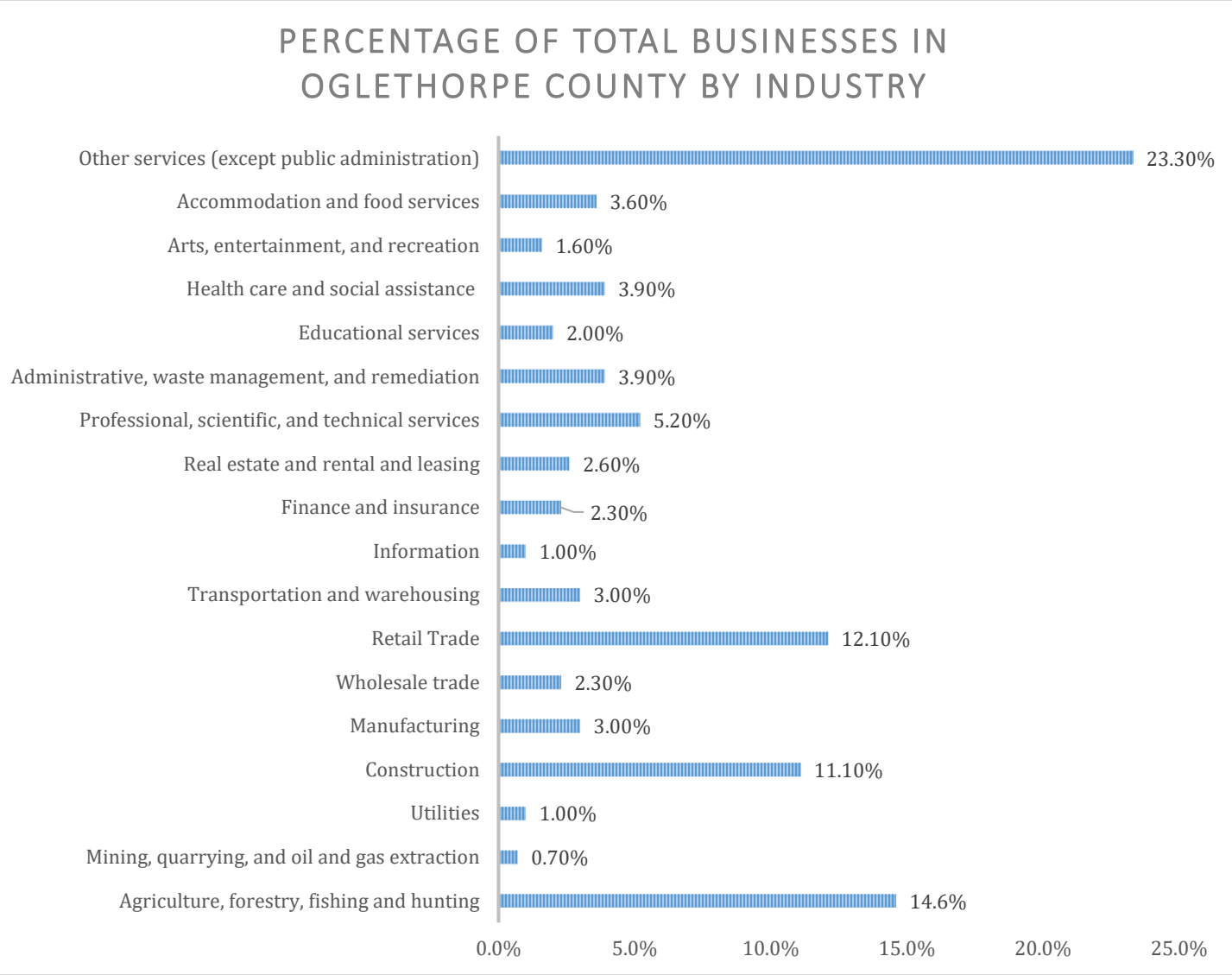
Oglethorpe County

Types of Small Businesses in Oglethorpe County

In Oglethorpe County, 23.3% of small businesses provide Other Services (except Public Administration), the leading small-business sector in the county. Retail Trade (12.1%) and Construction (11.1%) comprise the other top-three types of Oglethorpe small businesses. In 2017, 18.97% of small businesses were part of the Construction industry. In Oglethorpe County, 63.79% of small businesses employ one to four people.

Small Business Employment Size

Oglethorpe County		
Establishments with 1 to 4 employees	111	63.79%
Establishments with 5 to 9 employees	33	18.97%
Establishments with 10 to 19 employees	19	10.92%
Establishments with 20 to 49 employees	10	5.75%
Establishments with 50 to 99 employees	1	0.57%
Establishments with 100 to 249 employees	0	0.00%
Establishments with 250 to 499 employees	0	0.00%
Total	174	100.00 %



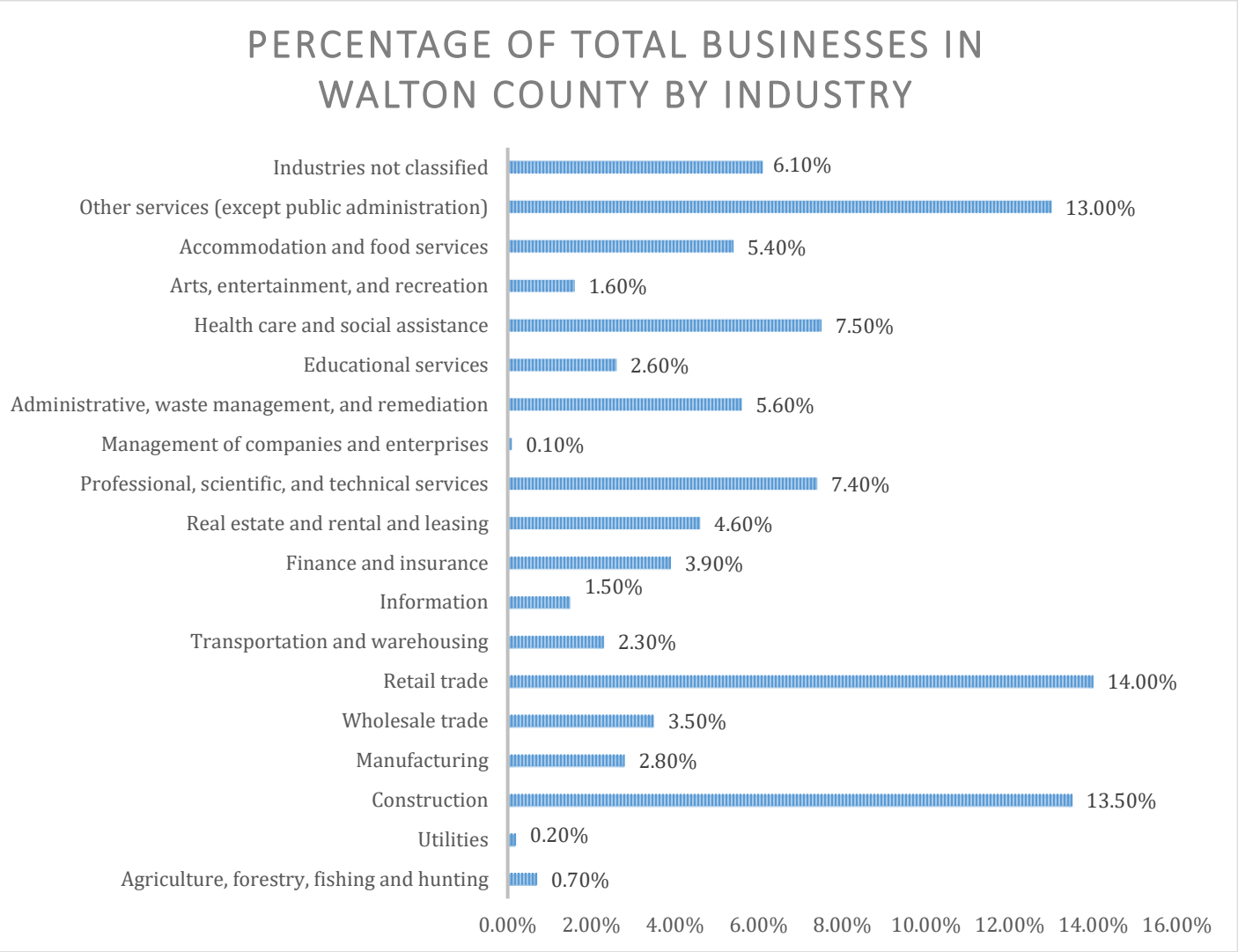
Walton County

Types of Small Businesses in Walton County

Walton County’s largest small business sector is Retail Trade, with 14% of small businesses in the county within that industry. Construction makes up 13.5%, and Other Services (not including Public Administration) follows, with 13% of small businesses in the county. In 2017, the leading small business industry was Construction (14%). In Walton County in 2019, 60.69% of small businesses had one to four employees.

Small Business Employment Size

Walton County		
Establishments with 1 to 4 employees	971	60.69%
Establishments with 5 to 9 employees	280	17.50%
Establishments with 10 to 19 employees	177	11.06%
Establishments with 20 to 49 employees	125	7.81%
Establishments with 50 to 99 employees	29	1.81%
Establishments with 100 to 249 employees	12	0.75%
Establishments with 250 to 499 employees	6	0.38%
Total	1600	100.00 %



Small Business Development

Best Practices

Local governments should utilize the following strategies to retain and develop small businesses in their communities. These industry best practices also demonstrate how small businesses can obtain funding and choose communities that will promote their growth and development.

Recruitment

Cutting Costs for Start-ups: Together, small businesses can actually create more job growth than one large corporation. Often, when major employers open a facility in a new location, they will fill vacancies by transferring employees into the community, whereas small businesses tend to recruit locally.² Local governments should focus on cutting costs for start-ups and small businesses in their communities to encourage growth, which can have ripple effects across the community. Examples of cost cutting measures include direct government financing, tax credits for startups, and sales/use tax and property tax exemptions.

Incentives: Local governments can provide incentives, including research funding, beneficial legislation, worker training programs, and tax credits (ex. via a Rural or Opportunity Zone) to encourage the development of small businesses in their area. Many of these options can be facilitated through the NEGR.

Industrial Parks: Industrial parks can provide small businesses with a cost-effective place to start a business, more so than a commercial retail space.³ They often provide businesses with easy access to roadways, rail ports, and critical infrastructure like large-volume water, high-speed communications, and high-power electricity. Industrial parks can also provide a business with flexibility in design and customization with zoning issues already taken into consideration. Vacant industrial buildings can be converted to modern industrial parks to provide small businesses with space to grow.

² <https://hbr.org/2010/07/the-secret-to-job-growth-think-small>



Figure 3 The Union Pharmacy has served Union Point since 1927.

³ <https://www.thinkcurrituck.com/blog/should-your-business-consider-office-space-in-an-industrial-park>

Government Funds: Some governments offer loans, subsidies, and tax breaks to encourage the development and support of small businesses in their communities. Some local governments target funds to help support small-business owners who face credit or banking barriers to develop in communities with need. For example, Counties and municipalities can connect small business owners and entrepreneurs with state and federal loans or grant funding like those offered through the Georgia Department of Community Affairs (DCA), Georgia Cities Foundation, and U.S. Department of Agriculture (USDA).⁴ Other funding opportunities can be made to target businesses that meet energy efficiency requirements, create “green” jobs, or support other local industries.⁵

Regional Competitiveness

Unique Assets: Communities can utilize small businesses to create distinct regional assets and industry specialization. For example, the City of Elberton is known as “The Granite Capital of the World” because of its quarries and the businesses that developed around them.⁶ Utilizing a particular asset within a community can launch small businesses and create a support system after a community becomes known for that industry.

Investing In Human Capital: Investing in education and training to cultivate a skilled workforce improves a community by attracting new businesses and improving the productivity of existing resources.⁷ Job training and the development of skilled laborers in a community provides support to local economic development and creates a diverse business environment that can support changes and the modernization of the economy. Investment in education, social and leisure services, and other community resources creates a safer climate to attract investment and economic development.

⁴ The NEGRC is available to assist local governments in navigating the application processes for most of these funding sources.

⁵ <https://louisvilleky.gov/government/louisville-forward/local-loan-programs>

⁶ <https://egaonline.com/learn/about-elberton>

Creating an Entrepreneurial Ecosystem

A successful entrepreneurial ecosystem is one of the most important social and economic assets affecting local and regional business development. Fostering entrepreneurship is a core component of economic development around the world.⁸ Businesses located within places that support creativity, innovation, and entrepreneurship have a greater chance of success than areas without support from local governments. For public officials and local governments, job creation and tax revenues may be the primary objectives when fostering an entrepreneurial ecosystem, but other stakeholders (including banks, universities, and other private investors) must also benefit in order to sustain initial growth.

A successful ecosystem must have supportive entrepreneurial culture; access to finance, human capital, and innovation capacity; and formal support organizations such as the Small Business Administration’s Development Centers and local chambers of commerce.⁹ Entrepreneurs can use these characteristics to identify whether the ecosystem will support their business venture, and local governments can analyze their communities for these elements to determine whether it is a healthy environment for business. The NEGRC can provide assistance to member cities and counties in evaluating these conditions.

Resiliency

In light of the COVID-19 pandemic, small businesses in Northeast Georgia communities will be facing new and different challenges. Many community resource centers are compiling means of support for businesses and industries impacted by this unprecedented situation. Government funding is available for the protection and support of small businesses in local communities through the CARES Act. Programs such as the Paycheck Protection Program, Economic Injury Disaster Loan Advance, Small Business Administration (SBA) Express Bridge Loans, and SBA Debt Relief are all in place to help small businesses stay afloat and navigate these challenging times. While dealing with the current crisis and promoting recovery locally, strategic planning in the present can be used to protect small businesses from another disaster in the future.

⁷ <https://files.eric.ed.gov/fulltext/ED590935.pdf>

⁸ <https://hbr.org/2014/05/what-an-entrepreneurial-ecosystem-actually-is>

⁹ <https://entrepreneurship.babson.edu/the-importance-of-good-entrepreneurial-ecosystems/>

Resources

Georgia Chamber of Commerce
270 Peachtree Street NW
Atlanta, GA 30303
P: (404) 223-2264
<https://www.gachamber.com/>

Georgia Cities Foundation
201 Pryor Street SW
Atlanta, GA 30303
P: (888) 488-4462
<http://www.georgiacitiesfoundation.org/>

Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, GA 30329
P: (404) 679-4840
<https://www.dca.ga.gov/community-economic-development>

Georgia Department of Economic Development - Small Business
75 5th Street NW Suite 1200 - Technology Square,
Atlanta, GA 30308
P: (404) 962-4000
<https://www.georgia.org/small-business>
Regional Representative: Kristen Miller, Senior Regional Project Manager
<https://www.georgia.org/regions/east-central-georgia>

Georgia EMC Community/Economic Development
2100 E Exchange Place - Suite 510
Tucker, GA 30084
P: (770) 270-6950
<https://georgiaemc.com/page/CED>

Georgia Power Community & Economic Development
241 Ralph McGill Boulevard NE
Atlanta, GA 30308
<https://www.georgiapower.com/company/economic-development.html>

Georgia Small Business Development Center - The University of Georgia
1180 East Broad Street - Chicopee Complex
Athens, GA 30602-5412
P: (706) 542-2762 | F: (706) 542-7935
<https://www.georgiasbdc.org/>

US Department of Agriculture –Rural Development
355 E. Hancock Avenue - Stephens Federal Building
Athens, GA 30601
P: (706) 546-2162 | F: (855) 452-0956
<https://www.rd.usda.gov/ga>

US Small Business Administration
409 3rd Street, SW
Washington, DC 20416
P: (800) 827-5722
<https://www.sba.gov/>

