

TRENDS in ENTREPRENEURSHIP SERIES

Reporting on data from a wide range of sources to measure, track, and compare trends related to entrepreneurship | 2020, No. 3

HOW QUICKLY DO ENTREPRENEURS HIRE? NEW EMPLOYER BUSINESS VELOCITY ACROSS STATES 2005–2014

A milestone in the life of a new business is if – and when – it becomes an employer. Among the new businesses that become employers, new employer business velocity measures the average speed it takes them to reach this milestone. It can reflect broader trends related to entrepreneurs, the early lives of their businesses, and the labor market from which they draw employees.

New employer business velocity is the average time that it takes to become an employer, among those new businesses that reach this milestone within an eight-quarter window. This is measured in quarters, which range from 90 to 92 days. This comes from the Kauffman New Employer Business Indicators, calculated using underlying U.S. Census data.^{1,2}

National new employer business velocity in 2005 was 1.43 quarters, or 129-132 days. By 2014, it slowed to 1.92 quarters, or 173-177 days. This reflects an overall slowdown over this period. A similar trend is seen across states.



New Employer Business Velocity, 2005 to 2014

State	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014	
	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days
United States	1.43	129–132	1.51	136–139	1.49	134–137	1.55	140–143	1.70	153–156	1.75	158–161	1.76	158–162	1.76	158–162	1.86	167–171	1.92	173–177
Alabama	1.18	106–109	1.18	106–109	1.24	112–114	1.30	117–120	1.37	123–126	1.48	133–136	1.52	137–140	1.55	140–143	1.65	149–152	1.68	151–155
Alaska	1.08	97–99	1.33	120–122	1.29	116–119	1.39	125–128	1.36	122–125	1.46	131–134	1.65	149–152	1.53	138–141	1.65	149–152	1.67	150–154
Arizona	1.58	142–145	1.64	148–151	1.62	146–149	1.66	149–153	1.83	165–168	1.79	161–165	1.85	167–170	1.86	167–171	1.94	175–178	2.02	182–186
Arkansas	1.16	104–107	1.30	117–120	1.26	113–116	1.26	113–116	1.42	128–131	1.50	135–138	1.50	135–138	1.46	131–134	1.49	134–137	1.70	153–156
California	1.39	125–128	1.49	134–137	1.47	132–135	1.53	138–141	1.67	150–154	1.72	155–158	1.72	155–158	1.74	157–160	1.85	167–170	1.91	172–176
Colorado	1.46	131–134	1.53	138–141	1.50	135–138	1.52	137–140	1.70	153–156	1.78	160–164	1.78	160–164	1.74	157–160	1.92	173–177	1.94	175–178
Connecticut	1.40	126–129	1.57	141–144	1.53	138–141	1.56	140–144	1.67	150–154	1.73	156–159	1.71	154–157	1.69	152–155	1.85	167–170	2.01	181–185
Delaware	1.64	148–151	1.73	156–159	1.70	153–156	1.61	145–148	1.78	160–164	1.92	173–177	1.86	167–171	1.85	167–170	2.08	187–191	2.15	194–198
District of Columbia	1.95	176–179	1.92	173–177	2.04	184–188	2.11	190–194	2.09	188–192	2.21	199–203	2.22	200–204	2.27	204–209	2.27	204–209	2.37	213–218
Florida	1.82	164–167	1.87	168–172	1.82	164–167	1.92	173–177	2.03	183–187	2.07	186–190	2.04	184–188	2.03	183–187	2.14	193–197	2.17	195–200

How Quickly do Entrepreneurs Hire? New Employer Business Velocity Across States 2005–2014 | 2020, No. 3

	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014	
State	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days
Georgia	1.53	138–141	1.58	142–145	1.55	140–143	1.64	148–151	1.80	162–166	1.80	162–166	1.82	164–167	1.83	165–168	1.93	174–178	2.03	183–187
Hawaii	1.49	134–137	1.60	144–147	1.55	140–143	1.64	148–151	1.82	164–167	1.91	172–176	2.01	181–185	1.92	173–177	2.08	187–191	2.08	187–191
Idaho	1.22	110–112	1.23	111–113	1.24	112–114	1.35	122–124	1.49	134–137	1.59	143–146	1.66	149–153	1.58	142–145	1.61	145–148	1.67	150–154
Illinois	1.62	146–149	1.66	149–153	1.63	147–150	1.66	149–153	1.84	166–169	1.85	167–170	1.84	166–169	1.82	164–167	1.96	176–180	2.02	182–186
Indiana	1.29	116–119	1.37	123–126	1.35	122–124	1.46	131–134	1.60	144–147	1.64	148–151	1.68	151–155	1.66	149–153	1.83	165–168	1.82	164–167
Iowa	1.12	101–103	1.24	112–114	1.15	104–106	1.22	110–112	1.38	124–127	1.50	135–138	1.48	133–136	1.49	134–137	1.61	145–148	1.62	146–149
Kansas	1.15	104–106	1.24	112–114	1.30	117–120	1.25	113–115	1.43	129–132	1.53	138–141	1.58	142–145	1.58	142–145	1.59	143–146	1.67	150–154
Kentucky	1.24	112–114	1.34	121–123	1.31	118–121	1.31	118–121	1.44	130–132	1.56	140–144	1.55	140–143	1.57	141–144	1.61	145–148	1.70	153–156
Louisiana	1.46	131–134	1.56	140–144	1.57	141–144	1.56	140–144	1.68	151–155	1.77	159–163	1.77	159–163	1.82	164–167	1.82	164–167	1.86	167–171
Maine	1.09	98–100	1.25	113–115	1.19	107–109	1.16	104–107	1.43	129–132	1.33	120–122	1.42	128–131	1.41	127–130	1.47	132–135	1.63	147–150
Maryland	1.55	140–143	1.66	149–153	1.68	151–155	1.68	151–155	1.83	165–168	1.98	178–182	1.93	174–178	1.88	169–173	2.02	182–186	2.11	190–194
Massachusetts	1.35	122–124	1.44	130–132	1.43	129–132	1.53	138–141	1.67	150–154	1.78	160–164	1.79	161–165	1.78	160–164	1.84	166–169	1.92	173–177
Michigan	1.41	127–130	1.58	142–145	1.51	136–139	1.55	140–143	1.75	158–161	1.77	159–163	1.76	158–162	1.77	159–163	1.88	169–173	1.95	176–179
Minnesota	1.38	124–127	1.45	131–133	1.47	132–135	1.49	134–137	1.69	152–155	1.70	153–156	1.71	154–157	1.70	153–156	1.78	160–164	1.81	163–167
Mississippi	1.19	107–109	1.27	114–117	1.29	116–119	1.36	122–125	1.45	131–133	1.47	132–135	1.50	135–138	1.53	138–141	1.58	142–145	1.64	148–151
Missouri	1.18	106–109	1.20	108–110	1.23	111–113	1.30	117–120	1.48	133–136	1.52	137–140	1.54	139–142	1.50	135–138	1.56	140–144	1.53	138–141
Montana	1.16	104–107	1.24	112–114	1.19	107–109	1.29	116–119	1.46	131–134	1.55	140–143	1.58	142–145	1.61	145–148	1.58	142–145	1.72	155–158
Nebraska	1.14	103–105	1.33	120–122	1.25	113–115	1.25	113–115	1.38	124–127	1.43	129–132	1.52	137–140	1.50	135–138	1.54	139–142	1.66	149–153
Nevada	1.71	154–157	1.79	161–165	1.72	155–158	1.79	161–165	1.88	169–173	1.89	170–174	1.97	177–181	1.90	171–175	2.08	187–191	2.08	187–191
New Hampshire	1.20	108–110	1.24	112–114	1.19	107–109	1.24	112–114	1.43	129–132	1.52	137–140	1.55	140–143	1.49	134–137	1.61	145–148	1.77	159–163
New Jersey	1.59	143–146	1.71	154–157	1.70	153–156	1.75	158–161	1.96	176–180	1.96	176–180	1.95	176–179	1.96	176–180	2.03	183–187	2.09	188–192
New Mexico	1.28	115–118	1.37	123–126	1.30	117–120	1.32	119–121	1.54	139–142	1.63	147–150	1.62	146–149	1.63	147–150	1.66	149–153	1.73	156–159
New York	1.65	149–152	1.74	157–160	1.71	154–157	1.76	158–162	1.85	167–170	1.88	169–173	1.91	172–176	1.92	173–177	2.00	180–184	2.03	183–187
North Carolina	1.38	124–127	1.46	131–134	1.43	129–132	1.52	137–140	1.64	148–151	1.69	152–155	1.67	150–154	1.67	150–154	1.79	161–165	1.89	170–174
North Dakota	1.03	93–95	1.19	107–109	1.12	101–103	1.24	112–114	1.28	115–118	1.40	126–129	1.42	128–131	1.58	142–145	1.54	139–142	1.46	131–134
Ohio	1.29	116–119	1.42	128–131	1.40	126–129	1.44	130–132	1.64	148–151	1.66	149–153	1.71	154–157	1.71	154–157	1.83	165–168	1.87	168–172
Oklahoma	1.22	110–112	1.33	120–122	1.32	119–121	1.34	121–123	1.55	140–143	1.59	143–146	1.69	152–155	1.59	143–146	1.72	155–158	1.65	149–152
Oregon	1.27	114–117	1.36	122–125	1.32	119–121	1.39	125–128	1.60	144–147	1.57	141–144	1.61	145–148	1.64	148–151	1.65	149–152	1.80	162–166
Pennsylvania	1.37	123–126	1.48	133–136	1.48	133–136	1.54	139–142	1.69	152–155	1.71	154–157	1.75	158–161	1.77	159–163	1.84	166–169	1.94	175–178
Rhode Island	1.31	118–121	1.38	124–127	1.34	121–123	1.35	122–124	1.65	149–152	1.62	146–149	1.71	154–157	1.67	150–154	1.73	156–159	1.90	171–175

State	2005		2006		2007		2008		2009		2010		2011		2012		2013		2014	
	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days	Quarters	Days
South Carolina	1.33	120–122	1.44	130–132	1.39	125–128	1.46	131–134	1.57	141–144	1.67	150–154	1.64	148–151	1.69	152–155	1.81	163–167	1.89	170–174
South Dakota	0.94	85–86	1.04	94–96	1.10	99–101	1.17	105–108	1.26	113–116	1.38	124–127	1.45	131–133	1.41	127–130	1.40	126–129	1.47	132–135
Tennessee	1.13	102–104	1.22	110–112	1.18	106–109	1.23	111–113	1.39	125–128	1.47	132–135	1.51	136–139	1.48	133–136	1.62	146–149	1.72	155–158
Texas	1.34	121–123	1.41	127–130	1.42	128–131	1.48	133–136	1.62	146–149	1.67	150–154	1.66	149–153	1.66	149–153	1.79	161–165	1.84	166–169
Utah	1.50	135–138	1.51	136–139	1.47	132–135	1.53	138–141	1.68	151–155	1.76	158–162	1.69	152–155	1.74	157–160	1.84	166–169	1.87	168–172
Vermont	1.20	108–110	1.14	103–105	1.23	111–113	1.14	103–105	1.48	133–136	1.51	136–139	1.43	129–132	1.39	125–128	1.52	137–140	1.76	158–162
Virginia	1.46	131–134	1.57	141–144	1.56	140–144	1.60	144–147	1.77	159–163	1.84	166–169	1.82	164–167	1.87	168–172	1.98	178–182	2.04	184–188
Washington	1.23	111–113	1.32	119–121	1.24	112–114	1.34	121–123	1.52	137–140	1.56	140–144	1.60	144–147	1.56	140–144	1.70	153–156	1.77	159–163
West Virginia	1.16	104–107	1.22	110–112	1.27	114–117	1.32	119–121	1.45	131–133	1.55	140–143	1.51	136–139	1.43	129–132	1.65	149–152	1.63	147–150
Wisconsin	1.22	110–112	1.35	122–124	1.31	118–121	1.33	120–122	1.57	141–144	1.61	145–148	1.60	144–147	1.65	149–152	1.72	155–158	1.83	165–168
Wyoming	1.15	104–106	1.15	104–106	1.18	106–109	1.26	113–116	1.42	128–131	1.59	143–146	1.47	132–135	1.48	133–136	1.73	156–159	1.75	158–161

About the Data

New employer business velocity comes from the Kauffman New Employer Business Indicators (see indicators@kauffman.org), which is created using underlying data from the Business Formation Statistics (BFS) on business applications and formations. BFS tracks the time to hire and number of new businesses that become employers within eight quarters (see <https://www.census.gov/econ/bfs/index.html>).

See the data at
indicators.kauffman.org

Sources:

(1) Bayard et al. 2018. Early-stage business formation: an analysis of applications for employer identification numbers, NBER Working Paper 24364. (2) Desai et al. 2020. 2018 New employer business report: national and state trends, Ewing Marion Kauffman Foundation: Kansas City.

Acknowledgements:

Travis Howe

Suggested citation: Ewing Marion Kauffman Foundation (2020), How Quickly do Entrepreneurs Hire? New Employer Business Velocity Across States 2005-2014, *Trends in Entrepreneurship*, No. 3, Kansas City, Missouri.

This is a publication by the Ewing Marion Kauffman Foundation utilizing content and data from multiple sources and external contributors. Every effort has been made to verify the accuracy of the information contained herein, and it is believed to be correct as of the publication date. Nonetheless, this material is for informational purposes. Readers are solely responsible for validating the applicability and accuracy of the information in any use they make of it.

