

The Star-Ledger

Small businesses' biggest winners and losers

By Leslie Kwoh/The Star-Ledger

January 11, 2010, 6:00AM

It's no surprise that 2009 was a dismal year for small businesses.

But which industries fared the best — and which performed the worst — startled even the data crunchers at Sageworks, the financial analysis firm that ranks 1,600 industries annually by sales growth.



DAVID ZALUBOWSKI/APAuto dealers ranked second in the small-business top losers list, compiled by Sageworks

The year's top losers: wood manufacturing, auto dealers and furniture stores, according to the firm's fifth-annual rankings, which only include privately owned companies.

There was no surprise here — sales for these industries plummeted as consumers gave up big purchases like homes, cars and furnishings, said Drew White, chief financial officer for the North Carolina-based company. But two other industries also unexpectedly made the five worst performers list: personal

care services, which includes nail and hair grooming, and legal services. Cash-strapped consumers viewed these services as discretionary, White said.

Overall, the worst performers list was by far the most abysmal the firm has seen since it began compiling the reports in 2004, he said.

"These are pretty big numbers — shockingly big," he said. "And we're not even counting the ones that went out of business."

Topping the best five performers list was credit intermediation services which includes loan and mortgage brokers, marking a strong comeback for an industry that made the worst performers list in 2008.

The improvement was most likely the result of an uptick in refinancings, helped by low interest rates, as well as a spate of buying activity sparked by the government's first-time homebuyer credit program, White said.

Health practitioners ranked second, followed by real estate services and physician offices. Grocery and product wholesalers rounded out the top

performers list, though that represented a significant decline from the industry's 7.6 percent growth in 2008.

So what's in store for 2010? White predicts advertising will make the worst performers list, while trade schools will come out on top as more laid-off workers return for training.

BEST PERFORMERS

1. Credit services +12.8 %
2. Health practitioners +10.8 %
3. Real estate services +7.7%
4. Physician offices +6.6%
5. Wholesalers +2.4%

WORST PERFORMERS

1. Wood manufacturing -28.6 %
2. Auto dealers -20.5%
3. Furniture stores -19.9%
4. Personal care services -17.1%
5. Legal services -16.5 %

Source: Sageworks