

## Missouri Small Business Insights Series – Cheetah Businesses

# Metro and Nonmetro High-Growth Stage Two Missouri Business Trends

*High-growth small businesses, or Cheetahs, are vital to a thriving economy and operate across the state of Missouri. Consumer-driven forces, such as the need for specialized health care or construction services, fostered many Cheetahs' growth in both Missouri metro and nonmetro areas from 2014 to 2019. The state's metro Cheetahs excelled in professional services, such as computer systems design and business consulting. Arts, entertainment and recreational Cheetahs tied to Missouri tourism were relatively more impactful in nonmetro areas.*

### What are Cheetahs?

Cheetahs aren't only very fast cats. The term also describes high-growth businesses that have rapidly increased their employment in a five-year period (see sidebar for more details). The [first brief](#) in this series described past Missouri Cheetah research and analyzed statewide Cheetah trends from 2014 to 2019.

Missouri had more than 3,900 Stage Two Cheetah private-sector businesses in 2019, and between 2014 and 2019, these businesses created 66,000 jobs. The health care and social assistance sector had the largest number of Cheetah establishments; retail services ranked second.

This second brief in the Small Business Insights series analyzes distinctions between metropolitan and nonmetropolitan establishments with high job growth that became **Stage Two** private-sector employers during the five-year period ending in 2019. Stage Two businesses accounted for one in five Missouri employers in 2019, and they employed 43% of all payroll workers, according to the U.S. Bureau of Labor Statistics.

Data for this brief originate from InfoUSA, a directory of U.S. businesses, and data scientists at the Council for Community and Economic Research who maintain longitudinal business employment and job change data.

### Defining Stage Two Cheetahs

**Stage Two** companies are small businesses with 10 to 99 employees that are past the startup phase. Small Business Development Centers, supported by the Small Business Administration, provide [targeted counseling services](#) aimed at helping these businesses grow.

**Cheetahs** are businesses with at least two employees that increased employment by 75% or more in a five-year period.

## Top Missouri Cheetah Sectors

The average Missouri Cheetah had seven employees in 2014 and grew to employ 23 people by 2019 — a 252% increase in jobs. In 2019, Missouri’s private-sector Cheetahs represented 8.1% of the state’s Stage Two businesses.

Sectors with the largest number of Cheetahs in 2019 were *Health Care & Social Assistance*, *Retail Trade* and *Accommodations & Food Services* (see table). Given that these three sectors also had the most Stage Two firms, they unsurprisingly rank highest in Cheetah business counts.

However, several Missouri sectors had a relatively high number of high-growth businesses compared with their number of Stage Two firms. Those included *Administrative Services*, *Professional & Technical Services* and *Construction* (see chart). Relative measures show which sectors are more likely to have Cheetah businesses when controlling for sector size. Apart from *Construction*, service industries tended to have a greater concentration of Cheetah businesses.

## Cheetahs in Missouri Metropolitan Areas

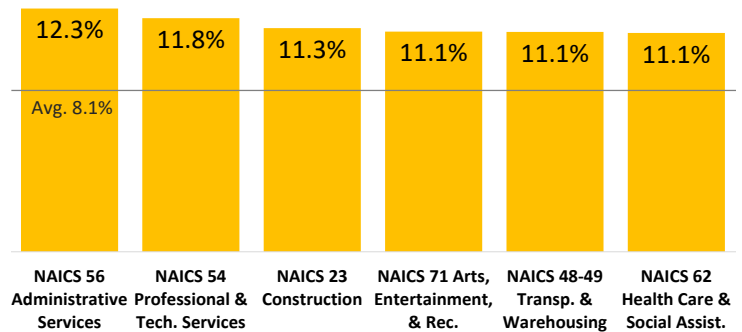
Metropolitan or metro area counties are often described as “urban.” Through labor commuting patterns, these areas connect several counties to cities within a region. Missouri’s metro areas surround St. Louis, Kansas City, Springfield, Columbia, St. Joseph, Joplin and Cape Girardeau (see map).

During 2019, 3,159 Cheetahs, or 80% of the state’s total, were found in Missouri metro counties. For comparison purposes, 77% of all Missouri firms operated in metro areas. Thus, Cheetahs were slightly more likely to locate within metros. Sectors with the largest number of Missouri metro Cheetahs were *Health Care & Social Assistance*, *Retail Trade* and *Professional & Technical Services*. These three sectors accounted for 40% of all metro Cheetahs in 2019 (see table on next page).

## 2019 Top Five Missouri Cheetah Sectors

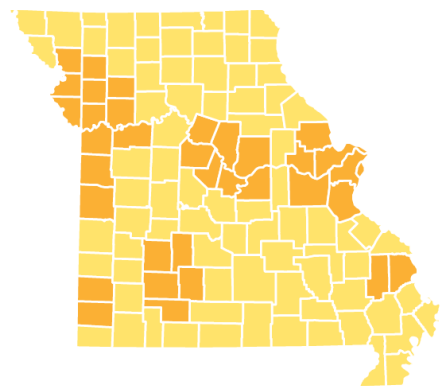
NAICS and Description	% of All Cheetah Businesses
NAICS 62 Health Care & Social Assist.	20%
NAICS 44-45 Retail Trade	12%
NAICS 72 Accom. & Food Services	9%
NAICS 54 Professional & Tech. Services	9%
NAICS 23 Construction	8%

## Cheetah Businesses as Share of Missouri Stage Two Businesses by Sector, 2019



## Missouri Metro & Nonmetro Counties

Dark orange counties are metro areas; light orange indicates nonmetro areas



Data Source: U.S. Census Bureau

Restaurants, the largest industry in the *Accommodations & Food Services* sector, and retailers had high numbers of metro Cheetah firms, but they are also part of Missouri’s largest sectors. When compared to a sector’s overall number of firms, the share of Cheetahs was higher than average in the *Health Care & Social Assistance*, *Professional & Technical Services* and *Construction* sectors.

High-growth metro health care and social assistance

firms mainly operated *Outpatient Care Centers*, *Home Health Care Services* businesses, *Nursing & Residential Care* facilities and *Individual & Family Services* firms. Many of these businesses provide care to the elderly, an important consumer segment as the population ages, and competed for customers based on specialized care and living arrangement needs.

High-growth metro professional and technical service firms included those that offer *Computer Systems Design & Related Services*; *Management, Scientific & Technical Consulting*; and *Veterinary Services*. High-growth construction Cheetahs participated in a wide range of subindustries, such as *Residential, Non-Residential, Heavy Engineering* and *Speciality Trade Contractors*.

### Cheetahs in Nonmetropolitan Areas

Missouri’s nonmetropolitan or nonmetro counties — defined as “rural” in this brief — had 780 Cheetah businesses in 2019. These firms represented 20% of all Cheetahs in the state. For comparison purposes, 23% of all Missouri private firms are located in Missouri’s nonmetro counties. Sectors with the largest number of Cheetahs were *Health Care & Social Assistance*, *Retail Trade* and *Accommodations & Food Services*. Together, these three sectors accounted for nearly half of all nonmetro Cheetahs in 2019 (see table).

Similar to metro areas, *Outpatient Care Centers*, *Home Health Care Services* businesses and *Nursing & Residential Care* facilities represented high-growth health care firms in nonmetro areas. Mirroring the metro area data, Cheetah construction firms in nonmetro areas broadly represented the *Residential, Non-Residential, Heavy Engineering* and *Speciality Trade Contractors* subindustry areas.

### Metropolitan and Nonmetropolitan Areas Share Cheetah Business Similarities

Taken as a whole, metro and nonmetro Cheetahs operated in similar sectors. This highlights how consumer demands, such as health care, local shopping, and restaurant needs, often result in similar business trends across urban and rural areas as firms tend to compete in large, diverse regions.

### 2019 Top Five Metro Missouri Cheetah Sectors

NAICS and Description	% of All Metro Cheetah Businesses
NAICS 62 Health Care & Social Assist.	19%
NAICS 44-45 Retail Trade	11%
NAICS 54 Professional & Tech. Services	10%
NAICS 72 Accom. & Food Services	8.5%
NAICS 23 Construction	8.3%

### 2019 Top Five Nonmetro Missouri Cheetah Sectors

NAICS and Description	% of All Nonmetro Cheetah Businesses
NAICS 62 Health Care & Social Assist.	23%
NAICS 44-45 Retail Trade	14%
NAICS 72 Accom. & Food Services	12%
NAICS 23 Construction	6.9%
NAICS 71 Arts, Entertainment, & Rec.	5.6%

Metro areas had relatively more Cheetahs in *Professional & Technical Services*. Firms in this sector often concentrate in cities, which tend to offer highly-skilled, specialized labor, such as technical or financial professionals, and transportation hubs that include larger airports. The *Arts, Entertainment & Recreation* sector was relatively more impactful in rural counties — an indicator that many high-growth businesses benefit from Missouri’s multiple tourism destinations.

**About This Series:** This brief is the second in the *Small Business Insights Series – Cheetah Businesses*, which explores fast-growing companies during the past business cycle. Summarizing past Cheetah business trends may suggest which small businesses are poised for future growth. Because 2020 jolted the economy, however, entrepreneurs will also want to know how their respective industries are adapting to survive and thrive in the COVID-19 era. This series will share insights into emerging industry trends to answer some of these questions.

The Missouri Small Business Development Centers funded this research. Business counselors, their customers and community leaders can use the timely information to help businesses and the economy rebound.

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**Data Sources:** Business data from the InfoUSA Reference Solutions longitudinal establishment employment database developed by the Center for Regional Economic Competitiveness, Council for Community and Economic Research unit.



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