

Our 6-Year-Old, 2010 SMB Award Applicant Firms Have 19 Times the Mean Sales of Those Measured ...

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Scott Shane, Professor of Entrepreneurial Studies at Case Western Reserve University, has an illuminating post on Small Business Trends this week in which, based on U.S. Census data of 6-year-old businesses, he shows that the typical (or median) entrepreneur's sales are below the average (or mean) sales in 9 sectors. Shane writes that this distinction is important for entrepreneurs as well as investors and policy makers because

if average sales are high, while typical sales are zero, then a few entrepreneurs are very successful, but most are not. Unfortunately, this is the pattern that we tend to see.

I want to take the opportunity to focus on the better numbers – the mean, or average, sales – that are more often used, and represent the "best case scenario." I wanted to compare this data to our own, employee engagement research on similar small firms: the applicants for our 2010 Top Small [Order Generic Cialis Online without Prescription](#) Company Workplaces award.

Because Shane looks at 6-year-old businesses, I similarly pulled out only those applicants that were founded in 2004, and were 6 years old when they applied for our award this year. Also, to compare apples to apples when it comes to sector, I pulled out only the industries we recorded for those applicants founded in 2004 that match up with Shane's table: Manufacturing; Transportation, Communication, Utilities; and Finance, Insurance, Real Estate.

The table below shows what I found:

Sector	U.S. Census Firms 6 Yrs Old - Mean Sales	2010 TSCW Applicants 6 Yrs Old - Mean Sales
Manufacturing	\$ 1,612,200	\$ 14,000,000
Transportation, Communication, Utilities	\$ 763,063	\$ 15,237,895
Finance, Insurance, Real Estate	\$ 1,089,811	\$ 37,433,316

The multiples of mean sales of our award applicants vs. the similar-age firms measured by the Census range from roughly 9 times (Manufacturing) to 34 times (Finance, Insurance, Real Estate). **When you average the three sectors together, our applicants report 19 times the mean sales of the companies represented in the Census data.**

The big difference between the two groups of companies? Our applicants use smart human capital strategies to drive everything from internal processes and metrics to external performance.

Related: For more evidence of the payoff of employee engagement, read this post which shows how some of this year's award winners compare to their industry when it comes to turnover.

View full post on [Winning Workplaces](#)

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