



Research Wizard

# Research Wizard Business Intelligence Brief

"Finding Good Information and Making it Better"

## Decoding NAICS and SIC

Major industry classification systems are the North American Industry Classification System (NAICS) and the Standard Industrial Classification (SIC). Both systems use hierarchies of numbers to define and group industries by similar activities and products. The first two digits describe industries broadly and subsequent digits add more detail. The codes uniformly define business lines of companies. Economists and industry analysts rely upon them for gathering and reporting production data, industry concentrations, financial ratios and other indicators. Business strategists use them to identify peers, competitors and customers.

The SIC system dates from the 1930's. It was replaced in 1997 by NAICS, which was created by Canada, Mexico and the U.S. to compare industries across countries. NAICS groups companies by similar production processes or technology. NAICS accommodates new technologies and service industries while the SIC system emphasized manufacturing.

**NAICS has 20 broad industry sectors, a 6-digit number system, versus 10 SIC industry divisions, with a 4-digit industry code.** NAICS assigns numbers to individual locations of companies according to their particular lines of business, so that each of the separate locations of a large company will have its own code. The first four digits of the NAICS code define the industry, and the fifth and sixth digits define the industry more narrowly. Refer to the example of Krispy Kreme. The current NAICS codes became available in 2002, and updates are scheduled every five years.

Major changes in NAICS are the service sector expansions. New sectors include Education, Health and Social Assistance, and Professional, Scientific and Technical Services. A new Information sector includes components from the SIC Transportation, Communications, and Utilities, Manufacturing (publishing) and Services divisions (software, data processing, information services, motion picture and sound recording).

Commercial company database vendors including Dun & Bradstreet, Hoover's and InfoGroup use codes to classify business establishments by their activities. Since a company may produce several products and services, the databases give primary and secondary codes for each location. Codes selected for any particular company may vary among databases, and it is important to check more than one source when searching by codes. Dun & Bradstreet and InfoGroup have enhanced SIC codes at six or eight digit levels for more precise analysis.

## Sample NAICS Structure

Krispy Kreme retail bakery

Code Level	Hierarchy	Code	Title
2-digit	Industry Sector	31	Manufacturing
3-digit	Industry Subsector	311	Food Manufacturing
4-digit	Industry Group	3118	Bakeries & Tortilla Manufacturing
5-digit	NAICS International Industry	31181	Bread & Bakery product Manufacturing
6-digit	U.S. detailed Industry	311811	Retail Bakeries

## Sample SIC Structure

Krispy Kreme retail bakery

Code Level	Hierarchy	Code	Title
A-J	Division Letter	G	Retail Trade
2-digit	Major Group	54	Food Stores
3-digit	Industry Group	546	Retail Bakeries
4-digit	Industry	5461	Retail Bakeries

## Online Code Tools

Source	Feature	Location
OSHA	Keyword SIC search or view SIC Division structure	<a href="http://www.osha.gov/oshstats/sicscr.html">http://www.osha.gov/oshstats/sicscr.html</a>
NAICS Association	Search keywords anywhere in the industry description	<a href="http://www.naics.com/search/">http://www.naics.com/search/</a>
U.S. Census Bureau	NAICS Code structure & conversion tables	<a href="http://www.census.gov/eos/www/naics">http://www.census.gov/eos/www/naics</a>
ReferenceUSA, U.S. Businesses	Find companies by NAICS or SIC codes	<a href="http://www.tulsalibrary.org/databases/r">http://www.tulsalibrary.org/databases/r</a>
MDDI, The Million Dollar Database (D&B)	Find companies by NAICS or SIC codes	<a href="http://www.tulsalibrary.org/databases/m">http://www.tulsalibrary.org/databases/m</a>

## NAICS Relationship to SIC

NAICS Code	NAICS Sectors	SIC Division Letters & Codes	NAICS Code	NAICS Sectors	SIC Division Letters & Codes	
11	Agriculture, Forestry, Fishing, and Hunting	<b>A</b> Agriculture, Forestry, and Fishing (01-09)	51	Information	<b>I</b> Services (70-89)	
21	Mining	<b>B</b> Mining (10-14)	54	Professional, Scientific, and Technical Services		
23	Construction	<b>C</b> Construction (15-17)	56	Administrative Support; Waste Management and Remediation Services		
31-33	Manufacturing	<b>D</b> Manufacturing (20-39)	61	Educational Services		
22	Utilities	<b>E</b> Transportation, Communications & Public Utilities (40-49)	62	Health Care and Social Assistance		
48-49	Transportation and Warehousing	<b>F</b> Wholesale Trade (50-51)	71	Arts, Entertainment, and Recreation		
42	Wholesale Trade	<b>G</b> Retail Trade (52-59)	81	Other Services (except Public Administration)		
44-45	Retail Trade		92	Public Administration		<b>J</b> Public Administration (91-97)
72	Accommodation and Food Services		55	Management of Companies and Enterprises		
52	Finance and Insurance	<b>H</b> Finance, Insurance, & Real Estate (60-67)				
53	Real Estate and Rental and Leasing				(Parts of all divisions)	

### Research Wizard Business Intelligence Brief

Tulsa City-County Library System  
400 Civic Center  
Tulsa, OK 74103

Phone: 918-596-7991  
Fax: 918-596-2598  
Email: [wizard@tulsalibrary.org](mailto:wizard@tulsalibrary.org)

**"Customizing Information  
to Meet  
Your Business Needs"**



Research Wizard