

January/February 2004

## Women-Owned Businesses More Resilient *Similar Survival Rates, Fewer Job Losses From 1997 - 2000*

Between 1997 and 2000, women-owned employer establishments demonstrated amazing tenacity and proved to be more resilient than employer firms overall during the period, with a much lower 4.2% decline in employment among those firms in business in 1997 - compared to a 6.7% decline among all establishments. Further, women-owned employer establishments were just as likely to have remained in business over this period, with three-quarters (75.1%) still in existence after three years.

This new information is contained in an *Issue in Brief*, "Trends in Women-Owned Employer Establishments: 1997 to 2000" by the National Women's Business Council. As the result of a ground-breaking agreement made with the Census Bureau, the NWBC is now producing the first-ever annual tabulations on trends in the number and employment of women-owned employer establishments by state and industry.<sup>1</sup> These are the only such data available annually between Census years, and will allow the NWBC to provide more detailed and timely intelligence on trends in women's entrepreneurship.

"Trends in Women-Owned Employer Establishments: 1997 to 2000" is the first of several reports to be published based on these new data, and focuses on two key measures: survival and changes in employment.

In 1997, women were the majority owners of more than 5.4 million non-farm businesses, generating \$818.7 billion in business revenues. Sixteen percent (15.6%) of these businesses had at least one paid employee other than the owner, employing in total nearly 7.1 million people. The brief describes trends among just those enterprises with at least one paid employee at any point during 1997 and focuses on business establishments - or locations.<sup>2</sup>

"This new report provides powerful information to the women's business

**(continued on page 5)**

### NWBC Presents "Passing On the Passion" Live Web Cast Event, March 3

**WHAT:** A live, interactive web cast featuring expert panelists discussing the advantages of mentoring programs to help women achieve the American dream: owning and growing your own successful business.

**WHY:** Research has shown that mentoring can increase the success rates of small businesses while also providing opportunities for strengthening the firms of mentors. Each mentoring experience is based on the levels and styles of individual protégés and mentors, yet several distinct kinds of mentoring programs exist.

**WHERE:** The U.S. Chamber of Commerce; 1615 H Street, NW, Washington, DC (and via the Internet). Women business owners are encouraged to gather together - at Women's Business Centers, Small Business Development Centers, or in their own offices - to watch the web cast, submit questions to the panelists, and share their thoughts and experiences with each other.

**WHEN:** Wednesday, March 3, 2004; 2:00-3:00 pm (EST)

Additional details will soon be available at [www.nwbc.gov](http://www.nwbc.gov). Please plan to join us for this important event - "live" or "electronically!"

### In this Issue...

- Contracting Process Simplified for Small Businesses, pg. 2
- New SBA Report Details Jump in Micro-Business Lending, pg. 3
- Women's Business Connection, February Date and Topic, pg. 3
- Seeking More Information About Federal Actions Regarding Women's Business Issues?, pg. 4
- Upcoming NWBC Research, pg. 4

## Contracting Process Simplified for Small Businesses

The U.S. Small Business Administration, the Department of Defense, the Office of Management and Budget and the General Services Administration have taken steps to simplify the federal contracting process by creating an integrated database of small businesses that want to do business with the government. The integration of the existing Pro-Net and DOD's Central Contractor Registration (CCR) databases began on January 1, 2004 and will create one portal for entering and searching small business sources. This portal will also assist small businesses with marketing their goods and services to the federal government.

The CCR-PRO-Net linkage is part of a comprehensive strategic effort to transfer Pro-Net's functions to the E-Gov Business Partner Network (BPN) in order to simplify government-wide vendor registration.

"We are continuing to make strides in simplifying the process to help small businesses conduct business with the government," said SBA Administrator Hector V. Barreto. "By integrating PRO-Net's functions into CCR, the foundation of the Business Partner Network, we are helping to advance the President's goal of a single, user-friendly, integrated acquisition environment."

For more information about CCR, please visit the CCR Web site at [www.ccr.gov](http://www.ccr.gov). For more information about IAE, visit the Web site at <http://egov.gsa.gov>. For more about SBA e-Gov activities, please contact Ronald E. Miller, SBA Program Executive Officer for E-Gov at (202) 401-8214.

## Did You Know?

In recognition of **Black History Month** (February), the NWBC has compiled the following facts about African American women business owners:

- As of 2002, there are an estimated 365,110 majority-owned, privately-held firms owned by African American women in the U.S., employing nearly 200,000 people and generating almost \$14.5 billion in sales.<sup>1</sup>
- Some 10 million American adults are involved in the process of starting nearly six million potential new businesses at any one time, with African Americans 50% more likely to start a business than whites.<sup>2</sup>
- Among CEOs of African American "gazelle" businesses - that is, firms that have grown at a rate of 5% over the past five years - the greatest influence on the decision to start their business was the desire to exercise more control over their own destiny, with more than 80% indicating that this played a significant role in their decision. Other important motivations included the desire to use their management experience and education (75%), desire to build personal wealth (71%), desire to serve their community (71%), and desire to overcome racial barriers (60%).<sup>3</sup>
- African American women business owners are more likely than their Latina, Asian and Caucasian counterparts to say that they want to be a role model for others and that they want to make a difference in their communities as business owners. <sup>1</sup>

1. Center for Women's Business Research.
2. From the Panel Study of Entrepreneurial Dynamics, a report sponsored by the Ewing Marion Kauffman Foundation.
3. From the ING Gazelle Index: Confidence Index of African American Business Leaders, Third Quarter 2003 Study.

## Quote of the Month

"I am in the business world, not for myself alone, but to do all the good I can for the uplift of my race."

**Madam C.J. Walker**, Beauty Culturist, Businesswoman and Philanthropist.

From *Enterprising Women: 250 Years of American Business*.



## New SBA Report Details Jump In Micro-Business Lending

The number of micro-business loans made by U.S. banks jumped by 45 percent in 2001-2002 according to a new report released by the U.S. Small Business Administration's Office of Advocacy. The report, "Small Business and Micro Business Lending in the United States, 2002 Edition," indicates that the large increase in the number of micro-business loans (under \$100,000) was primarily the result of promotion and use of small business credit cards.

Small business lending as a whole showed only moderate increases during the same period. The country was just emerging from a down-turned economy and both borrowers and lenders continued to hold off new borrowing and lending in reaction to the uncertain economy. While the smallest business loans increased by 45 percent, the number of loans between \$100,000 and \$250,000 increased 8.8 percent and those between \$250,000 and \$1 million increased by 9.8 percent. Designed to help small firms in their search for capital, the report also analyzes bank lending patterns across the United States and across commercial bank sizes. It ranks banks based on their small business friendly and micro-business friendly lending. The report does not rank bank participation in SBA guaranteed loan programs.

For the full report, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo).

## Women's Business Connection... a monthly business issues conference call brought to you by the National Women's Business Council

**February Date:** Tuesday, February 24, 2004, 3:00 PM - 4:00 PM EST

**February Topic:** How to access mentor-protégé programs in the U.S. government.

### February Speakers:

- **Frederick (Fred) Dendy**, Senior Management/Program Analyst and Team Leader assigned to the FAA Small Business Utilization Program
- **Joseph (Joe) A. Capuano, Jr.**, serves as the small business advocate on the Director's staff at the Department of Homeland Security
- **Patrice Blackman**, Program Manager, HR Office of Workforce Planning and Learning, Department of Transportation
- **Diane Wootton Marsden**, Project Coordinator, Engineering Services Network, Mentor-Protégé Program, Department of Defense

**How To Join:** Call 1-877-326-2337, enter code #3687613

For more information about this call, please contact Aileen M. Kishaba, NWBC Director of Policy Programs at (202) 205-6829 or by email at [aileen.kishaba@sba.gov](mailto:aileen.kishaba@sba.gov).

**Women's Business Connection is scheduled for the fourth Tuesday of each month; we encourage you to mark your calendars and join us regularly!**

## Organization of the Month: The National Association for the Self-Employed (NASE)

The National Association for the Self-Employed (NASE) is the nation's leading resource for the self-employed and micro-businesses (up to ten employees), providing a broad range of benefits and support to help the smallest businesses succeed. The NASE was founded in 1981 by a group of small-business owners in search of a structure for day-to-day support, benefits and consolidated buying power that traditionally had been available only to large corporations. Today, the NASE represents hundreds of thousands of entrepreneurs and micro-businesses, and is the largest non-profit, non-partisan association of its kind in the United States. The NASE is now accepting applications for their second **Women's Advisory Council**, a talented group of NASE members to direct the association's response to the growing number of women entrepreneurs entering the ranks of the self-employed today. Last year's inaugural Council embraced the challenge of directing the focus of the NASE women's initiative, developing ideas for benefits, advocacy issues and ways to make the Association more visible to women entrepreneurs. NASE members from all over the country and with varying business experience are encouraged to apply for the Women's Advisory Council. Applications will be accepted until March 5, 2004. For more information about the NASE and their Women's Advisory Council, visit <http://advocacy.nase.org>, or e-mail [womensadvisorycouncil@nase.org](mailto:womensadvisorycouncil@nase.org).

## Seeking More Information About Federal Actions Regarding Women's Business Issues?

We invite you to visit the following Federal web sites where you may access information about current events and activities focused on small business and women's issues in the public policy arena. You will also find opportunities to subscribe to a variety of electronic newsletters and announcements at these sites.

- **U.S. Department of Labor's Women's Bureau:**  
[www.dol.gov/wb/welcome.html](http://www.dol.gov/wb/welcome.html).  
(To subscribe to announcements, visit  
[www.dol.gov/wb/media/newsletter/e-news8artl-01.htm](http://www.dol.gov/wb/media/newsletter/e-news8artl-01.htm))
- **U.S. Department of State's Office of International Women's Issues:** [www.state.gov/g/wi/](http://www.state.gov/g/wi/).  
(To subscribe to announcements, visit  
[www.state.gov/www/listservs/cms.html](http://www.state.gov/www/listservs/cms.html))
- **U.S. Small Business Administration's Office of Advocacy:** [www.sba.gov/advo/laws/law\\_modeleg.html](http://www.sba.gov/advo/laws/law_modeleg.html).
- **U.S. Small Business Administration's Office of Women's Business Ownership:**  
[www.sba.gov/financing/special/women.html](http://www.sba.gov/financing/special/women.html).  
(To subscribe to announcements, visit  
<http://web.sba.gov/list/>)
- **Women Entrepreneurship in the 21st Century, A Partnership Between the U.S. Small Business Administration and the U.S. Department of Labor:** [www.women-21.gov](http://www.women-21.gov)  
(visit this site to subscribe to announcements).
- **Womenbiz.gov**, The Gateway for Women-Owned Businesses Selling to the Federal Government:  
[www.womenbiz.gov](http://www.womenbiz.gov)

### Upcoming NWBC Research

- SBA Loan Performance to Women-Owned Businesses, March 2004
- Trends in Minority-Owned Women Employer Establishments (based on data from the U.S. Census Bureau), April 2004
- Women's Entrepreneurship in the United States: A Policy History, May 2004

Learn more about these projects and previous NWBC research at [www.nwbc.gov](http://www.nwbc.gov).

## Council Members

### Chair

**Marilyn Carlson Nelson**, Chairman and CEO  
Carlson Companies, Inc.

**Jean Johnson**, President and CEO  
LegalWATCH

**Laurie McDonald Jonsson**, President and CEO  
Stellar International

**Karen Kerrigan**, President and CEO  
Women Entrepreneurs, Inc.

**Claudia Laird**, Vice President, Ability Center,  
and an owner of LIDCO, Inc.

**Terry Neese**, President  
Terry Neese Personnel Services

**Sheri Orlowitz**, Founder, Chairman and CEO,  
Shan Industries, LLC; Founder and Owner,  
OrloVon, LLC

**Annie Presley**, Principal and Owner  
The McKellar Group, Inc.

### Women's Business Organizations

Association of Women's Business Centers

National Association of Women Business Owners

U.S. Hispanic Chamber of Commerce

**Dr. Marsha Firestone**, Founder and President  
Women Presidents' Organization

Women's Business Enterprise National Council

The National Women's Business Council would like to thank **SBTV** for its generous contribution towards the lunch that was provided at the last Council meeting on January 27, 2004. Founded in 2000, SBTV is the first television network on the web devoted 100 percent to the small business market - from business start-ups to established enterprises. Learn more about SBTV at [www.sbtv.com](http://www.sbtv.com).

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## Women-Owned Businesses More Resilient, cont.

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community and to public policy makers," said Marilyn Carlson Nelson, Chairman and CEO of Carlson Companies and Chair of the National Women's Business Council. "It confirms that women-owned firms are a strong, vital force in the Nation's economy - losing fewer employees and surviving at equal rates when compared to all businesses. It's further testament to women's business leadership."

Among the surviving employer firms - both women-owned and in total - establishments that expanded employment outnumbered those that shed jobs. Similar percentages of women-owned and all establishments increased employment between 1997 and 2000 (42% and 43%, respectively), while a greater percentage of women-owned establishments held their employee base (29%, compared to 26% of all businesses) and a smaller percentage of women-owned establishments saw a decrease in employment (29%, compared to 32% of all businesses). Overall, women-owned employer firms collectively saw a 4.2% decline in employment, compared to 6.7% among all businesses.

Despite overall losses in employment among women-owned establishments, the Agribusiness and Construction industries - as well as sub-industries within the Services, Manufacturing and Retail Trade sectors - showed net employment gains from 1997 to 2000 among women-owned businesses. In nearly every industry - with the exceptions of Mining and Retail Trade - employment in women-owned establishments saw lower declines or greater gains than did all establishments.

Across the U.S., employment change among women-owned employer establishments was strongest in the Northeast and Mid-Atlantic regions, with eight out of ten states experiencing the highest change in employment in these regions. From 1997 to 2000, New Jersey, Maine, New York, Pennsylvania, and Rhode Island saw growth in employment among women-owned establishments, while no states experienced growth in employment among all establishments.

Women-owned employer establishments proved to be equally tenacious during this period, both overall and by industry and state, in terms of survival rates. Fully three-quarters (75.5%) of all employer business locations in existence in 1997 were still in operation three years later. Women-owned employer establishments were just as likely to have remained in business over the period (75.1% survived).

Survival rates between 1997 and 2000 were highest for women-owned employer establishments in these industries:

- Agriculture/Forestry/Fishing (78.7% survival);
- Wholesale Trade (78.5%);
- Manufacturing (78.2%);
- Finance/Insurance/Real Estate (77.7%); and
- Services (74.9%).

Future analysis of the data that have been provided to the NWBC by the Census Bureau will analyze such issues as ethnicity and establishment size to examine possible impact on survival and employment change. The next analysis, expected to be released in the spring of 2004, will examine whether there are differences in survival and employment change among employer firms owned by women of color. New firm creation (between Census years) among businesses with employees is an important barometer of the contribution women-owned businesses continue to make to the American economy. The NWBC recommends that more of this data be collected and made available for analysis, in order to provide an even richer understanding of establishment dynamics and sources of employment gains and losses.

The complete Issue in Brief may be found at the NWBC's web site, [www.nwbc.gov](http://www.nwbc.gov).

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1. Establishments that were formed after 1997 are not included in these tabulations. Thus, references to changes in employment refer to changes from 1997 to 2000 among only those establishments in existence in 1997 and do not take into account new firm creation since that time. According to a new Census Bureau working paper, start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy. Factoring in new firm formation, overall employment grew by 5.3% between December 1997 and December 2000, according to the U.S. Department of Labor's Bureau of Labor Statistics.

2. An establishment is a single, physical location where business is conducted or where services or industrial operations are performed. In 1997, more than 97% of businesses with paid employees - both women-owned and in total - consisted of a single establishment. Single establishment firms accounted for 78% of employment among women-owned firms and 47% of employment among all firms in 1997.

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## Upcoming Events in the Women's Business Community

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**"Success Strategies for Businesswomen,"** Office Depot's 2004 Conference  
February 22 - 24, 2004  
Boca Raton, FL  
[www.officedepotsuccess.com](http://www.officedepotsuccess.com)

**"Leading From the Edge,"** the Women Presidents' Organization  
2004 Conference  
February 26 - 28, 2004  
San Francisco, CA  
[www.womenpresidentsorg.com](http://www.womenpresidentsorg.com)

**Public Policy Days**, sponsored by the  
National Association of Women Business Owners  
March 1 - 2, 2004  
Washington, DC  
[www.nawbo.org](http://www.nawbo.org)

**"Passing On the Passion,"** a Live Web Cast Event Sponsored by the  
National Women's Business Council  
March 3, 2004  
More details available soon on [www.nwbc.gov](http://www.nwbc.gov)!

**Building A World-Class Business Conference**, sponsored by  
Seton Hill University's National Education Center for Women in Business  
March 11, 2004  
Greensburg, PA  
[www.e-magnify.com](http://www.e-magnify.com)

**"Entrepreneurship in the 21st Century,"** co-sponsored by the  
Office of Advocacy of the U.S. Small Business Administration and the  
Ewing Marion Kauffman Foundation  
March 26, 2004  
Washington, DC  
[www.sba.gov/advo/stats/conference](http://www.sba.gov/advo/stats/conference)

## Council Staff

**Julie R. Weeks**  
Executive Director  
202-205-6828  
[julie.weeks@sba.gov](mailto:julie.weeks@sba.gov)

**Jill A. Baker**  
Director of Research  
202-205-6826  
[jill.baker@sba.gov](mailto:jill.baker@sba.gov)

**Aileen M. Kishaba**  
Director of Policy Programs  
202-205-6829  
[aileen.kishaba@sba.gov](mailto:aileen.kishaba@sba.gov)

**Stephanie A. Peacock**  
Director of Communications  
202-205-6827  
[stephanie.peacock@sba.gov](mailto:stephanie.peacock@sba.gov)

**Katherine Stanley**  
Administrative Officer  
202-205-6695  
[katherine.stanley@sba.gov](mailto:katherine.stanley@sba.gov)

**Contact Us**  
National Women's  
Business Council  
409 Third Street, SW  
Suite 210  
Washington, DC 20024  
Phone: 202-205-3850  
Fax: 202-205-6825  
E-mail: [info@nwbc.gov](mailto:info@nwbc.gov)  
Web site: [www.nwbc.gov](http://www.nwbc.gov)

## Council Mission

The National Women's Business Council is a bi-partisan Federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners.

The Council's mission is to promote bold initiatives, policies and programs designed to support women's business enterprises at all stages of development in the public and private sector marketplaces, from start-up to success to significance.