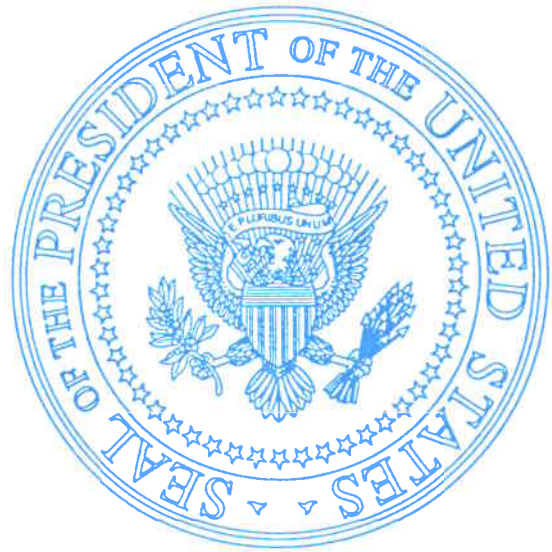

Expanding Business Opportunities For Women

The 1995 Report of the Interagency Committee on Women's Business Enterprise

in cooperation with the
National Women's Business Council

January 1996

THE WHITE HOUSE

WASHINGTON

As Chair of the Interagency Committee on Women's Business Enterprise, I am proud to present our first annual report. Women-owned businesses are a driving force behind economic growth and job creation in our nation today. Because of the growing importance of women entrepreneurs to the American economy, the Clinton Administration and the Congress are working together to pursue forward-looking initiatives that will foster the success of these path-breaking businesses.

The Interagency Committee on Women's Business Enterprise was established a year ago to better coordinate the activities of federal departments and agencies. The President appointed to the Interagency Committee 13 high-ranking officials who are committed to ensuring that the Administration is fully engaged in meeting the special concerns and needs of women in business. He also reached out to the congressionally established National Women's Business Council to serve as a partner in this important endeavor.

In keeping with the President's commitment to a government that "works better and costs less," the Interagency Committee has focused on four issue areas of vital concern to women:

- Expanding access to capital;
- Opening up the federal procurement market;
- Providing training and technical assistance; and
- Expanding the knowledge base about women-owned businesses.

The Interagency Committee reviewed programs and policies in each area -- resulting in the first comprehensive inventory of federal resources available to women entrepreneurs. In addition to describing what is available, we are working to improve and, where appropriate, expand these efforts to better serve the rapidly growing number of women entrepreneurs.

Our report highlights these activities to enhance the success of women-owned businesses. It is designed to be a resource guide as well as an evaluation, showing where the federal government has made progress and where the major challenges remain. Working together, we can create an economy in which women have a full and equal chance to develop their business talents; expanded access to credit and capital; and the capacity to build the kind of life for themselves and their families that is at the heart of the American dream.

Laura D'Andrea Tyson

Laura D'Andrea Tyson
National Economic Adviser to the President
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To the President and Members of Congress:

My colleagues and I are pleased to have worked closely this past year with the Interagency Committee on Women's Business Enterprise. The partnership which the National Women's Business Council has enjoyed with our Administration colleagues on the Interagency Committee is the foundation for the larger partnership that we envision among women entrepreneurs and policy makers.

Our economy has been revitalized in good measure because of the participation and contributions of women business owners. The new Census data describe an inexorable wave of women entrepreneurs that are changing the face of the economy.

In starting and growing our businesses we are not only adding significantly to the GDP. Women have fashioned a business model that is flexible, streamlined, and "friendly." This model is shaping the character of the new economy as well as the changing workforce. Our challenges now include making financial institutions, policy makers, and others who hold the keys to opportunity, aware of the enormous contribution women-owned businesses make to the economy. We must also make women aware of the opportunities available through business ownership -- and assist women in gaining the knowledge and skills necessary to grow their businesses successfully.

The report describes partnerships that have already been forged and points the way to future collaborations. The efforts of women business owners can be greatly leveraged by those in government who shape economic policy.

It is an honor to serve and to work with the Interagency Committee on Women's Business Enterprise. We look forward to working with the Administration and the Congress to transform the good ideas and progress reflected in this report into new opportunities for women entrepreneurs.

Faithfully,

Lillian Vernon

Lillian Vernon
Chair, National Women's Business Council
Chairman and Chief Executive Officer,
Lillian Vernon Corporation

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EXPANDING BUSINESS OPPORTUNITIES FOR WOMEN

"I am launching a bold federal initiative to promote the role of women business owners nationwide. Businesses owned by women constitute one of the fastest growing sectors of the economy. Federal agencies should be committed to the advancement of economic opportunities for women."

--President Bill Clinton

In the increasingly competitive global economy of the 21st century, we as a nation must leverage all of our entrepreneurial resources if we are to achieve our greatest economic potential. Women represent a majority of our population and they are now entering and succeeding in the business world in unprecedented numbers. Because of the growing importance of women-owned enterprises to the American economy, the Clinton Administration, working closely with the Congress, is aggressively pursuing forward-looking initiatives that will foster the success of these path-breaking businesses.

Already, the federal government's policies and actions have had a positive impact on women's ability to succeed in business. The share of Small Business Administration (SBA) loan guarantees going to women nearly doubled from (fiscal) 1992 to 1995, with no decrease in loans to other business owners. As a result, since January 1993, 27,000 women business owners have received more than $3.8 billion in SBA-guaranteed loans. And in 1994, women-owned small businesses received $4.9 billion in federal procurement contracts -- nearly $1 billion more than in 1992. Beginning in (fiscal) 1996, a new federal law challenges government agencies to purchase still more goods and services from women-owned firms.

These and other government actions, combined with the strong improvement in our economy, have contributed to a record formation of women-owned businesses in the last several years. According to the National Foundation for Women Business Owners (NFWBO) and Dun & Bradstreet, the number of women-owned firms in the U.S. grew by 1.2 million from 1992 to 1994, a rise of nearly 20 percent. The growing participation of U.S. women entrepreneurs has, in turn, contributed significantly to the last three years of sustained economic growth in the United States.

This report describes the growing economic importance of women business owners and the efforts of the Clinton Administration and the Congress to foster their success. It was prepared by the Administration's Interagency Committee on Women's Business Enterprise, in cooperation with the National Women's Business Council, to serve as both a resource guide and progress report. Through their collaboration, these two organizations are laying the foundation for a permanent partnership between women business owners and government policymakers.

The Contributions of Women Business Owners to Economic Growth and Job Creation

Women are starting their own enterprises in increasing numbers and creating new jobs in the process. NFWBO and Dun & Bradstreet report that in 1994, there were 7.7 million women-owned firms and they employed 35 percent more workers in the U.S. than Fortune 500 companies employed worldwide.[1] As Harvard Business School Professor Rosabeth Moss Kanter puts it, "We cannot talk about an enterprise culture in the United States, or about job creation, or about economic development, without including women."

Women-owned businesses are a dynamic force in the current economic expansion. The performance of the women's business sector in recent years has outstripped that of U.S. business overall on major dimensions, including rates of new-business startup, revenue growth and employment growth. Although the media often focus their attention on large corporations, the U.S. economy is being strongly influenced by the small business sector and, increasingly, by women entrepreneurs who, in the process, are redefining how business is conducted.

Despite their advances, women-owned businesses continue to face challenges, including obtaining access to capital, competing for government contracts, and getting the technical assistance they need to succeed. These challenges are characteristic of those faced by many small firms regardless of ownership. The federal government is committed to reducing these obstacles so that our economy can realize the full potential of women entrepreneurs.

Muriel ("Mickie") Siebert, president of her own securities investment firm, donates half of her commissions to charity through the Siebert Entrepreneurial Philanthropic Plan. *"I have always felt that with success as a business woman comes obligation. I see it as a way of giving back."*

"Through business ownership, many women not only improve their own lives but also change their communities for the better." Ella Williams, President and CEO of California-based Aegir Systems and founder of Ella's World Class Cheesecakes, Bread and Muffins, an inner-city enterprise.

[1] *Women-Owned Businesses: Breaking the Boundaries (April 1995).* This includes more than 5 million self-employed women.

The U.S. Census Bureau Findings on Women Entrepreneurs

For the first time ever, the U. S. Bureau of the Census has gathered information on all women-owned businesses.[2] This information, collected for 1992 and released in conjunction with this report, underscores what the President and the Congress already know: that women-owned businesses are one of the principal driving forces behind economic growth and job creation in our nation today.

In every state of the union, in fact, growth in women-owned businesses exceeded the growth of all businesses from 1987 to 1992. Overall, the number of women-owned businesses grew by 43 percent, almost *double* the rate of growth for all firms during that same period, excluding "C" or large corporations. (See Chart 1.) In 1992, women owned fully one-third of all businesses in the United States.

Women-owned businesses are growing in economic power as well as sheer numbers. In the period 1987 to 1992, sales and receipts of women-owned companies increased by an impressive 131 percent to $643 billion. When C corporations are included, women-owned firms in America had sales and receipts of $1.6 trillion in 1992 -- more than the gross domestic product of all but a few countries. (See Chart 2.) Over that same five-year period, employment by women-owned firms (excluding C corporations) rose by 100 percent, compared to 38 percent for all firms. (See Chart 3.) Particularly notable is the growth in women-owned companies with 100 or more workers (excluding C corporations), where employment increased by 158 percent -- more than *double* the rate for all U.S. firms of similar size.

These 1992 statistics also reveal that women are expanding their entrepreneurship in all sectors of the economy. Women-owned businesses are thriving in the service sector, which represents a significant share of all economic activity in the U.S. Notably, women-owned companies have experienced their highest growth rates in such "non-traditional" sectors as construction, wholesale trade, agricultural services, transportation and manufacturing. (See Chart 4.)

Where is this extraordinary growth coming from and what does it mean for the economy? Although self-employed women accounted for most of the new women-owned firms from 1987 to 1992, women-owned firms with employees increased their numbers by a healthy 32 percent and their revenues grew by a remarkable 146 percent. In 1992, these women employers made up almost a fifth of all women-owned firms and accounted for 93 percent of the revenue of the women's business sector. In short, women-owned firms with employees are growing rapidly in almost all sectors, and they are a potent force in the American economy.

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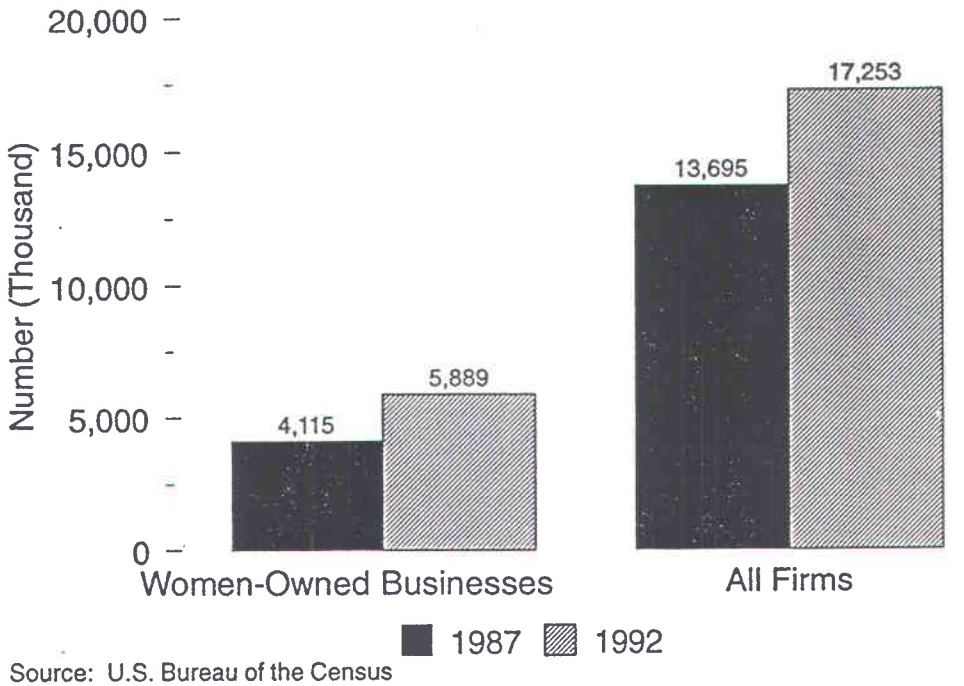
[2]Although the Census Bureau has collected data on women-owned businesses since 1972, earlier surveys omitted the large corporations known as C corporations.

Chart 1.

Number of Women-Owned Businesses Increased 43%

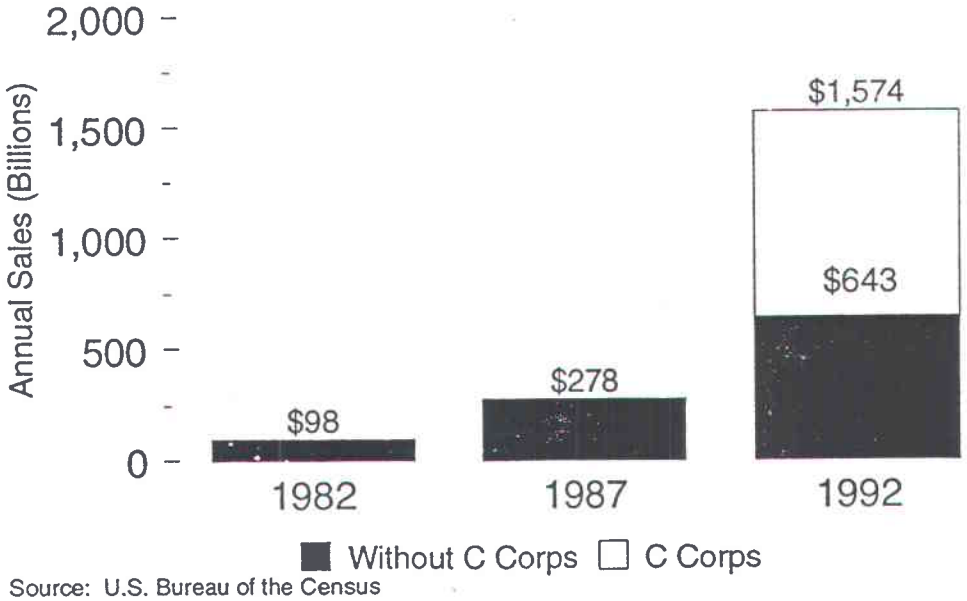
Includes Sole Proprietorships, Partnerships, and Subchapter S Corporations



Source: U.S. Bureau of the Census

Chart 2.

Women-Owned Firms Generated Nearly $1.6 Trillion in Sales in 1992

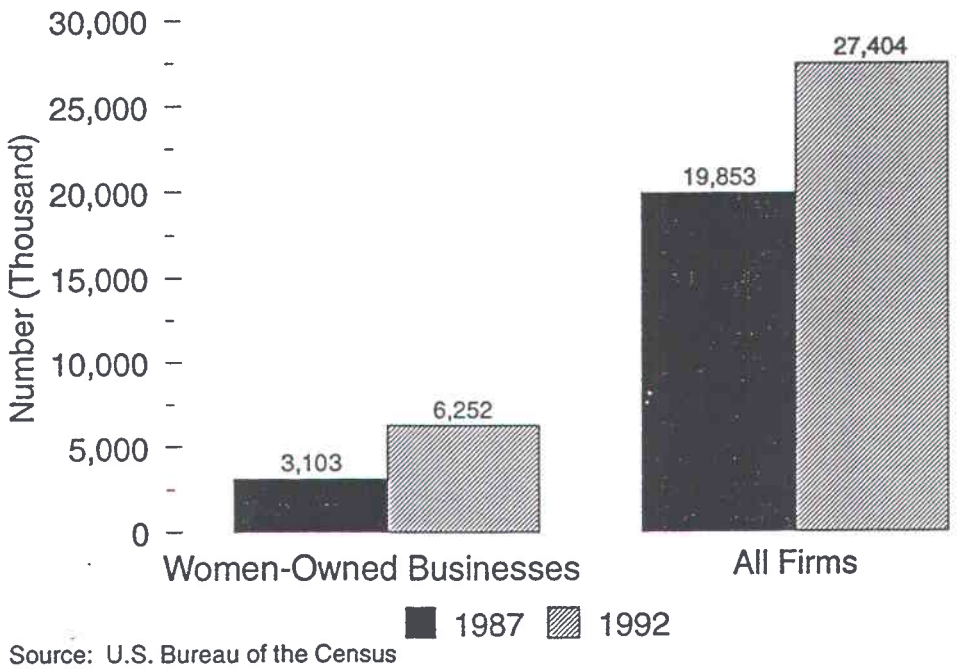


Source: U.S. Bureau of the Census

Chart 3.

Employment in Women-Owned Businesses Doubled

Includes Sole Proprietorships, Partnerships, and Subchapter S Corporations

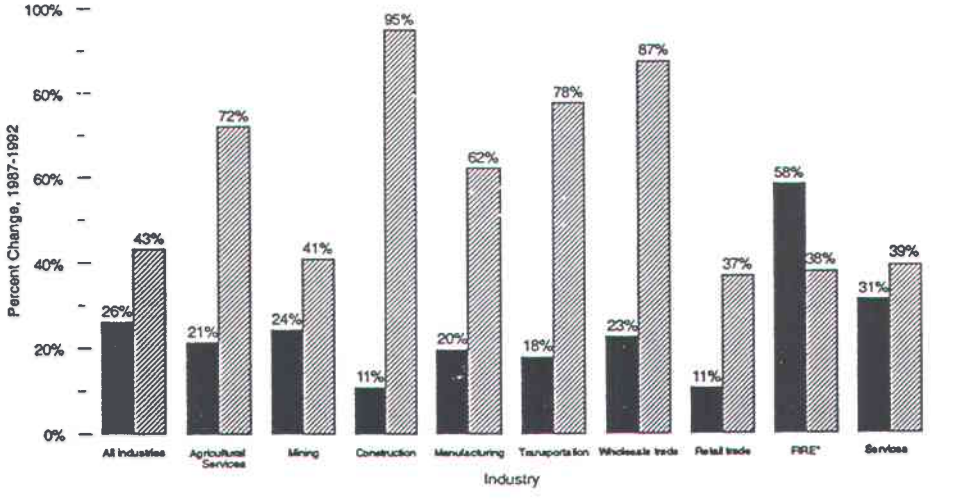


Source: U.S. Bureau of the Census

Chart 4.

Growth In Number of Women-Owned Firms Exceeded National Average in Nearly Every Industry

Includes Sole Proprietorships, Partnerships and Subchapter S Corporations



*Finance, Insurance and Real Estate

Source: U.S. Bureau of the Census

Women-Owned Businesses: A Face of the New Economy

Women have become increasingly entrepreneurial for many reasons, including personal economic necessity and the desire for more control over their lives. Few inherit family businesses or buy established concerns. Most women entrepreneurs start their own companies -- often to solve problems that the marketplace has failed to address in areas ranging from health and child care to transportation and training. Some of these women are moving from welfare to work; others, victims of corporate downsizing, are using their business skills in a new work setting; many others are seizing the initiative in what they judge to be a strong economy. Together, these women represent the changing face of the new American economy.

The growth of women-owned businesses reflects a conscious decision by millions of American women to direct their own economic destiny. Small entrepreneurial companies provide women with the opportunities for leadership that they have not often found in large corporations. Through business ownership, women are becoming the role models they never had. Their remarkable initiative is further documented in a statistic from the National Association of Female Executives, which shows that 24 percent of women currently employed full-time have started businesses on the side -- up from 9 percent in 1992.

In keeping with their own work experiences, some women business owners appear to offer more flexible working environments. Anecdotal evidence suggests that women-owned businesses are more likely to offer flex-time, child-care, and other "family-friendly" practices than U.S. businesses generally. In part because of these practices, the work force in a woman-owned company is typically about two-thirds female. As David Silver, author of ***Enterprising Women*** relates, "women-owned businesses become the training grounds for female employees to leave and launch their own businesses, which creates an ever-widening circle of women hiring women to solve problems that affect women." This employment record is good not only for women themselves, but for all of America. We are expanding our nation's total amount of entrepreneurial resources while spurring our overall economic growth.

"Our on-site day-care center was a smart business decision and has paid for itself many times over, by reduced absenteeism, better employee morale and peace of mind. I am walking, talking proof that a small business just cannot afford <u>not</u> to provide this benefit." Cheryl Womack, CEO of VCW, Inc., a Kansas City-based insurance business.

Raydean Acevedo, Founder and CEO of RMCI, an environmental engineering business with $26 million in sales and offices in California, Colorado, Georgia and Virginia, has invested heavily in the education and training of her 300 employees, most of them women: *"Giving back is as much a part of business as looking forward at cash-flow projections."*

The Importance of Small Businesses to Economic Growth

Most businesses in this country are small businesses, and women now own more than one-third of them. Thus many of the concerted efforts by the Clinton Administration and the Congress to promote the growth of small business have directly benefited women.

The President and the Congress are keenly aware that small business is the engine of the national economy -- that it employs 53 percent of American workers, contributes nearly half of all sales and accounts for half of private sector output. To support the continued growth of the small business sector as well as the overall economy, the Clinton Administration moved quickly and decisively to cut the federal deficit in half, reduce taxes and eliminate unnecessary government regulations. As a result of these and other significant policy actions, interest rates have steadily dropped, making it possible for American entrepreneurs to borrow capital more cheaply and to invest in themselves and their best ideas.

To help small businesses grow, the President has worked closely with Congress to revamp federal procurement to enhance small firms' ability to compete for government contracts worth billions of dollars. The Administration has removed export controls while expanding export assistance, to help small firms enter foreign markets. Ensuring that small business' strong voice is heard in today's policy debates, President Clinton was the first president to accord Cabinet-level status to the Administrator of the Small Business Administration.

These aggressive efforts have produced tangible results. After several years of weak growth, the U.S. economy has expanded by several percent each year for the last three years -- more than any other major economy. Since January 1993, the economy has added nearly 8 million jobs, almost all in the private sector. Overall, the American economy is the healthiest it has been in a generation.

Small businesses are not only benefiting from but contributing to this strong economic growth. More small businesses were created in 1993 and 1994 than in any previous two-year period in our nation's history. Preliminary data suggests that 1995 will be another banner year for small-business formation.

All forecasts indicate that our nation's strong economic growth will remain on track in 1996. Much of the momentum for that continued growth will come from the dynamic entrepreneurship of the U.S. small business sector.

President Clinton and the Congress are committed to providing supportive policies, programs and economic conditions needed by small business to flourish. With American women now owning an ever-increasing share of small businesses in the United States, the federal government is resolved to eliminate those barriers that could stand in the path of their prosperity.

Federal Initiatives That Promote Women's Business Enterprise

President Clinton and the Congress are committed to carrying out bold, federal initiatives to advance economic opportunities for women-owned businesses. Only by mobilizing women's skills in all business arenas can the United States hope to fully benefit from their impressive entrepreneurial spirit and dedication. For that reason, the President has requested every federal agency to review and revise pertinent programs and policies to promote the economic development of women-owned businesses. That review process is underway.

To better coordinate the activities of federal departments and agencies, Congress and President Clinton a year ago established the Interagency Committee on Women's Business Enterprise. The President appointed 13 senior officials to the Interagency Committee to ensure that women's economic issues are addressed at the highest policy-making levels of the Clinton Administration. He has also reached out to the congressionally established National Women's Business Council, to collaborate on this important endeavor. The Council's members -- successful women business owners and advocates for women entrepreneurs -- provide independent advice and recommendations to Congress and the Administration on matters of interest to women entrepreneurs.

This interagency effort effectively creates a network of advocacy offices in the White House and throughout the agencies so that the Administration can be fully engaged in meeting the concerns and needs of women in business. Additionally, the partnership between the Interagency Committee and the National Women's Business Council serves as a conduit to women entrepreneurs by publishing a newsletter ("The Partnership") and providing on-line access to data on women-owned businesses, public and private organizations that assist women entrepreneurs, and the expanding opportunities to do business with the federal government.

Central to these stepped-up outreach and advocacy efforts is the new White House Office of Women's Outreach and Initiatives, established in June 1995 as a liaison between the President and women's organizations. This office is currently sponsoring a series of meetings between Clinton Administration officials and women throughout the country. Also key to Administration outreach is SBA's Office of Women's Business Ownership, which is specifically charged with promoting women-owned businesses and provides access to a wide range of federal resources. Other advocacy offices include the Department of Labor's Women's Bureau, the Minority Business Development Agency in the Department of Commerce, SBA's Office of Advocacy, and the Offices of Small and Disadvantaged Business Utilization (OSDBUs) throughout the federal government. (See Appendix A.)

In addition to outreach, the Interagency Committee and the National Women's Business Council have taken major steps inside the government to promote business opportunities for women. One of their most important efforts was the creation of interagency task forces focused on four issues of vital concern to women:

- Expanding access to capital;
- Opening up the federal procurement market;
- Providing business training and technical assistance; and
- Expanding the knowledge base about women-owned businesses.

The task forces reviewed programs in each issue area, resulting in the first comprehensive inventory of federal resources available to women entrepreneurs. (See Appendix A.) Through the Council, the Interagency Committee has also reached out to women entrepreneurs for the customer's view of how well these programs actually work and how best to improve them. The resulting dialogue between women business owners and government officials will shape federal policy in these areas in the years ahead. (See Appendix B for a list of members of the Interagency Committee and the Council.)

"No government initiative, no matter how well intentioned, will succeed if women business owners do not know about it or do not have the opportunity to contribute their expertise." Jolene Molitoris, Federal Railroad Administrator and Member, Interagency Committee on Women's Business Enterprise.

"We need to get the word out to women entrepreneurs that their government is offering them a seat at the table." Lillian Vernon, Chair, National Women's Business Council and CEO, Lillian Vernon Corporation.

Expanding Access to Capital

The delegates to the 1995 White House Conference on Small Business identified the obstacles to obtaining capital and credit as the number one problem facing all small businesses. Such obstacles are magnified for women. The National Foundation for Women Business Owners and Dun & Bradstreet recently published a study entitled, *Toward Equal Access: The Fiscal Strength and Creditworthiness of Women-Owned Businesses*, which revealed that although women-owned firms are at a lower risk of loan delinquency than firms in general, women still find it more difficult to secure credit. The expansion of women-owned businesses as a result has been largely funded by women's own resources. The 1993 National Survey of Small Business Finances, conducted by the Federal Reserve, found that 42 percent of all women-owned firms use personal credit cards for short-term financing, and 30 percent finance growth through their own savings.[3]

Access to capital is a real challenge in part because women-owned businesses are concentrated in areas such as retail trade and personal services that have historically had difficulty getting financing because of little or no collateral. The small size of most women-owned businesses has also been an obstacle to adequate financing. The Federal Reserve study found that 42 percent of women-owned businesses surveyed had assets of less than $25,000 and approximately 20 percent had annual sales of less than $25,000.

The Clinton Administration and the Congress have already undertaken a number of major initiatives to help women secure greater access to capital. SBA has nearly doubled the value of guaranteed loans going to women-owned companies, with no drop in loans to other business owners. And the Treasury Department recently established the Community Development Financial Institutions (CDFI) Fund, to promote micro-lenders and other financial institutions dedicated to community development. The CDFI program will also inaugurate an annual Presidential Microenterprise Awards Program for outstanding lenders in addition to launching a new Federal Microenterprise Initiative to coordinate and improve existing federal microenterprise programs.

More broadly, the Administration's credit-crunch initiative has revised bank regulatory policies to spur lending to smaller firms, including women-owned firms. The new Community Reinvestment Act regulations encourage banks and other depository institutions to better serve low and moderate income communities. Combined with lower interest rates resulting from federal deficit reduction, these initiatives have significantly increased commercial and industrial lending to small and women-owned businesses.

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[3] *Federal Reserve Bulletin*, July 1995.

Highlights:
Initiatives that Expand Credit for Women-Owned Businesses

- In 1995, SBA's popular 7(a) program guaranteed 57,000 loans worth $7.7 billion to small businesses -- a 30 percent increase from 1992. The expanded 7(a) program provides more capital to more women, with no decrease in loans to others.

  --The 7(a) program guaranteed loans worth $1.45 billion to 14,000 women in 1995: that's four times the number of loans and two-and-a-half times the value of loans than went to women in 1992.

  --In 1995, 19 percent of 7(a) guaranteed loans *by value* went to women, compared to 10 percent in 1992. In 1995, 24 percent of 7(a) guaranteed loans *by number* went to women, compared to 14 percent in 1992.

  --Since January 1993, the SBA has guaranteed more than $3.8 billion in loans to 27,000 business women through its 7(a) and 504 programs.

- The new Women's Prequalification Loan Program enables SBA to prequalify a loan guarantee for a woman business owner before she goes to the bank. The program looks at an applicant's character, credit history and ability to pay -- not just at whether she has collateral.

- In 1994, the Department of Labor clarified that pension funds can make Economically Targeted Investments, which earn risk-adjusted market rates of return while filling gaps in the capital market. ETIs are important to pension fund investment in small businesses, including women-owned firms.

- New Department of Housing & Urban Development regulations permit Community Development Block Grant funds to be used for microloans and other small business loans. This policy change will allow women in distressed communities to start or expand enterprises and become economically self-sufficient.

Initiatives that Expand Credit for Women-Owned Businesses (cont.)

- SBA's new Low Documentation (LowDoc) program cut the application for 7(a) loans under $100,000 from an inch-thick document to a single page. Because they typically seek smaller loans, women should benefit significantly from this program.

- SBA's MicroLoan Demonstration Program helps women onto the first rung of the business ladder. With 1995 funding of $49 million, the program financed nearly 3000 loans, which averaged $10,000; 43 percent of the loans went to women.

- To encourage credit availability for women, the Federal Reserve Bank of Chicago recently issued a guide to lenders and women owners of small businesses entitled, *Access to Credit: Women, Lenders, and Small Business Loans*.

- Treasury heads an interagency effort to encourage ownership of insured depository institutions by women and minorities.

"A microenterprise loan may involve only a small amount of money, but often it is the critical catalyst that allows a women to realize the dream of starting her own business." Brenda Girton, Associate Executive Director, National Council of Negro Women.

Opening up the Federal Procurement Market

Every year the federal government spends nearly $200 billion buying goods and services, from janitorial functions to jet aircraft. We know from experience that small firms receiving federal contracts are more likely to grow, enabling them to take advantage of non-federal market opportunities. Despite the fact that one-third of all businesses are owned by women, they have historically received only a minute share of the federal procurement dollar. That needs to greatly improve -- to ensure not only that women-owned businesses have an equal opportunity to participate, but that the nation as a whole benefits from having a broader base of qualified, competitive contractors.

The Clinton Administration is already succeeding in enlarging opportunities for women entrepreneurs to win federal contracts. In 1994, women-owned small businesses received 2.8 percent of all federal procurement dollars -- a 27 percent increase from the 2.2 percent they received in 1992. This translated into an additional $1 billion in federal contracts to women-owned small businesses in 1994, despite an overall drop in federal procurement spending.[4] (See Chart 5.)

To spur this growth rate at an even faster pace, Congress enacted landmark 1994 legislation to improve the federal procurement process. The Federal Acquisition Streamlining Act (FASA) simplified the procurement process and made it easier for small firms to do business with the government. A key provision of FASA challenges each agency in the federal government to buy at least 5 percent of its goods and services from women-owned businesses. Although the statutory goal took effect only recently, several agencies are already exceeding the mark.

The Department of Transportation awarded 6.8 percent of its subcontracts to women-owned small businesses in 1994 -- the highest of any federal department. DOT's efforts to attract women-owned firms began two decades ago, and the department has long required state transportation agencies and other recipients of federal funds to adopt its Disadvantaged Business Enterprise (DBE) policies. In the last three years, DOT has significantly increased funding for its Short Term Lending and Bonding Assistance programs for women-owned and other disadvantaged businesses.

The Department of Defense (DoD) has the highest procurement budget, which makes its participation especially important. DoD has proved to be a leader in encouraging women-owned businesses to compete for its contracts. Women-owned small firms currently receive $1.9 billion in contracts per year from the DoD, and contracts to women are growing at the

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[4]In 1995, awards to small women-owned *prime* contractors totaled $3.8 billion, up from $3.5 billion in 1994, $2.9 billion in 1993 and $2.6 billion in 1992. Information on 1995 awards to small women-owned *subcontractors* is not yet available. Beginning this year, the federal government is collecting information, currently unavailable, on federal contracts to *large* women-owned firms.

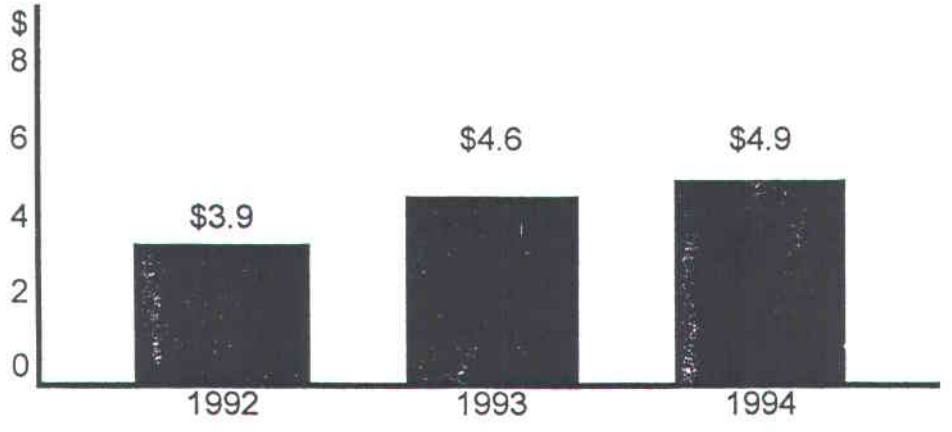
rate of 8 percent annually. This kind of steady gain is heartening in an arena in which women have been traditionally under-represented.

Within the DoD, the Air Force has been particularly aggressive. Its "Rule of One," requiring that at least one woman-owned business be solicited on all competitive procurements, has resulted in a 25 percent increase in the use of women contractors in the two years since the policy was introduced. The Air Force also pioneered a mentor-protege program that encourages large companies -- those typically more qualified, given their resources, to fulfill large prime contracts -- to partner with, or subcontract to women-owned minority firms and other small disadvantaged businesses. DOE and NASA, as well as DoD as a whole, have followed suit.

As Sheila Widnall, the Secretary of the Air Force and an Interagency Committee Member, states; "I assumed my position in 1993, a year when the Air Force opened combat cockpits to women and the first women missile squadron commander assumed command. We can't hope to move into the 21st century with confidence in our abilities if we fail to support such a large portion of our force. Women are now walking through doors previously closed to them." That's exactly what President Clinton set out to accomplish -- and it's a record he and the Congress intend to build upon.

Chart 5

Women-Owned Small Business Share of Federal Contracts (in Billions)



Highlights:
Initiatives that Increase Federal Procurement Opportunities for Women

- In 1994, SBA and 11 federal agencies initiated a Women's Procurement Pilot Program to expand the pool of women-owned firms receiving federal contracts. The program works with women's organizations to educate their members on doing business with the government.

- The General Services Administration is reaching out to recruit women-owned subcontractors on major federal construction projects *even before* the prime contractor is selected. Nearly 17 percent of the contracts to build a new federal courthouse in Boston have gone to women-owned firms.

- The Department of Transportation's Short Term Lending Program, for women-owned and other disadvantaged businesses performing on transportation-related contracts, has grown from $1.3 million in 1992 to more than $12 million in 1995. DOT's Bonding Assistance Program has grown from $.4 million to $14 million.

- DOT funds outreach projects to enhance participation by women and minorities in transportation procurement. In 1995, DOT awarded $95,000 each to the Seattle-based Women Construction Owners and Executives and the National Association of Women Business Owners in New Jersey.

- In February 1995, DoD sponsored its first women-owned business conference, attracting more than 200 participants. The conference helped educate women entrepreneurs about DoD procurement practices while giving their businesses valuable exposure to an audience of DoD purchasing agents.

- In May 1995, the Treasury Department, in cooperation with 16 of its prime contractors, held a procurement conference that attracted 700 small, women-owned businesses to bid on $2.4 million in subcontracts.

Initiatives that Increase Federal Procurement Opportunities for Women (cont.)

- Federal agencies can now use a credit card to make so-called "micro-purchases" of $2,500 or less. Taxpayers save $50 on every micro-purchase that is made without going through a procurement office, and small businesses benefit because the credit card allows for immediate payment.

- Under 1994 procurement reform legislation, all federal purchases between $2,500 and $100,000 are reserved for small business (unless two or more capable small firms fail to make offers). This enhances the ability of small firms, including women-owned firms, to obtain government contracts totaling $2.5 billion a year.

- That same legislation establishes a Federal Acquisition Computer Network (FACNET) that will give anyone with a computer and modem the chance to learn about and bid on government contracts. This will improve women-owned businesses' access to government procurements opportunities and at the same time save taxpayers money through increased competition.

Providing Business Training and Technical Assistance

Business training and technical assistance can substantially increase the value women-owned businesses provide the American economy in terms of productivity and employment. The Clinton Administration and the Congress have developed and fostered several excellent training, technical assistance and outreach programs to ensure that women will be able to compete to the best of their ability.

The Small Business Administration's Women's Demonstration Program helps support women's business centers nationwide for entrepreneurs at every stage of their career. Each center tailors itself and its offerings to the particular needs of its community. There are now 54 centers in 28 states, and they provide training and assistance on financial, management, marketing and procurement matters to more than 2,000 women a month.[5] Also in great demand is SBA's Women's Network for Entrepreneurial Training (WNET) program, which teams seasoned business owners with less experienced women entrepreneurs whose businesses are poised for growth. A new feature of the program is the peer group roundtable. Both WNET approaches help aspiring entrepreneurs avoid the common mistakes of new business owners.

Recognizing that women-owned businesses are rapidly entering international markets in growing numbers, the President's National Export Strategy makes it easier for them to successfully compete. The Clinton Administration has opened export assistance centers in 14 cities to provide one-stop shopping for export information, marketing assistance and financial support. Additionally, Congress and the Administration have dramatically expanded the Manufacturing Extension Partnership, a nationwide network of locally run centers that help America's 380,000 smaller manufacturers improve their global competitiveness. Extension agents -- most are engineers with years of experience in industry -- provide firms with assistance ranging from one-time advice on the purchase of advanced machinery to continuing help adopting the stringent quality standards necessary to sell in foreign markets.

Finally, several federal programs help prepare welfare recipients and other low-income individuals for self-employment. Job Opportunities for Low-Income Individuals (JOLI) and the Demonstration Partnership Program (DPP), run by the Department of Health and Human Services, fund innovative local demonstration projects to increase the self-sufficiency of the poor. Well over half of the participants are women. The Department of Labor's new Micro-Enterprise Program funds training for economically disadvantaged individuals who are interested in starting a microenterprise.

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[5]SBA provides a three-year grant which must be matched by nonfederal funds. Most centers become a key community resource and all but a few have continued operating with local funding even after the federal funds are exhausted.

Highlights:
Initiatives that Provide Business Training and Assistance for Women

- SBA's Women's Demonstration Program, through locally supported centers, provides training and counseling in all aspects of owning and managing a business. In 1995, the program added 19 new centers, for a total of 54 nationwide.

- The Minority Business Development Agency in the Department of Commerce provides technical and financial assistance to minority small business owners. In 1994, MBDA centers served 3,500 minority women entrepreneurs.

- The Clinton Administration has opened 14 U.S. Export Assistance Centers to provide small businesses with a "one-stop shop" for export financing, information on international markets, and other export assistance. Centers are operating in Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Long Beach, Miami, New Orleans, New York, Philadelphia, Seattle and St. Louis.

- The Manufacturing Extension Partnership provides matching grants for locally managed centers to help modernize small manufacturing firms. The federal government has funded 53 centers since January 1993, for a total of 60 nationwide.

- The White House recently led a trade mission for women business owners to England and the Netherlands. With the help of U.S. embassy officials, these women entrepreneurs met with prospective customers and brought back millions of dollars of new business. Another mission is scheduled for spring 1996.

"Lots of people dream of opening their own business, but few are born knowing how to write a business plan or get a business loan. I have seen a prospective entrepreneur's confidence improve 1000 percent when she is given the right resources." Hedy Ratner, Director, Women's Business Development Center.

Expanding the Knowledge Base About Women-Owned Businesses

The federal government must help expand the base of knowledge about women-owned businesses to effectively promote their success. Until recently, the federal government had never counted the entire population of women-owned firms. As part of its 1992 Economic Census, the U.S. Bureau of the Census gathered data for the first time on women-owned C corporations, as well as the previously studied, smaller firms. The Census Bureau's special report analyzing this data, *1992 Women-Owned Businesses*, is being released in conjunction with this report.

Rather than waiting for the next business census to be done in 1997, the Clinton Administration asked the Census Bureau to conduct a special mid-term business census on women-owned firms, focusing on the twenty percent of those firms with paid employees. That special survey was carried out in May 1995, and the results will be released in the spring of 1996. The mid-term census will provide more comprehensive data on the number, size and growth of these larger women-owned businesses. The Census Bureau also included questions on expansion plans, access to capital problems, and government procurement opportunities at the federal, state and local level.

The Federal Reserve recently completed its 1993 National Survey of Small Business Finances, examining the use of financial services and credit by small U.S. firms, including minority and women-owned firms. Preliminary findings appeared in the July 1995 *Federal Reserve Bulletin*.

In addition to the federal government, our nation's universities are a potentially important source of information about women-owned businesses: In November 1995, the J.L. Kellogg Graduate School of Management at Northwestern University, in cooperation with SBA and the National Women's Business Council, gathered leaders from the business, government and academic worlds to develop an agenda for research on women entrepreneurs. The resulting "National Research Agenda" will be published later in 1996.

See Appendix B for a list of data sources on women-owned businesses.

Partners for the Future

During their year-long collaboration, the Interagency Committee and the National Women's Business Council have laid the foundation for a strong partnership between the federal government and the women's business sector. This important development is long overdue. "Never before have American women had so many options -- or been asked to make such difficult choices," President Clinton said shortly before he took office. "It's time not only to make women full partners in government, but to make government work for them."

The President's appointment of a record number of women cabinet secretaries and senior officials has been a first step toward making women "full partners in government." Leaders such as Sheila Widnall, the first woman to head the Air Force in our nation's history, have helped to open doors previously closed to women, from the battlefield to the businessplace.

The President's promise of "making government work for women" is equally important to all Americans. With women starting new enterprises and creating new jobs at twice the rate of other entrepreneurs, the federal government simply cannot afford to let any structural barriers stand in the way of their continued success. The challenges described in this report represent a critical action agenda for the federal government in the months and years to come: to make credit and capital, the lifeblood of small businesses, more readily available to women entrepreneurs; to increase their now-slight share of the $200 billion a year federal procurement market; and to provide the training and technical assistance women's businesses need to successfully compete.

The Clinton Administration, the Congress, and women entrepreneurs themselves have made substantial progress in addressing these vital issues, as both the statistics and the accounts in this report reveal. Much, however, remains unfinished. But with the assured support of the Administration and the Congress, the Interagency Committee and the National Women's Business Council will pursue their commitment to expand business opportunities for American women in the coming year. With the leadership of the Clinton Administration, and working with the Congress, the States and the American people, women business owners have the capacity to build the kind of life for themselves and their families that is at the heart of the American dream.

APPENDIX A

FEDERAL PROGRAMS FOR WOMEN-OWNED BUSINESSES

For questions regarding programs or issues not addressed below, contact the Small Business Administration's Office of Women's Business Ownership at 202-205-6673 or the National Women's Business Council at 202-205-3850. On-line access is also available at: *http://www.sbaonline.sba.gov/womeninbusiness*.

Access to Financial Resources

Small Business Administration Loan Guarantee Programs - SBA's family of loan guarantee programs -- the 7(a) program is the largest -- is designed to help small businesses that would not otherwise qualify for private loans or for favorable terms. Since 1992, these programs have been streamlined and made customer-friendly, significantly expanding support for women-owned businesses. *Call* 1-800-ASK-SBA.

Women's Prequalification Loan Program - This demonstration program, established in 1994, allows the Small Business Administration (SBA) to prequalify a loan guarantee of $250,000 or less for a woman business owner before she goes to the bank. The program focuses on the applicant's character, credit, experience, and reliability -- not just her assets. Independent loan packagers work with the business owner to strengthen her loan application. Eligible businesses must be at least 51 percent owned, operated and managed by women; have average annual sales for the preceding three years that do not exceed $5 million; and employ fewer than 100 persons. The Women's Prequalification Loan Program is currently available in 16 states. *Call* 1-800-8-ASK-SBA.

MicroLoan Demonstration Program - SBA's microloan program addresses women's needs for very small amounts -- less than $25,000 -- of capital. Nonprofit intermediaries with experience in making non-traditional loans provide technical assistance and perform origination and servicing functions. There are more than 100 participating intermediaries, and they are located in all but two states. Virtually all types of businesses are eligible for loans, and money can be used for working capital or to purchase machinery and equipment, fixtures, inventory and supplies for start-up or expansion. *Call* 1-800-8-ASK-SBA.

Low Documentation Loan Program (LowDoc) - SBA's popular LowDoc program, launched in 1993, radically streamlines the application process for 7(a) loans under $100,000. LowDoc cut the loan application from an inch-thick document to a single page, and reduced the loan processing time to three business days or less. *Call* 1-800-8-ASK-SBA.

Community Development Financial Institutions (CDFI) Fund – This recently established, $50 million fund will invest in new and existing financial institutions, ranging from micro-lenders to insured depository institutions, whose primary mission is community development. It will also promote community development activities on the part of mainstream institutions, and provide technical assistance and training in economic development. *Call* 202-622-8662.

Export Working Capital Demonstration Program – The Commerce Department, the Export-Import Bank, and SBA established this program in 1994 to help small businesses compete in the increasingly globalized market. The program guarantees 90 percent of the principal and interest on working capital loans to small and medium-sized U.S. exporters. *Call* 1-800-USA-TRADE.

Market Development Cooperator Program – The Commerce Department awards funds to help implement innovative export marketing projects. Non-profit industry organizations and trade associations representing women-owned businesses are eligible for funding. The award limit is $500,000. Funds are competitively awarded and must be matched by nonfederal funds on a two-to-one ratio. *Call* 202-482-3197.

Public Telecommunications Facilities Program – This Commerce Department program awards matching grants (including planning grants) to public radio and television stations, "distance learning" providers and other noncommercial telecommunications entities to help purchase telecommunications equipment. In awarding grants, PTFP officials give special consideration to applications from women-owned and/or -managed organizations. *Call the National Telecommunications and Information Administration:* 202-482-1835.

Federal Unemployment Program – Under the 1993 North American Free Trade Agreement (NAFTA), the Department of Labor can permit states to establish self-employment programs for individuals receiving federal unemployment benefits. For example, Washington State allowed participants in a pilot program to withdraw their unemployment benefits in one lump sum to start a new business. So far, 22 states have enacted, or are considering enacting, legislation to provide opportunities for entrepreneurship by the unemployed. *Call* 202-219-5608.

Community Development Block Grant (CDBG) Program – The Department of Housing and Urban Development has issued new regulations that permit its Community Development Block Grant funds to be used for micro-loans and other small business loans in distressed communities. This modification of the long-established CDBG program makes it possible for women in low-income areas to start or expand enterprises, enabling them to become self-sufficient. *Call the CDBG Program:* 202-708-1577.

Defense Loan and Technical Assistance Program (DELTA) – This new program provides financial and technical assistance for small defense-dependent businesses that have been adversely affected by military downsizing. SBA administers the program on behalf of the Department of Defense. *Call* 1-800-8-ASK-SBA.

Federal Procurement Opportunities

Results-Oriented Procurement and Outreach Policies – The Federal Acquisition Streamlining Act (FASA) of 1994 challenges federal departments and agencies to purchase 5 percent of their goods and services from women-owned businesses. As a result of FASA and earlier legislation, federal agencies are aggressively reaching out to women-owned businesses through procurement fairs, "marketplaces," hotlines and other activities. Every federal agency has an Office of Small and Disadvantaged Business Utilization (OSDBU), and these offices are the first point of contact for small and women-owned businesses. *Call individual OSDBU offices (see list at end of this appendix) for information on special programs and procurement fairs sponsored by each federal agency.*

Federal Marketplace On Line: FACNET – FASA established a Federal Acquisition Computer Network (FACNET) that will give anyone with a computer and modem the chance to learn about and bid on government contracts. Small businesses, including women-owned businesses, will particularly benefit from the ability to pursue procurement opportunities "on-line." By the year 2000, the entire federal procurement process, from solicitation through award and payment, will be performed electronically via FACNET. *Call* 1-800-EDI-3414.

Women's Procurement Pilot Program – In 1994, SBA and 11 federal agencies began this program to expand the pool of women-owned firms receiving federal contracts. The participating agencies share information and "best practices". Program staff also work with women's business organizations to provide outreach, training, and marketing assistance to their members. *Call* 1-800-8-ASK-SBA.

Department of Transportation Bonding Assistance Program – This program provides bid, performance and payment bonds to certified disadvantaged businesses performing on transportation-related contracts. Bonds are provided on contracts and subcontracts up to $1 million. Most women-owned small businesses are eligible for certification. *Call DOT's National Information Clearinghouse:* 1-800-532-1169.

DOT's Short Term Lending Program – This recently reinvented program provides working capital at prime interest rates to certified disadvantaged businesses performing on transportation related contracts. STLP lines of credit give eligible firms financial flexibility, enabling borrowers to manage contracts more efficiently, to compete for more and larger contracts and, eventually, to obtain financing in the commercial marketplace. Most women-owned small businesses are eligible for certification. *Call* 1-800-532-1169.

Liaison Outreach Services Program (LOSP) – This Department of Transportation program is designed to increase participation by women and minorities in DOT procurement. LOSP funds trade and service associations, including women's business advocates, to work with small women- and minority-owned firms to increase their awareness of DOT contracting opportunities and financial assistance programs. *Call* 1-800-532-1169.

Transportation Marketplaces – DOT conducts trade fairs around the country to promote opportunities for government contracting; other federal agencies are represented as well. These Transportation Marketplaces also offer workshops and one–on–one assistance for women–owned and minority businesses interested in DOT's Bonding Assistance and Short Term Lending Programs and in certification as a disadvantaged business enterprise. *Call Art Jackson, Manager, Surety Bond Program, DOT Office of Small and Disadvantaged Business Utilization*: 202–366–2852.

Mentor–Protege – The Air Force established its mentor–protege program in 1992 to encourage large prime contractors to subcontract to women–owned minority firms and other small disadvantaged businesses. Thus far, the Air Force has committed more than $26 million for mentor–protege agreements. Mentor–Protege programs also have been established by the Department of Energy and NASA. *Call Anthony DeLuca, Director, Air Force Office of Small and Disadvantaged Business Utilization*: 703–697–1942.

DoD Procurement Technical Assistance – This program sponsors centers nationwide to counsel small businesses on how to market their goods and services to the Department of Defense. The centers assist firms in following specifications and preparing proposals. *Call the Defense Logistics Agency's Office of Small and Disadvantaged Business Utilization*: 703–274–6471.

General Services Administration Workshops – GSA, the fourth largest purchaser in the federal government, is sponsoring a series of procurement training workshops for women business owners. Workshops are planned for 1996 in Atlanta, Chicago, Miami, New York and other locations. *Call* 202–501–2590.

Training and Technical Assistance

SBA Women's Demonstration Program – The Women's Demonstration Program, operated by SBA's Office of Women's Business Ownership, provides long–term training and counseling in all aspects of business ownership (finance, management, marketing, procurement). The program operates at 54 non–profit business development centers in 28 states and the District of Columbia. Since 1988, it has provided training and technical assistance to 60,000 women. *Call* 202–205–6673.

Women's Network for Entrepreneurial Training – WNET provides successful mentors for aspiring women entrepreneurs. Offered through SBA district offices and other organizations, the program is designed to improve women entrepreneurs' prospects for success by linking them to experienced women business owners who have already succeeded. *Call the Office of Women's Business Ownership*: 202–205–6673.

Minority Business Development Agency (MBDA) Programs – The Commerce Department provides a range of programs through the Minority Business Development Agency, whose mission is to help minority entrepreneurs gain the technical assistance and financial resources they need to succeed. Under the leadership of its first female director, MBDA is reaching out to assist eligible women business owners and entrepreneurs. *Call* 202–482–5061.

Export Assistance Centers – Jointly run by Commerce, SBA and the Export–Import Bank, these centers provide export information, marketing and technical assistance, and export financing under one roof for small and mid–sized businesses. Centers are now operating in Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Long Beach, Miami, New Orleans, New York, Philadelphia, Seattle and St. Louis. *Call* 1–800–USA–TRADE.

Job Opportunities for Low–Income Individuals (JOLI) – Administered by the Department of Health and Human Services (HHS), JOLI provides three– to six–year grants to nonprofit organizations that offer training and technical assistance to welfare recipients and other low–income women who want to become economically self–sufficient. *Call* 202–401–9347.

Demonstration Partnership Program (DPP) – This HHS program provides three–year grants to local community action agencies to support innovative approaches to increasing the self–sufficiency of the poor. The program emphasizes women receiving Aid to Families with Dependent Children (AFDC) benefits and urban at–risk youth, including teen–age mothers. Call 202–401–9347.

JTPA Micro–Enterprise Program – This Department of Labor program gives states the funds to train economically disadvantaged persons who are interested in starting a microenterprise. The program makes grants of up to $500,000 a year to as many as 10 states. *Call the Office of Policy and Research*: 202–219–7674, Extension 164.

Entrepreneurial Experience for Women – This program is targeted to technically trained women in the U.S. Department of Energy (DOE), or DOE contractors, who are at risk of being laid off. Beginning with a one-week workshop, the program helps these women explore ways to start their own technology-based business, including through the transfer and commercialization of technology developed in DOE. *Call Program Coordinator Ladonna Robson:* 301-903-1276.

OFFICES OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION (OSDBU)

	GOVERNMENT AGENCY	CONTACT #
AG	Department of Agriculture	(202) 720–7117
DOC	Department of Commerce	(202) 482–3387
DOD	Department of Defense, Office of the Secretary Air Force Army Navy	(703) 614–1151 (703) 697–9249 (703) 697–2868 (703) 602–2700
ED	Department of Education	(202) 708–9820
DOE	Department of Energy	(202) 586–7377
HHS	Department of Health & Human Services	(202) 690–7300
HUD	Department of Housing & Urban Development	(202) 708–1428
DOI	Department of the Interior	(202) 208–3493
DOJ	Department of Justice	(202) 616–0521
DOL	Department of Labor, Small Business, & Minority Affairs	(202) 219–9148
TR	Department of the Treasury	(202) 622–0530
VA	Department of Veteran's Affairs	(202) 565–8124
EPA	Environmental Protection Agency	(703) 305–7777
FTC	Federal Trade Commission, Procurement Office	(202) 326–2258
GSA	General Services Administration, Enterprise Development	(202) 501–1021
NASA	National Aeronautics & Space Administration	(202) 358–2088
NSF	National Science Foundation, Office of Industrial Innovations	(703) 306–1330 ext. 5042
NRC	Nuclear Regulatory Commission, Small Business & Civil Rights	(301) 415–7380
SBA	Small Business Administration, Procurement & Grants Management	(202) 205–6622
TVA	Tennessee Valley Authority	(615) 751–6269

APPENDIX B

DATA SOURCES ON WOMEN-OWNED BUSINESSES

Bureau of the Census (Contact: 301-763-7234)

- The U.S. Bureau of the Census has conducted surveys of women-owned businesses (except farms) in conjunction with the quinquennial economic census programs since 1972. The economic censuses are conducted in years ending in 2 and 7. Prior to the most recent, 1992 survey, Census looked only at businesses that filed tax returns as sole proprietors, partnerships and subchapter S corporations; C corporations were not included. With its 1992 survey, the Census Bureau for the first time looked at all women-owned businesses, including C corporations. Census' report analyzing this latest survey, *1992 Women-Owned Businesses*, was issued in January 1996.

- The Census Bureau recently conducted a special mid-term (1994) business census on women *employers* -- an important subset of women-owned businesses. The results of this survey will be issued in March 1996.

- The Census Bureau is writing another report on *Characteristics of Business Owners in 1992*. This is the third such report, co-sponsored by the Small Business Administration and the Minority Business Development Agency. The report includes information for 1992 *and 1994* on business formation, demographics and finances for both women-owned and minority-owned businesses as well as for a comparable group of businesses owned by nonminority males. Census will issue this report in late 1996.

Small Business Administration (Contact: 202-205-6530)

SBA is a major source of research information on women-owned businesses, drawing primarily on data from the Census Bureau, the Internal Revenue Service (IRS), and the Bureau of Labor Statistics (BLS).

- As part of the SBA's annual report to Congress, *The State of Small Business*, the Office of Advocacy contributes a brief narrative and statistical analysis of the characteristics of small business owners, including firms owned by women and minorities. This narrative is based on information from *Characteristics of Business Owners,* which is funded in part by SBA.

- The Office of Advocacy also contracts with the IRS to provide tabulations on nonfarm sole proprietorships by gender of owner and geographic area (i.e., SBA region) and industry group. These tabulations, which are in the form of four charts, date back to 1977 and are updated annually.

- The Office of Advocacy also publishes special reports based on data available from the population and economic censuses, IRS and other sources. For example, in February 1995, it issued a report on *Business Ownership as an Employment Opportunity for Women,* based on information from the 1990 population census.

Bureau of Labor Statistics (Contact: 202–606–6378)

BLS does not collect data directly relevant to women's business enterprises, but it does maintain statistical information on women in the workplace. It contracts with the Census Bureau to conduct monthly Current Population Surveys (CPS) at the household level. The primary purpose of the CPS is to track employment and unemployment statistics, and it is the basis for the unemployment rates that are widely reported in the media each month. These surveys contain data on self–employed, unincorporated individuals by gender and ethnicity. The tabulations based on the CPS are published in *Employment and Earnings,* the monthly BLS statistical report.

Federal Reserve (Contact: 202–452–2503)

The Federal Reserve Board has conducted two surveys of small business finance. The 1993 National Survey of Small Business Finances was conducted in 1994 and early 1995 with about 5,300 representative firms. The main purposes were to provide information on the use of credit by small and minority–owned firms and to create a general–purpose database on the finances of such firms. Preliminary results were published in the July 1995 *Federal Reserve Bulletin*. A similar survey, conducted for 1987, focused on banking markets.

National Foundation for Women Business Owners (Contact: 301–495–4975)

The primary source of non–federal data and information on women–owned businesses is the National Foundation for Women Business Owners (NFWBO). It provides for sale a series of research monographs and reports that include original research on selected subjects.

NFWBO's most useful publication is *A Compendium of National Statistics on Women–Owned Businesses in the U.S.* (September 1994). Prepared under contract for the National Women's Business Council, this report brings together in one document all the publicly available statistical information on women–owned businesses. The report contains 38 statistical tables, 18 charts, and an annotated bibliography.

APPENDIX C

Members:
The Interagency Committee on Women's Business Enterprise
National Women's Business Council

Interagency Committee on Women's Business Enterprise

Laura D'Andrea Tyson, Chair
Assistant to the President
National Economic Advisor

Darcy Bradbury
Deputy Assistant Secretary
Department of the Treasury

Gloria Gutierrez
Deputy Assistant Secretary
Department of Commerce

Alexis Herman
Assistant to the President
Director, White House Office of Public Liaison

Jolene Molitoris
Administrator
Federal Railroad Administration

Betsy Myers
Deputy Assistant to the President
Director of Women's Initiatives & Outreach

Karen Nussbaum
Director, Women's Bureau
Department of Labor

Donna Shalala
Secretary
Department of Health and Human Services

Barbara Silby
Chief of Staff
General Services Administration

Ellen Thrasher
Office of Women's Business Ownership
Small Business Administration

Sheila Widnall
Secretary
Department of the Air Force

Janet Yellen
Governor
Federal Reserve[1]

[1]The Federal Reserve is an independent agency.

National Women's Business Council[2]

Lillian Vernon, Chair
President and CEO
Lillian Vernon Corporation
New Rochelle, New York

Raydean Acevedo
President, RMCI
McLean, Virginia

Muriel Siebert
President, Muriel Siebert & Company
Manhattan, New York

Ella Williams
President and CEO, Aegir Systems
Oxnard, California

Cheryl Womack
President, VCW, Inc.
Kansas City, Missouri

Kathy Keely
Chair
Association for Enterprise Opportunity

Rebecca Darwin
Executive Vice President and COO
National Association for Female Executives

Margaret Smith
President
National Association of Women Business Owners

Brenda Girton
Associate Executive Director
National Council of Negro Women

Hedy Ratner
Director
Women's Business Development Center

Amy Millman, Executive Director
Juliette Tracy, Deputy Director

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[2]Congress established the National Women's Business Council in 1994 to provide independent advice and policy recommendations to the Interagency Committee, the Congress and the President.

Toba Marks and the Small Business Administration -- Backing up Bank Loans

Toba Marks personifies what a "Kids Time" day-care franchise owner should be. Married with a six-year-old daughter, Ms. Marks has a master's degree in special education, with special training in helping deaf children learn. She has educated pre-school and middle-school children, interpreted for the deaf, and taught time management and business skills in industry seminars. Despite her impressive talents, Ms. Marks initially had great difficulty in getting a loan to start her own business; for a year-and-a-half, banks in the Chicago area turned her down.

During this time, Toba Marks was working with the Women's Business Development Center (WBDC) in Chicago. Partially funded by the Small Business Administration (SBA), the WBDC helped Ms. Marks develop her business plan and search for capital. In May 1994, the center advised her of a new SBA financing initiative, the Women's Prequalification Loan Program, which is designed to make banks feel more receptive to unconventional loan applications. Ms. Marks applied for and received prequalification for a business loan guarantee under SBA's popular 7(a) program. With this SBA backing, Ms. Marks received a $60,000 loan from the Commerica Bank of Chicago that enabled her to open her business in February 1995. Since then she has expanded from a sole proprietorship to having six employees. Although every day is a challenge, Ms. Marks claims that "owning my own business has always been my goal. It's a wonderful sense of achievement. I would not be in business today without the extra assistance of SBA and the Prequal Program."

Creations by Lovelace -- Micro Loans Make Major Differences

After five years of building her career in marketing and advertising, Angela Lovelace knew she was perfectly capable of being her own boss. "I wanted to control my own destiny, and the only way you can do that is to own your own business." With her savings and her contacts, she started "Creations by Lovelace & Co.," providing advertising, marketing, and desktop publishing services. She also contacted the Small Business Administration which put her in touch with the Wisconsin Women's Business Initiative Corporation (WBIC). This non-profit economic development center critiqued her business plan, educated her about business loans, and helped her to market her own company.

WBIC also introduced her to SBA's MicroLoan Demonstration Program, which loans up to $25,000 for working capital or to purchase machinery and equipment, inventory and supplies for start-up or expansion. With WBIC's assistance, Ms. Lovelace received a $15,000 loan to purchase computer and design equipment. Today, she has developed a client base that includes a greeting card company, a local financial institution, a large insurance company, another communications firm and a major league baseball club. Ms. Lovelace acknowledges the future challenges, but she remains confident. "Business is a risk -- a risk many would not endure. But I will take it and run this company to the best of my abilities. I'm proud to be a small business owner. By helping others, I help myself."

Joan Berardi and North American Site Developers
Building Success with the General Services Administration

For nearly two decades, Massachusetts native Joan Berardi has been the sole owner and president of North American Site Developers, Inc. (N.A.S.D.I.), which also includes a successful practice in demolition and asbestos abatement. Today she employs 80 people and for the last three years has had annual sales exceeding $10 million. Launched with a few thousand dollars of her personal savings, N.A.S.D.I. has successfully demonstrated Ms. Berardi's commitment to quality, timeliness, and staying on budget. Today she is a leading subcontractor on a General Services Administration (GSA) project building a new federal courthouse in Boston.

Through its Office of Enterprise Development, GSA actively seeks the involvement of minority and women-owned businesses in major federal construction projects. Nearly 17 percent of the Boston courthouse contracts have been awarded to women-owned firms, including FRANCO, a Pennsylvania firm providing the first-tier masonry for the courthouse, and Salem Glass, responsible for the courthouse's unique glass wall overlooking Boston Harbor. Every month, GSA Regional Administrator Robert Dunfey meets with the prime contractor to review subcontracting opportunities for minority and women-owned businesses. Dunfey is pleased with the progress to date and the relationships that have been established: "This process has been a very positive one for all involved. It has provided a forum to establish credibility and trust among all the parties that is so essential to mutual understanding and success. This project embodies the Administration's desire to increase opportunities for small, minority, and women-owned businesses."

Susan Corrales-Diaz and the Department of Commerce
Expanding Business at Home and Abroad

Susan Corrales-Diaz is the president and CEO of Systems Integrated, an innovative high-technology firm that manufactures automated control systems for the Navy and for electric power, telecommunications and water utilities. While expanding her business, Ms. Diaz has kept three goals uppermost in her mind: to make a profit, to provide excellence to her industry, and to represent the high quality of women-owned Hispanic small businesses in America.

As a defense contractor in the late 1980s, Ms. Diaz realized that continued success for Systems Integrated would require selling its technology products outside of the military. She visited factories and utilities, convincing them that the control technology she had developed for the Navy could also bring their systems into the computerized world of the 1990s. Next, she trained her sights on the international market. China posed considerable hurdles because of the "incredible significance their officials placed on the 'letters of introduction' that my competitors from other countries had." To gain an equal footing, she needed not only her proven record of efficiency, flexibility and reliability, but also an official indication that the U.S. government supported her efforts.

Such support came from Secretary of Commerce Ron Brown. "Secretary Brown understood that in order for American businesses to be successful competitors in the international arena, government support and involvement was necessary," states Ms. Diaz. "He took bold action to promote U.S. exporters -- especially small and medium-sized businesses." Ms. Diaz credits several elements of the Clinton Administration's National Export Strategy with visibly improving her export opportunities. Along with other business leaders, she accompanied Secretary Brown on Presidential trade missions to China and Russia. "Time and again," Ms. Diaz notes, "Secretary Brown has demonstrated that helping small and medium-sized U.S. businesses expand their international sales leads to greater job growth here at home."

Armed with this newfound support from her government, together with the contacts she established abroad, Ms. Diaz confidently tackled her next hurdle -- access to capital -- obtaining a line of credit from the Export-Import Bank that enabled her to successfully bid on international contracts previously beyond her reach. As a new member of the President's Export Council, she now seeks to educate her small business colleagues about the challenges and rewards of high-technology business development in the global marketplace.

Cheryl Hughes -- On the Road to Success with the Department of Transportation

When Cheryl Hughes, a mother of three from Charlotte, Michigan, quit her job and mortgaged her home in 1980 to enter the road construction business, little did she know what the next 15 years would bring. During that period, she has gained national recognition as president and sole owner of C&D Hughes, Inc., a Michigan highway contractor now grossing more than $6 million a year. With the initial help of an SBA-guaranteed loan, this women-owned business has grown from a five-person staff to 45 full-time employees, with 50 pieces of heavy equipment and a fleet of trucks. In 1994, she received the U.S. Department of Transportation's "National Women's Business Enterprise" award.

At the outset, C&D Hughes weathered engineering problems, equipment breakdowns, and cash flow difficulties. However, by partnering with the Michigan Department of Transportation, through its Disadvantaged Business Enterprise (DBE) program, Ms. Hughes was able to steadily expand her business. The DBE program -- mandated by the U.S. Department of Transportation, which provides funds to the states -- offered Ms. Hughes instruction and valuable information about upcoming contract opportunities. "Once I became DBE-certified, I took advantage of all the learning opportunities. The workshops were excellent and dealt with all aspects of my business from overall administration to advanced road-building techniques to complex finances."

Today, C&D Hughes is recognized as one of the 100 fastest-growing Michigan firms, as well as a standout woman-owned business. Ms. Hughes credits much of her success "to the Michigan Department of Transportation partnering with the private sector to provide quality products for its customers. There's a strong feeling that we're in this together. There's a real eagerness to do the best job possible."

Grace Tsujikawa-Boyd and the Department of Defense
Securing Savings and Opportunity

In the last quarter-century, Seattle-based Pyro Media's product line has expanded from flower pots to jet fighters. Started as a home-based business by its founder and current president, Grace Tsujikawa-Boyd, Pyro Media's large, hand-crafted ceramic planters grace the finest hotels, corporate headquarters and department stores. In the late 1980s, however, low-cost foreign imports of terra cotta planters cut heavily into domestic sales. Reacting quickly to this fierce global competition, Ms. Boyd formed the Ceramic Tooling Division. This division created several new ceramic materials used in making tooling dies for a high-temperature, metal forming process called "superplastic forming". This process is used to make high-strength titanium components for commercial and miltary aircraft.

"With Boeing in our backyard, the aerospace industry was a natural market," explains Ms. Boyd. Pyro Media and Boeing signed a $1.4 million "mentor-protege" contract under an Air Force procurement initiative that links large, established contractors with high-quality small businesses. As a "protege" of Boeing, Pyro Media brought high-temperature ceramic dies out of the R&D lab and into full production for use in building the F-22 Air Superiority Fighter Plane. Not only did it provide Pyro Media with a significant foothold in an important new market, the project has also resulted in significant cost savings to the Air Force.

Boeing views the Air Force's Mentor-Protege program as one that benefits the armed services as well as Pyro Media. Douglas Beighle, Senior Vice President of the Boeing Company states, "We value our special relationships with small companies that offer innovative technologies that support our product line. Pyro Media's willingness to take the risks and accept the challenges enabled them to build a profitable partnership with Boeing and the Air Force."

Nina French and Ladonna Robson
The Department of Energy Encourages High-Tech Entrepreneurs

When Ladonna Robson, a management and organizational development specialist at California's Lawrence Livermore National Laboratory, read a magazine article on Joline Godfrey's program encouraging young women to become entrepreneurs, she thought a similar program might also expand opportunities for women in the Department of Energy's (DOE) technology development program. To ensure that the full benefits of the Federal government's laboratories and R&D facilities are realized, DOE partners with U.S. industry in developing and transferring science and technology that enhance the nation's economic performance and serve public needs. With government downsizing on the horizon, DOE scientists and engineers were seizing the opportunity to start their own energy and environmental technology firms. Robson had noticed, however, that most such DOE entrepreneurs were men.

Robson talked with Godfrey on the telephone and then developed her own one-week workshop, "Entrepreneurial Experience for Technical Women," for women at DOE and its contractors. They covered topics ranging from the "glass ceiling" to "commercializing technology."

Nina French, a Ph.D. in mechanical engineering at DOE's Sandia National Laboratories in California, attended the workshop and credits it as being "pivotal" in giving her the necessary confidence to establish her own environmental technology business, using DOE's instruments to provide emissions data to companies engaged in contamination clean-ups. DOE's policies encourage entrepreneurial employees to take a leave of absence for technology transfer projects. Today, French is encouraging other women with technical and professional backgrounds "to trade a little bit of security for a lot of opportunity."

Rosie Wiley and the Department of Health & Human Services
Moving from Welfare to Day Care

"New Opportunities for Venture Alternatives" (NOVA) may sound more like a Wall Street firm than a welfare-transition program, but an alternative to government dependence is exactly what the Good Faith Fund and NOVA coordinator Cheryl Moten have offered to over 50 recipients of Aid to Families with Dependent Children (AFDC) in Pine Bluff, Arkansas. NOVA is part of a three-year demonstration program -- Job Opportunities for Low-Income Individuals (JOLI) -- funded by the U.S. Department of Health and Human Services. JOLI provides participants with self-employment training, business counseling, and opportunities to "network". The Good Faith Fund, a local community-development organization, provides microloans to low and moderate income entrepreneurs. Graduates of NOVA can take advantage of the Good Faith Peer Lending Program, which provides access to larger small business loans.

In the short time the program has been operating, Moten has discovered that the mostly women students need help building their self-esteem, setting realistic business goals, and straightening out their own personal credit record. Applicants for NOVA classes are carefully screened and spend the first five weeks of the program building life skills. Rosie Wiley, a 43-year-old single mother who had been on welfare for "as long as I can remember" is one of NOVA's early success stories. Now the sole proprietor of "Rosie's Daycare," she has a steady income and no longer depends on a monthly AFDC check. Wiley says NOVA opened her eyes to the fact that she had the necessary skills as well as a facility in which to start her own day-care center. The JOLI program enjoys the enthusiastic support of the local community, the town newspaper, as well as the clients themselves because, as one of them asserts, "It's better than AFDC because it teaches you how to get on your feet and take care of yourself."