REPORT TO THE U.S. CONGRESS

BY THE

NATIONAL WOMEN'S BUSINESS COUNCIL

DECEMBER 31, 1989

The Women's Business Ownership Act of 1988, PL 100-533, was signed into law by President Reagan on October 25, 1988. This landmark legislation was the result of many hearings held by the House Small Business Committee, under the leadership of Rep. John LaFalce, designed to examine the status of women business owners and their role in our nation's economy. Testimony at those hearings helped to define the problems and suggest some solutions to the pressing issues facing women business owners. A number of significant new programs and changes in law were implemented with the passage of PL 100-533.

The subject of women's business ownership covers a vast array of issues. The hearings underscored the complexity and depth of the issues facing this constituency. To further explore these issues, PL 100-533 established the National Women's Business Council to review the status of women business owners and to make recommendations to Congress and the President for constructive and positive changes. Creation of the Council underscored Congress' and the President's belief that women business owners are vital to our small business economy; but that to serve them adequately, a more detailed review of the situation was in order with the guidance of accomplished and noteworthy women business owners from across the country.

The members of the Council were appointed, as prescribed in the statute, by the leadership of the U.S. House of Representatives and the Senate. Once all the Council members had been nominated and notified, President Bush appointed Susan S. Engeleiter, Administrator of the Small Business Administration, to chair the Council and Marilu B. Meyer, President and Owner, Castle Construction Company, to be the Vice Chair in late November.

Administrator Engeleiter invited the members of the Council to the Small Business Administration on December 1, 1989 for an organizational meeting. The meeting provided an opportunity for the Members of the Council to meet one another and for the administrative and procedural details of the Council to be discussed. The Council directed the Office of Women's Business Ownership to fulfill the legal requirements for obtaining a charter and meeting notification requirements in the Federal Register. In addition, the Office of Women's Business Ownership was tasked with reviewing the resumes that have been received to date and preparing recommendations for staffing. The Council members agreed that the hiring process should be well underway by the end of January. The Council also agreed that its first substantive meeting will be held on January 23, 1990 in Washington, D.C.

The following report describes the duties of the Council; outlines the process by which the review and evaluation of the status of women business owners will take place and recommendations will be generated; and describes the agenda that the Council will address over the next year.

I. DUTIES OF THE COUNCIL

The duties of the Council are prescribed in Title IV of the Women's Business Ownership Act of 1988. They fall into two categories: review and recommendations.

The first category of duties is review:

"the Council shall review-
(1) the status of women owned business nationwide, including progress made and barriers that remain in order to assist such businesses to enter the mainstream of the American economy;

(2) the role of the Federal Government and State and local governments in assisting and promoting aid to, and the promotion of, women owned businesses;

(3) data collection procedures and the availability of data relating to (A) women owned businesses; (B) women owned small business, and (C) small business owned and controlled by socially and economically disadvantaged women; and

(4) such other government initiatives as may exist relating to women owned business including, but not limited to, those related to Federal procurement."

The second set of duties is to make recommendations to the Congress and the President at the close of each calendar year, addressing:

"(1) new private sector initiatives that would provide management and technical assistance to women owned small businesses;

(2) ways to promote greater access to public and private sector financing and procurement opportunities for such businesses; and

(3) detailed multi-year plans of action, with specific goals and timetables, for both public and private sector actions needed to overcome discriminatory barriers to full participation in the economic mainstream."

II. PROCESS OF REVIEW AND EVALUATION AND GENERATING RECOMMENDATIONS

A. Review and Evaluation

The process of review and evaluation mandated in section 402 of the Women's Business Ownership Act of 1988 will be accomplished by the Council Members and its staff, utilizing three primary strategies. They are designed to provide a comprehensive foundation for the Council's work.

1. SURVEY OF EXISTING RESOURCES/RESEARCH

The staff of the Council will undertake a survey of existing resources to gather the information required by PL 100-533. Among the resources they will review are books on women in business and small business generally, studies, articles, surveys, reports and research papers, and a selection of the statements made by the trade associations representing women in business.

This process will provide the most current and thorough information to the Council and its staff and some perspective on what information is lacking. The information will be used to establish a baseline against which progress can be measured. In addition, the process will help identify currently underutilized sources of data and information for the Council's use; it will provide the information necessary to evaluate the barriers facing women business owners today; and it will allow the Council to recommend to SBA's Office of Advocacy or other federal agencies with research capabilities, areas that need concentrated research efforts. This process will also help identify other issues that should be placed on the Council's agenda.

There are a number of publications on which the Council will base its initial survey. The most complete listing of publications can be found in, Women and Business Ownership: An Annotated Bibliography, U.S. Department of Commerce, July 1986. Among the publications that should be reviewed are:

- Executive Order 12138, 1979
- Women Business Owners, U.S. Bureau of Census, 1977,1982
- Characteristics of Women Business Owners, Bureau of Census, 1982
- Women, Welfare and Enterprise, The American Enterprise Institute, Neighborhood Revitalization Project, 1983
- The Complete Information Bank for Entrepreneurs and Small Business Managers, Center for Entrepreneurship, Wichita State University
- Women in Business: Success Stories by Women Entrepreneurs, Co-sponsored by the New England Women's Business Council, Inc., 1988
- The States and Small Business: A Directory of Programs

and Activities, 1989

- Report to the President, The State of Small Business, U.S. Small Business Administration, 1983-86 and 1988
- America's Hidden Resource: A Survey of State and City Programs for Women Business Owners, EDA, 1988 by Charlotte Taylor
- Report on Data Collection on Women Owned Businesses, U.S. Small Business Administration (due out soon)
- Transcript of Hearings on Women Business Owners, House Small Business Committee, 1988
- IRS Data on Women-Owned Non-farm Sole Proprietorships, 1983 and 1986
- Survey of Female Veterans, Veteran's Administration, 1985
- Interagency Committee on Women's Business Enterprise Report, 1980, 1987, 1988
- Women in the American Economy, Department of Commerce publication #P23-146

2. HEARINGS AND COUNCIL MEETINGS

The Council will hold a series of field hearings around the country to gather testimony and position papers that are relevant to the topics prescribed in PL 100-533, Duties of the Council. Witnesses will be selected by the Council and its staff from local, regional and national experts, state and local leaders of women's groups (see attached association list), individuals who want the opportunity to describe a general problem facing women business owners through their own experiences, and academicians and statisticians who are focusing their efforts on women business owners.

The Council is required to meet a minimum of four times per year. The field hearings will be held in conjunction with the Council meetings. The exact locations will be determined by the Council. The field hearings will provide an excellent opportunity for the Council members to hear directly from their constituency about the barriers they face and create a dialogue for identifying constructive solutions.

3. INTERVIEWS

The Members of the Council and its staff will have informal interviews (i.e. not testimony in an official hearing) to gather additional information that will augment that found through steps 1 and 2. The interviewees will be people participating in or managing programs offered by the federal, state and local government and those involved in the issues on a daily basis--entrepreneurs. A series of "roundtable discussions" will be held to focus attention on particular issues. For instance, a roundtable of lenders, or procurement experts, or export specialists or women business leaders would help provide expert information for the Council as it begins crafting recommendations. In addition, much of the history of women business owners is not written.

Interviews with key figures active over the past fifteen years will be undertaken.

Each Council member was selected for her leadership in the area of women business ownership. The Council Members talk to and work with entrepreneurs from around the country and can provide additional information and perspective to the Council's evaluation and the research phases of the Council's work. This will help identify problems and potential solutions that might not be raised in a hearing setting.

The information gathered in this manner will provide the perspective that the Council needs to make recommendations. It will help underscore the distinction between theory/intent and practical experience.

B. Generating Recommendations

The official Council meetings will provide the forum for all Council Members to discuss the information gathered through the review and evaluation process described above. Once collected, the information will assist the Council in deciding on what the most appropriate, long-term plan of action should be to address the specific areas of concern detailed in PL 100-533.

Before crafting any recommendations, the Council will be provided with a synopsis of all information gathered that pertains to the issue(s) addressed in each field hearing. The official meeting after the field hearing will provide the Council members the opportunity to discuss the information as it relates to the testimony heard and review a variety of solutions and measures proposed to clarify and modify those solutions. With the assistance of the Council staff, final recommendations for topics covered in the field hearings will be authored by the Council.

III. AGENDA FOR 1990, THE NATIONAL WOMEN'S BUSINESS COUNCIL

1. The first official meeting of the National Women's Business Council will be held on January 23, 1990 at 10:30 am at the [Department of Commerce]. A schedule of future meetings and the issue(s) each one will highlight will be decided and the Council's charter will be finalized. The first meeting will focus on gathering additional data that will finalize a snapshot of women business owners in 1990 and allow the Council to articulate a baseline definition against which their recommendations for policy changes will be presented.

2. The process of reviewing potential staff members is underway. In addition to the Executive Director prescribed in the law, the Council expects to hire a Public Affairs Officer, A Senior Program Specialist, a researcher/writer and an office manager-administrative person. As soon as the staff is on board, the review of the current status of women business owners in each of the four categories defined in the Women's Business Ownership Act of 1988 (see Duties of the Council) will begin through the process described above in review and evaluation. This will define a baseline from which to judge progress and to make recommendations for constructive changes.

3. Once the baseline is well underway to being established, the Council will identify and prioritize the issues that they will address. This blueprint for the issue agenda will span the three year term of the Council Members. However, a detailed plan for the first year will be finalized to address the most pressing problems.

4. As each hearing is scheduled, the procedure for review and evaluation as described in Part II, sub A will be implemented to gather the necessary data. At the meeting, the Council will analyze the issue(s) on the agenda and recommend a plan of action that will marshall all available resources--public, private, and those of the women business owners themselves--to meet the needs as identified by the statute. The recommendations for action authored by the Council will include the specific areas mandated by Congress, e.g. public-private partnerships, and new private sector initiatives.

Among the issues to be prioritized by the Council are:

a. Financing: There are many facets to the issue of financing: availability, accessibility, cost of capital, risk training, and education--helping women business owners to know where to go to get constructive help at any range of lending. This remains a stumbling block for many women trying to start, maintain and expand their own businesses.

b. Procurement: The federal government is the largest single purchaser of goods and services and women owned businesses need better access to that system. Currently, women owned businesses received slightly over 1% of the federal contracting dollars--substantially below the percentage of available vendors they represent. No statistics are available for state and local government contracting, but it is estimated that the percentage of awards to women owned businesses is even less than federal figures.
Among the issues to be addressed are enhancing PASS (Procurement Automated Source System) to better serve women business owners and ensuring that the federal government and prime contractors fully utilize this resource; and defining a woman owned business and helping streamline the

certification process so that it is less burdensome. Also within the procurement realm is the issue of private sector procurement: how to develop a system that will identify women owned businesses by industry for private companies and how to encourage the private sector to utilize such a system.

c. Data: There is a definite lack of current information relating to women business owners which hampers the making of effective national economic policies. Part of the problem is coordinating available resources and insuring that the data collected is comparable; in addition, what specific categories of information are collected is problematic. For instance, problems still exist in the counting of women-owned corporations and in the currency of the data used. A survey of trade association research and data collection projects, governmental data collection efforts on women business owners, and ongoing data collection efforts that can be crosstabbed to yield numbers of interest to women business owners will be undertaken; this will highlight areas of data collection that require immediate attention.

d. Public/private partnership: How to capitalize on the ever growing market of women business owners to encourage private enterprises to invest in training and support programs for those women just beginning the entrepreneurial venture or those wanting to expand their businesses.

e. Women in International Trade: Export markets are important avenues of growth for small businesses. The globalization of the world market has made better understanding of and participation in the world market place a must for American small businesses. Women need to know more about these opportunities and need to be included in the process of integration. In addition, new measures that should be taken must be identified.

f. Coalition work: Identify associations like the National Governor's Association, the League of Mayors, the Association of State Regulators and the American Bankers Association that have a vested interest in expanding business opportunities for women business owners and develop agreements with them to implement partnership programs.

g. Government assistance: Identify all relevant programs in state, local and federal government that address the problems of women's business ownership and help to better inform and coordinate their activities, and provide information on model programs to interested localities.

h. Mentoring: Identify individuals who have successfully survived the start up phase of business and expansion and are an untapped, available resource, whose expertise can be harnessed to assist fledgling owners.