

March/April 2004

"The Growth of Women in 'Non-Traditional' Industries" Released in Recognition of Women In Construction Week

Most members of the women's and small business communities are now well-versed in the recent and impressive trends in women's entrepreneurship: women are starting and growing businesses at twice the rate of their male counterparts, their firms are becoming more economically substantial, and they are just as financially strong and creditworthy as the average U.S. firm. But what many don't know is that increasing numbers of women are starting businesses in what some describe as "non-traditional" industries - industries such as construction, manufacturing and transportation.

In recognition of Women In Construction Week (March 7 - 13, 2004), the National Women's Business Council has released a new Issue in Brief, "The Growth of Women in 'Non-Traditional' Industries." While more than two-thirds of women-owned firms are concentrated in the Services and Retail Trade industries, the brief notes that the fastest growth in women's business ownership is found within industries not typically identified with women's entrepreneurship.

According to research from the Center for Women's Business Research, the number of majority-owned, privately-held women-owned firms grew by 14.3% between 1997 and 2002, twice the national average of 7%. Over the same period, employment among women-owned firms grew by 30% and revenues increased by 40%. While the number of women-owned firms grew in nearly every industry, the fastest growth in women's entrepreneurship by far occurred in industries less often associated with women's entrepreneurship - industries such as construction, agriculture, and transportation. While the number of all women-owned firms grew by 14.3% between 1997 and 2002, the number of women-owned firms in non-traditional industries (agriculture,

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"Passing On the Passion" Archived Web Cast Event Now Available for Viewing!

The NWBC's live, interactive web cast "Passing on the Passion" was a huge success! The web cast featured expert panelists discussing the advantages of mentoring programs to help women achieve the American dream: owning and growing a successful business. The 60-minute web cast is now available for viewing by visiting the NWBC's web site at www.nwbc.gov (the link is under the "What's New" section on our homepage).

Many thanks to the **U.S. Chamber of Commerce** for hosting our event, to **SBA Deputy Administrator Melanie Sabelhaus** for being our moderator, and to our wonderful panelists: **Beverly Inman-Ebel** of the National Association of Women Business Owners; **Tami Longaberger** of The Longaberger Company; **David Rand** of MicroMentor; **Maria Welch** of Respira Medical, Inc.; and **Jeannette Lee White** of Sytel, Inc.

Insights From Women Business Owners and Leaders in Non-Traditional Industries

The National Women's Business Council recently asked three women to share some of their insights and perspectives on what it means to be a woman business owner or leader in non-traditional industries. The following three contributions are the responses from these remarkable and highly accomplished women.

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



Question: What inspired you to start your business and what are some of the biggest challenges you've faced so far? What are some of the most important lessons learned from your experiences?

Shan Industries, founded in 1999, is a holding company that does leveraged buy-outs (LBOs) of manufacturing companies. Today Shan owns two manufacturing divisions, Accurate Forming, a metal-stamping company, which makes parts for products as diverse as the Fisher

space pens to fuel filters for Ford, and Thermodynamics, a rotational molding company that makes material handling products such as plastic pallets and products for utility companies. Few women do LBOs and few, if any, are in these industries. My dream was to employ assets more productively through encouraging teamwork. I work to instill openness, honesty, candor and pride through listening to and implementing my employees' ideas, creating opportunities for advancement and rewarding people fairly. This was much harder than I dreamed.

First, I had to raise the money for the LBO. I knew, to be frank, I needed a male counterpart. As I weaved through the world of corporate finance, I enlisted a good and very bright male friend, who often accompanied me when I met with the myriad venture capitalists (VCs) and bankers. Men populate both manufacturing and finance and I am sorry to say I am still an anomaly. However, I am a pragmatist, so to this day whenever I go out to customers and bankers I usually go with one of the men in my organization. They often know more than I do about the details of the operation and it is a good balance.

After the LBO was complete, I faced a corporate culture at odds with my goals. The companies operated for over thirty years under the ownership of a conglomerate entrenched in the management style of the 1960s. The

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Quote of the Month

The example Linda Alvarado's parents set in supporting her decision to enter the construction business is reflected in her goals for mentoring her employees: "That ability to support one's children or friends or business associates I hope is one of the assets I can take forward to motivate and inspire entry-level people in my company, in moving them to the next level. [These] people now I consider not to be my employees but my peers in building and managing a very large business."

Linda G. Alvarado, President and CEO of Alvarado Construction and an owner of the Colorado Rockies baseball team.



Taken from "**Enterprising Women: 250 Years of American Business**," a major national exhibition that reinterprets the history of American women and of American business. Learn more about the exhibit at www.enterprisingwomenexhibit.org.

Insights From Women Business Owners and Leaders in Non-Traditional Industries, cont.

heads of the divisions held all the knowledge and the power and the employees were to do exactly what they were told whether it made sense. No one questioned authority. Today I have a completely new team of people who work well with me and each other and no one is afraid to question decisions. More importantly, I push decision-making down and expect the same from our presidents and their staff. This team took years to assemble and develop.

Over the last four years my employees, shareholders and bankers have taught me invaluable skills. At the top of the list for me is patience, listening and flexibility.

Patience was my hardest lesson. It is easier to be a dictator than a coach. In the atmosphere I have tried to foster I have learned you must let people do things their way, and let them make mistakes. Not “bet the company” mistakes of course, but failure is the best teacher of success. If it is their decision, they have much more invested in making it work.

I think all of us who have achieved a measure of success recognize the value of listening. Flexibility goes hand in hand with listening. I have an agenda when I go into a meeting but it changes as I listen to the customer, VC or banker. Mind you, I do not lose sight of my goals; I just reshape my approach to take into account what I hear.

There are definite advantages to being a woman in an almost exclusively male dominated world. I think some of the common sense principles I have discussed come from the basic nature of women to be nurturers. The mixture of pragmatism and nurturing has served me well.

Kara Roberson, Director of Marketing Communications, National Association of Women in Construction (NAWIC)

Question: How does the National Association of Women in Construction (NAWIC) benefit women in the

construction industry? How can networking best benefit women business owners?

NAWIC's core purpose is to enhance the success of women in the construction industry. NAWIC accomplishes this goal through its core values which are three-fold: to believe in ourselves as women, persevere with the strength of our convictions and dare to move into new horizons. NAWIC fills a niche as a premier association for women in the industry. Our members benefit from our educational programs and certifications, networking opportunities, career enhancement and camaraderie with other women in similar fields.

A recent survey conducted by NAWIC shows that 67 percent of our members cite networking as the number one benefit of their membership. Networking is essential in providing contacts that can lead to new business opportunities, and can be invaluable during periods of unemployment. Women business owners, like other women in the construction industry, need a support system to provide new ideas, encouragement and friendship.

Stephanie Harkness, CEO, Pacific Plastics and Engineering



Question: What inspired you to start your business and what are some of the biggest challenges you've faced so far?

Pacific Plastics & Engineering was an existing business with a different owner, different market, and poor reputation. The opportunity to come in and execute a turn-around in a male-dominated industry - manufacturing in a job shop environment - was exciting, scary, and challenging.

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Insights From Women Business Owners and Leaders in Non-Traditional Industries, cont.

As the woman owner of a highly technical operation, I got strange looks, overt comments, and negative press. Did I listen to it? Absolutely not! I charged ahead keeping our mission in the foreground, educated the employees to a higher level, and improved the customer base to those who appreciated our services. We cleaned house in more ways than one!

I find most challenging that women business owners, particularly in manufacturing, are held to different standards. We simply must be better than our counterparts. Our style of leadership and management is questioned or analyzed more thoroughly, and I like the challenge. It causes me to be really crisp and communicate clearly as well as to be congruent in all of my actions. There is no slack offered to manufacturing women leaders!

Fifteen years later we are world-renowned at our medical device manufacturing in Class 10,000 cleanrooms. IBM has awarded us for the second year in a row “#1 Supplier” in their manufacturing divisions. Products are built in California and now in Bangalore, India. Both the company and I have received many accolades and awards, but what matters most is customer and employee satisfaction. That is what makes it all worth it!

Upcoming NWBC Research

- SBA Loan Performance to Women-Owned Businesses, Early April 2004
- Trends in Minority-Owned Women Employer Establishments, Late April 2004
- Women's Entrepreneurship in the United States: A Policy History, May 2004
- Best Practices for Women's Entrepreneurship in the Public and Private Sectors, June 2004

To learn more about these projects and previous NWBC research, visit our web site at www.nwbc.gov/research/research.html.

Council Members

Chair

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

Jean Johnson, President and CEO
LegalWATCH

Laurie McDonald Jonsson, President and CEO
Stellar International

Karen Kerrigan, President and CEO
Women Entrepreneurs, Inc.

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

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

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

Women's Business Organizations

Association of Women's Business Centers

Mary MacRae, Immediate Past President
National Association of Women Business Owners

U.S. Hispanic Chamber of Commerce

Terry Neese, President & Co-Founder
Women Impacting Public Policy

Dr. Marsha Firestone, President
Women Presidents' Organization

Women's Business Enterprise National Council

The Growth of Women in 'Non-Traditional' Industries, cont.

mining, construction, manufacturing, transportation/communications, and wholesale trade) grew by 17.5%. In comparison, the number of women-owned firms in traditional industries (retail trade, finance/insurance/real estate, and services) grew by just 10.4%. Among women-owned firms in non-traditional industries, recent growth has been strongest in construction, with a 35.5% increase in the number of firms between 1997 and 2002. Women-owned agribusiness and transportation/communications firms have grown solidly as well, with 27.2% and 23.6% increases, respectively.¹

The research also found that women-owned firms in non-traditional - largely goods-producing - industries have higher revenues per firm than women-owned firms in traditional service industries. While the average women-owned firm generated revenues of \$186,000 in 2002, women-owned firms in Wholesale Trade averaged more than \$1.9 million in revenues per firm. Women-owned firms in Manufacturing generated an average of \$956,000; Construction averaged \$617,000; Mining, \$458,000; and Transportation/Communications averaged \$266,000 in revenues per firm.² Similarly, women-owned employer firms in non-traditional industries employ more people than do women-owned employer firms in traditional industries. Four out of the top five industries based on employees per firm are: Manufacturing (average of 16.9 employees per employer firm); Mining (11.9); Wholesale Trade (8.1); and Construction (7.8).³

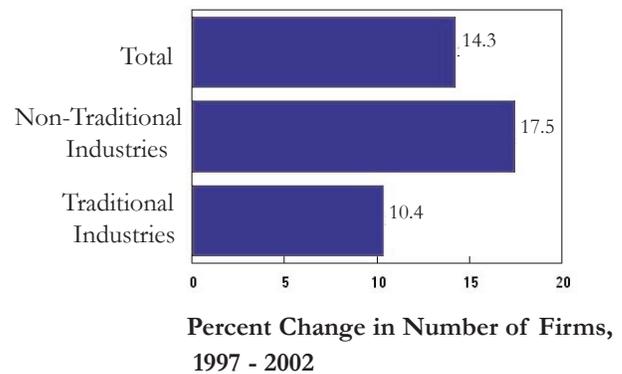
Because the movement of women into these "non-traditional" industries is still relatively new, the growth in the employment and revenues of women-owned firms in these industries does not yet significantly outpace the growth in the number of firms, as it does among women-owned firms in traditional industries. The number of non-traditional women-owned firms increased by 17.5% between 1997 and 2002, while employment grew by 22.9% and revenues increased by 35.4%. In contrast, the number of women-owned firms in traditional industries grew by 10.4% during that time, but employment increased by 36.5% and revenues jumped 46.7%.⁴

As business stability is a key measure of firm survival rates over a period of time, the brief also notes that from 1997 to 2000, the industries that showed the highest survival rates among women-owned employer establishments were in

non-traditional industries: Agriculture/Forestry/Fishing (78.7% survival); Wholesale Trade (78.5%); and Manufacturing (78.2%). A more detailed sub-industry analysis revealed that nine of the top fifteen sub-industries fell within Manufacturing, with survivability rates over the same period of 87% and higher.⁵

Women-owned employer establishments that were in existence in 1997 showed a net decrease in employment of 4.2% between 1997 and 2000, compared to a net loss of 6.7% among all employer establishments. Women-owned Agribusiness and Construction establishments, however, showed net employment gains of 7.4% and 6.4%, respectively, during this period. Among all employer establishments, no industry saw employment gains from 1997 to 2000.⁶

Growth in Number of Women-Owned Firms is Highest in Non-Traditional Industries



Source: Center for Women's Business Research

Non-Traditional Industries include Agriculture, Mining, Construction, Manufacturing, Transportation/Communications, and Wholesale Trade

Traditional Industries include Retail Trade, Finance/Insurance/Real Estate, and Services

Quite clearly, women business owners today are truly engaged in all facets of entrepreneurial enterprise. Not only do they own businesses in the service and retail sectors, which many people commonly associate with women-owned firms, but more and more women are now heading construction businesses, agribusinesses and the like. It is highly likely that over the course of the next several years, terminology will change to reflect these growing trends: descriptors such as "traditional"

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The Growth of Women in "Non-Traditional" Industries, cont.

and "non-traditional" will likely fade away, as women-owned businesses continue to become major players in every industry.

The entire *Issue in Brief*, "The Growth of Women-Owned Businesses in Non-Traditional Industries," may be found on the NWBC's web site, at

http://www.nwbc.gov/Issue_brief-Non_Traditional_Industries.pdf

1. Center for Women's Business Research. "Women-Owned Businesses in 2002: Trends in the U.S. and 50 States," December 2001.
<http://www.womensbusinessresearch.org/Research/12-4-2001/12-4-2001.htm>
2. Calculations based on data from the U.S. Census Bureau (www.census.gov) and Center for Women's Business Research (www.womensbusinessresearch.org).
3. Ibid.
4. Center for Women's Business Research. "Women-Owned Businesses in 2002: Trends in the U.S. and 50 States," December 2001.
<http://www.womensbusinessresearch.org/Research/12-4-2001/12-4-2001.htm>
5. National Women's Business Council. "Trends in Women-Owned Employer Establishments: 1997 to 2000," 2004.
<http://www.nwbc.gov/publications/Issue%20brief%20-%20Census.pdf>
6. Ibid.

Apply Now for Congressional Fellowships on Women and Public Policy

The Women's Research and Education Institute (WREI) is now accepting applications for its Congressional fellowship program. WREI is an independent, public policy research and education center whose mission is to inform and help shape the public policy debate on issues affecting women and their roles in the family, the workplace, and the public arena. WREI's annual fellowship program places graduate students in Congressional offices and is designed to:

- Encourage more effective participation by women in the formulation of policy options;
- Promote activities that encourage the translation of research into policy;
- Raise awareness that national and international issues concerning women are interdependent; and
- Increase understanding that those issues often defined as "women's issues" are, in fact, human issues, important to men as well as women.

We encourage members of the women's business community to forward this opportunity to anyone in your networks who may be interested - especially to your employees' daughters or other college-age women. To learn more about the program and how to apply, visit www.wrei.org or write to Congressional Fellowship Program 2005, Women's Research and Education Institute, 1750 New York Avenue, NW, #350, Washington, DC, 20006. If you write with a request for an application, please enclose a self-addressed, stamped envelope with \$.60 postage. Applications are due in the WREI office by June 18, 2004.

Thanks to the National Association of Women in Construction (NAWIC)

The NWBC would like to express our gratitude to the National Association of Women in Construction (NAWIC) for including our "Women's Business Connection" advertisement in their publication, "The NAWIC Image." NAWIC was founded in Ft. Worth, Texas, in 1955. Since its founding, NAWIC has grown to a membership of 5,900 with 200 chapters across the U.S. States and parts of Canada. In its 48 years of service to its membership, NAWIC has advanced the causes of all women in construction whose careers range from business ownership to the skilled trades.

NAWIC's commitment to education and skilled training can be seen in a variety of areas. For more than 30 years, the NAWIC Education Foundation has offered creative and educational programs for students from the grade school to high school level. NAWIC also works with other industry and governmental entities to promote and advance women in construction. These partnerships let NAWIC team with other groups to promote training among women in the skilled trades, cooperate in educational programs, and promote women-owned businesses. To learn more about NAWIC, visit their web site at www.nawic.org.

National Association of Women Business Owners Teams with Partners to Sponsor Two Awards

The National Association of Women Business Owners (NAWBO) recently announced that it is accepting applications for two awards for women business owners.

The "**NAWBO/Wells Fargo Trailblazer Award**" celebrates the innovations of women in business by recognizing several finalists and selecting one exceptional woman business owner to receive an award prize of \$5,000. This award will recognize a woman business owner who has successfully implemented an innovation to create: new market; a new way of doing business; a competitive advantage in an existing market; or an improved customer experience. Applications must be submitted before or postmarked on Friday, April 9, 2004.

NAWBO and the Mirassou Winery have also joined forces to establish a new award that recognizes businesswomen who have overcome adversity. The **NAWBO/Mirassou Winery Business Optimist Award** includes \$10,000 and a trip to NAWBO's 2004 Women's Business Conference in Dallas, TX this June. The first-ever NAWBO/Mirassou Winery award was created to celebrate 150 years of winemaking by the Mirassou family and to award those women who view the glass half full where others might see a glass half empty. Applications for this award must be received or postmarked on or before April 5, 2004.

For more information and application forms for either of these awards, visit www.nawbo.org.

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

April Date: Tuesday, April 27th, 2004, 3:00-4:00 PM EDT

April Topic: Accelerating Women's Entrepreneurship: Sharing Best Practices Globally

April Speakers:

- **Marcia Firestone, Ph.D.** member of the National Women's Business Council and President of the Womens Presidents' Organization
- **Virginia Littlejohn**, Co-Chair of Project Tsunami and Chairman of TradeBuilders, Inc.

May Date: Tuesday, May 25th, 2004, 3:00 - 4:00 PM EDT

May Topic: Our guest speakers will be from **CountMe-In**, the first online micro lender which uses a credit scoring system to make smaller loans available to women across the United States.

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

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

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

Organization of the Month: The Association of Women's Business Centers

The Association of Women's Business Centers (AWBC) is a national nonprofit (501c3) organization representing women's business centers and women business owners. Founded in 1998, the AWBC supports entrepreneurial development among women as a way to achieve economic self-sufficiency, create wealth and participate in economic development through education, training, mentoring, business development and financing opportunities. Representing women business owners and women business centers in rural and metropolitan communities, the AWBC and its network provide support and services to women business owners ranging from the underserved women entrepreneurs to women securing rounds of venture capital. These community-based organizations in turn provide education, training, and access to capital to over 100,000 women and tens of thousands of businesses each year. Their constituency and stakeholders represent a network of hundreds of thousands of women. To learn more about the AWBC, visit their web site at www.awbc.biz.

Upcoming Events in the Women's Business Community

National Small Business Federal Procurement Summit

April 7 - 8, 2004

Washington, DC

www.nationalprocurementsource.com

The 6th Annual Forbes Executive Women's Forum

April 28-29, 2004

New York, NY

www.forbes.com/conf/execwomen2004/index.shtml

"Vision and Action: Cultivating the Leader Within," the ATHENA Foundation's 2004 Conference

April 29 - May 1, 2004

Chicago, IL

www.athenafoundation.com

"Moving Powerfully into the Future," Women In Technology International's 2004 National Conference

May 12 - 13, 2004

San Jose, CA

www.witi.com/center/conferences/sanjose/

Women's Leadership Exchange Conference

May 13, 2004

Chicago, IL

www.womensleadershipexchange.com

Annual Women in Business and Technology Symposium, "Making it to the Top," sponsored by the MIT Sloan School of Management

May 15, 2004

Cambridge, MA

www.MITSloanWomensEvent.com

Small Business Administration's Expo '04

May 19 - 21, 2004

Orlando, FL

www.sba.gov/50/expo2004.html

Council Staff

Julie R. Weeks

Executive Director

202-205-6828

julie.weeks@sba.gov

Jill A. Baker

Director of Research

202-205-6826

jill.baker@sba.gov

Aileen M. Kishaba

Director of Policy Programs

202-205-6829

aileen.kishaba@sba.gov

Stephanie A. Peacock

Director of Communications

202-205-6827

stephanie.peacock@sba.gov

Katherine Stanley

Administrative Officer

202-205-6695

katherine.stanley@sba.gov

Contact Us

National Women's

Business Council

409 Third Street, SW

Suite 210

Washington, DC 20024

Phone: 202-205-3850

Fax: 202-205-6825

E-mail: info@nwbc.gov

Web site: www.nwbc.gov

Council Mission

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

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