



2000 and the number of women-owned firms with \$1 million or more in revenues grew by 32 percent—both nearly twice the rate of all comparably sized firms.<sup>11</sup>

- Between 1997 and 2002, an average of 424 new women-owned firms were started every day, translating into nearly 775,000 start-ups per year and accounting for fully 55 percent of new firm start-ups.<sup>12</sup>
- As strong as the growth of women-owned firms is overall, the growth of firms owned by women of color is even stronger. The number of minority women-owned firms increased by an estimated 55 percent between 1997 and 2004—over twice the rate of all women-owned firms (23%) and fully six times the rate of all U.S. firms (9%) during the period.<sup>13</sup>
- In an analysis of self-employment rates, women and minorities are seen to be entering into self-employment at greater than average rates. Between 1979 and 2003, self-employment rose by 33 percent among women compared to 2.5 percent among men. It increased 37 percent among African Americans and 15 percent among Latinos compared to 10 percent among Whites.<sup>14</sup>
- Women-owned firms continue to diversify across industries, with the fastest growth rates seen in “non-traditional industries,” including construction (a 57% increase in the number of privately-held majority women-owned firms between 1997 and 2004), agricultural services (44%), and transportation, communications and public utilities (38%).<sup>15</sup>

### Women-Owned Employer Firms

- Women-owned businesses exhibit the same tenacity and survival rates as the average U.S. employer firms, with more than two-thirds (68.5%) of women-owned employer business locations in existence in 1997 still in operation four years later. Among all employer establishments, 69.8 percent remained in business in 2001.<sup>16</sup>
- Between 1997 and 2001, women-owned employer establishments proved to be more resilient than employer firms overall during the period, with a lower 9.3 percent decline in employment among those firms in business in 1997—compared to a 10.9 percent decline among all establishments.<sup>17</sup>

### Key Issues for Women Business Owners

- In a 2004 membership survey, members of the National Association of Women Business Owners (NAWBO) cited as their top business concerns the following: business marketing; business growth and expansion; cash flow and capital; client budget constraints; and time management. In terms of public policy areas that NAWBO members would like addressed, top areas of interest include: health care insurance; small business expense deductions; taxes;

access to capital; educating the workforce; Social Security; government procurement; and tort reform.<sup>18</sup>

- Similarly, during a series of “Women Entrepreneurship in the 21st Century” summits held during 2003, access to capital and the current economy were identified as top concerns for women business owners. Other key concerns included health insurance costs, the competitive business environment, taxes, and workforce issues. Health care reform, tax reform, and access to capital were seen as the most urgent priorities for the U.S. Congress to address.<sup>19</sup>

### Access to Capital

- Most women business owners rely on the earnings of their business and their own private resources for ongoing financial needs. In 1998, 65 percent of women business owners reinvested business earnings to foster business growth, 41 percent used personal credit cards and 36 percent used business credit cards for current business needs.<sup>20</sup>
- As of 1998, the share of women business owners with bank credit was 52%, an increase from 46% in 1996. The percent of women business owners who were seeking financing rose from 27% in 1996 to 33% in 1998.<sup>21</sup>
- While the share of women business owners with bank credit has risen, the amount of capital they have available still lags their male counterparts. In 1998, 34 percent of women who had bank credit had \$50,000 or more in credit available to them, compared to 58 percent of men business owners.<sup>22</sup>
- In FY2003, the SBA made 16,721 loans and equity investments in women-owned businesses, totaling \$2.4 billion. This represents a 14.3% share in dollars lent or invested, and a 20.5% share in the number of loans and investments.<sup>23</sup>
- From FY1998 to FY2003, the value of SBA lending to women-owned businesses increased at a faster rate than assistance to all firms, while the growth in the number of loans and equity investments did not keep pace. Dollars lent or invested to women-owned firms during the period increased by 29.9%, compared to a 20.5% increase overall. Over the same period, the number of loans and equity investments grew by 40.5% among women-owned firms, compared to 56.9% among all firms.<sup>24</sup>
- In 2003, women headed 4.5 percent of all venture-funded firms, and received 4.2 percent of the \$19 billion in venture capital invested that year. The majority of these funds backed women-led firms in health-care-related businesses, and over one-third were located in or near San Francisco.<sup>25</sup>

- Women represent less than 10 percent of decision-makers in venture capital firms, and are leaving the industry at a faster rate than their male counterparts.<sup>26</sup>

## Access to Markets

- Despite the Federal Acquisition Streamlining Act of 1994 (FASA), establishing a 5 percent government-wide procurement goal for women-owned small businesses, just 3 percent of Federal contract dollars went to women-owned firms in FY2003.<sup>27</sup>
- Despite the low share of Federal contracts going to women-owned firms, eleven of the major agencies did meet or exceed the 5 percent goal in 2003: Housing and Urban Development (32.8%); Commerce (8.4%); Education (7.7%); Office of Personnel Management (OPM) (7.4%); Interior (7.3%); Treasury (6.7%); General Services Administration (6.5%); National Science Foundation (5.8%); Homeland Security (5.6%); State (5.2%); and Agriculture (5.2%). The Department of Defense, which accounts for 59 percent of all federal spending, spent 2.5 percent of their FY2003 procurement dollars with women-owned firms.<sup>28</sup>
- Large corporations are also a vital market for women's business enterprises. In a 2002 survey of women's business enterprises, more than seven in ten (72%) respondents earned revenues from business with large corporations. On average, nearly half of the total revenues of the respondents came from this market.<sup>29</sup>
- Despite their increasing economic impact and clout, women-owned businesses still face major challenges in accessing corporate markets. While nearly six in ten Fortune 1000 companies who responded to a 2002 survey spent \$1 billion or more annually with outside suppliers, the median share going to women was just 3 percent—and one in five spent less than 2 percent of their vendor dollars with women's business enterprises.<sup>30</sup>
- In 1992, 13 percent of women-owned firms were involved in international trade, either exporting or importing goods or services. Internationally-focused businesses tend to be more growth-oriented than their domestically-focused counterparts and revenues are generally higher among women entrepreneurs involved in international trade.<sup>31</sup>

## Access to Training and Technical Assistance

- The budget for the Small Business Administration's Women's Business Center program grown from \$4 million in FY 1997 to \$12.5 million in FY 2004. The number of funded centers has risen over that time from 27 to 104, and the number of clients served has increased from 8,000 to nearly 123,000. Thus, with a three-fold increase in the budget over this seven-year period, the number of centers funded has increased

nearly four-fold, and the program serves now more than 15 times the number of clients.<sup>32</sup>

- An analysis of the impact of the women's business center program from FY2001 to FY2003 has shown that, for a program investment of \$37.5 million over the three-year period, an estimated \$500 million in gross business receipts have been generated, with \$51.4 million in profits.<sup>33</sup>
- During the FY2001 to FY2003 period, while funding for the program remained essentially flat (\$12 million in 2001 and \$12.5 million in 2003), the program saw a 91% increase in the number of clients served and a 376% increase in the number of new businesses created – thus indicating that the program is gaining momentum and reaching its stride. For every 25 clients served, one new business is created, and for every 14 clients served, one new job is created.<sup>34</sup>
- In a recent study of mentoring programs for women business owners, it was found that at given points of a business' maturity, a business owner is best served by a particular type of mentoring program. In particular:
  - If their businesses are pre-start-up or start-up, business owners would appear to benefit most from **entrepreneurial training**.
  - If their businesses are start-up or second-stage, business owners would appear to benefit most from a **mentor-protégé program**.
  - If their businesses are second-stage or established, business owners would appear to benefit most from **peer-to-peer networking**.<sup>35</sup>

## Gender Differences

- The workforces of women-owned firms show more gender equity—women-business owners overall employ a roughly balanced workforce (52% women, 48% men), while men business owners employ 38 percent women and 62 percent men, on average.<sup>36</sup>
- While women-owned family businesses (WOFBs) are somewhat smaller in size compared with the average annual revenues of their male-owned counterparts (\$26.4 million vs. \$30.4 million), they generate their sales with fewer median employees, employing 26 individuals compared with 50 at male-owned family firms. This means that female-owned family businesses are 1.7 times more productive than male-owned family firms. WOFBs also exhibit greater family loyalty to the business, with higher levels of agreement with business goals and a 40 percent lower rate of family member attrition.<sup>37</sup>

---

The National Women's Business Council is a bi-partisan federal government council created to serve as an independent source of advice and counsel to the President, Congress, and the U.S. Small Business Administration on

economic issues of importance to women business owners. Members of the Council are prominent women business owners and leaders of women's business organizations. For more information about the Council, its mission and activities, contact: National Women's Business Council, 409 3<sup>rd</sup> Street, SW, Suite 210, Washington, DC 20024; phone: 202-205-3850; fax: 202-205-6825; e-mail: [info@nwbc.gov](mailto:info@nwbc.gov), Web site: [www.nwbc.gov](http://www.nwbc.gov).

---

<sup>1</sup> Center for Women's Business Research. "One in 18 U.S. Women is a Business Owner," 2002. <http://www.womensbusinessresearch.org/Research/7-16-2002/7-16-2002.htm>

<sup>2</sup> Center for Women's Business Research. "Biennial Update on Women-Owned Businesses," 2004. <http://www.womensbusinessresearch.org/Research/4-28-2004/4-28-2004.htm>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> U.S. Census Bureau, "1997 Economic Census: Survey of Women-Owned Business Enterprises," 2001.

<sup>6</sup> Calculations by the National Women's Business Council. It should be noted that 15.6 million is a mid-point estimate, within a range between 10.3 and 21.2 million. Such a wide range exists due to the wide variety of sources data sources, both within and outside of the U.S. Census Bureau.

<sup>7</sup> CWBR. "Businesses Owned by Women of Color in the United States, 2004," 2004. <http://www.womensbusinessresearch.org/pressreleases/11-16-2004/11-16-2004.htm>

<sup>8</sup> CWBR. "Privately-Held, Majority (51% or More) Women-Owned Businesses in the United States, 2004: A Fact Sheet," 2004. <http://www.womensbusinessresearch.org/Research/nationalstatetrends/50more.htm>

<sup>9</sup> CWBR. "Biennial Update on Women-Owned Businesses," 2004. <http://www.womensbusinessresearch.org/Research/4-28-2004/4-28-2004.htm>

<sup>10</sup> Ibid.

<sup>11</sup> CWBR. "Removing the Boundaries: The Continued Progress and Achievement of Women-Owned Enterprises," 2001. <http://www.womensbusinessresearch.org/Research/11-13-2001/11-13-2001.htm>

<sup>12</sup> Calculations by the National Women's Business Council, using data from the U.S. Census Bureau and the Center for Women's Business Research.

<sup>13</sup> CWBR. "Businesses Owned by Women of Color in the United States, 2004," 2004. <http://www.womensbusinessresearch.org/pressreleases/11-16-2004/11-16-2004.htm>

<sup>14</sup> SBA Office of Advocacy. "Self-Employed Business Ownership Rates in the United States: 1979-2003," 2004. <http://www.sba.gov/advo/research/rs243tot.pdf> and <http://www.sba.gov/advo/research/rs243.pdf> Note: 1979 data were not available for the Asian population.

<sup>15</sup> CWBR. "Biennial Update on Women-Owned Businesses," 2004. <http://www.womensbusinessresearch.org/Research/4-28-2004/4-28-2004.htm>

<sup>16</sup> National Women's Business Council. "Trends in Women-Owned Employer Establishments: 1997 to 2001," 2005. [http://www.nwbc.gov/ResearchPublications/documents/issue\\_in\\_brief\\_census\\_1997-2001.pdf](http://www.nwbc.gov/ResearchPublications/documents/issue_in_brief_census_1997-2001.pdf)

<sup>17</sup> Ibid.

<sup>18</sup> National Association of Women Business Owners. Press release and report issued September 22, 2004.

---

[http://www.nawbo.org/library/files/8\\_nawboressearchresultsreasefinal2.doc](http://www.nawbo.org/library/files/8_nawboressearchresultsreasefinal2.doc)

<sup>19</sup> NWBC. "Women's Entrepreneurship in the 21st Century: A Summary of Data from National and Regional Summits," 2003. [http://www.nwbc.gov/pressroom/documents/Final\\_Summit\\_Report.pdf](http://www.nwbc.gov/pressroom/documents/Final_Summit_Report.pdf)

<sup>20</sup> CWBR. "Capital, Credit and Financing: An Update. Comparing Women and Men Business Owners' Sources and Uses of Capital," 1998. <http://www.womensbusinessresearch.org/Research/11-17-1998/11-17-1998.htm>

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> NWBC. "Trends in SBA-Backed Financing to Women-Owned Businesses: FY1998 to FY2003," 2004.

<http://www.nwbc.gov/documents/Issue-brief-SBA-Loans.pdf>

<sup>24</sup> Ibid.

<sup>25</sup> Growththink Research and Re-invention, Inc., 2004. <http://www.growththinkresearch.com/GenderPR.pdf>

<sup>26</sup> Diana Project. "Gatekeepers of Venture Growth: A Diana Project Report on the Role and Participation of Women in the Venture Capital Industry," 2004. <http://www.kauffman.org/resources.cfm/416> and [http://www.kauffman.org/pdf/Diana\\_2004.pdf](http://www.kauffman.org/pdf/Diana_2004.pdf)

<sup>27</sup> NWBC. "Federal Contracting with Women-Owned Businesses: FY1998 to FY2003," 2004. [http://www.nwbc.gov/documents/Issue\\_brief-Federal\\_Contracts-2004.pdf](http://www.nwbc.gov/documents/Issue_brief-Federal_Contracts-2004.pdf)

<sup>28</sup> Ibid.

<sup>29</sup> CWBR. "Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises," 2003. <http://www.womensbusinessresearch.org/Research/2-4-2003/2-4-2003.htm>

<sup>30</sup> Ibid.

<sup>31</sup> CWBR. "Going Global: Women-Owned Businesses in the International Marketplace," 1995. <http://www.womensbusinessresearch.org/pressreleases/3-17-1995/3-17-1995.htm>

<sup>32</sup> NWBC analysis of data provided by SBA's Office of Women's Business Ownership. For more information about OWBO and women's business centers, visit [www.onlinenwbc.gov](http://www.onlinenwbc.gov)

<sup>33</sup> NWBC. "Analyzing the Impact of the Women's Business Center Program," 2004. <http://www.nwbc.gov/ResearchPublications/listReports.html>

<sup>34</sup> Ibid.

<sup>35</sup> NWBC. "Mentoring in the Business Environment," 2003. <http://www.nwbc.gov/pressroom/documents/mentoringfinalreport.pdf>

<sup>36</sup> CWBR. "Business Owners and Gender Equity in the Workplace," 2000. <http://www.womensbusinessresearch.org/Research/9-19-2000/9-19-2000.htm>

<sup>37</sup> Center for Women's Leadership, Babson College. "Women in Family-Owned Businesses," 2003. <http://www3.babson.edu/CWL/Women-in-Family-Owned-Businesses-Research-Report.cfm>