



Enterprising **Women:** THE LEGACY AND THE FUTURE



THE NATIONAL WOMEN'S BUSINESS COUNCIL
NOVEMBER, 2003

TABLE OF CONTENTS

Executive Summary	4
The Progress of Women as Entrepreneurs	6
Things That Have Not Changed for Women Entrepreneurs	7
Socialization Issues	7
Balancing Business and Family	8
Networking and Mentoring	8
An Important Advancement	9
Important Issues for Women Business Owners Today	9
Access to Capital	10
Government Contracts and Support	13
Certification Programs	13
Access To Contracts	13
Mentoring and Subcontracting Incentives	14
Women in International Trade	15
Issues for Women of Color	16
Recommendations	20

FOREWORD

This report summarizes a series of discussion groups with women business owners in Lexington, Massachusetts; New York, New York; and Atlanta, Georgia. These discussion groups were held in conjunction with the exhibit, *Enterprising Women: 250 Years of American Business*,¹ developed by the Radcliffe Institute at Harvard University.

The Enterprising Women exhibit documents the rich legacy of women in business over the last two and a half centuries—from pioneers such as Katherine Goddard, who published the first signed copy of the Declaration of Independence to modern-day icons such as Katherine Graham and Oprah Winfrey. The exhibit tells a compelling story of the challenges and successes of women as business leaders and provides a historical context for many of the issues still faced by women business owners.

As the exhibit has traveled to the first three of six locations around the country, the National Women's Business Council (NWBC) conducted a series of roundtable discussions with women business owners and others involved in supporting women's business development. Our purpose has been to hear women's reflections on the history of women as entrepreneurs in America and to talk with them about the issues they face as business owners today. The discussions were meant to add detail to issues that have previously been identified as important and to obtain policy recommendations for the National Women's Business Council and other government entities.

None of the comments generated during these sessions should be considered representative of women business owners across the U.S. or even within the locations visited. The issues they raise, however, point to important questions for further examination about the challenges women face as they continue to pursue success as entrepreneurs.

ACKNOWLEDGEMENTS

The National Women's Business Council would like to extend our gratitude to the many individuals who worked to ensure the success of this project. In particular, we would like to recognize the Radcliffe Institute, the creators and organizers of the Enterprising Women exhibit; officials, curators and staff of the National Heritage Museum (Lexington, Massachusetts), the New York Historical Society and the Atlanta History Center; and the Small Business Administration (SBA) District Offices in Boston, New York City and Atlanta. Additional thanks go to the Boston, Manhattan and Atlanta Chambers of Commerce; the Georgia Hispanic Chamber of Commerce; the U.S. PanAsian American Chamber of Commerce; Center for Women and Enterprise; and the National Association of Women Business Owners (NAWBO).

¹ More information on the Enterprising Women exhibit is found at the project's Web site—www.enterprisingwomenexhibit.org



EXECUTIVE SUMMARY

Between February and August of 2003, 28 women business owners from Lexington, Massachusetts; New York, New York; and Atlanta, Georgia participated in a series of roundtable discussion sessions. The sessions were held by the National Women's Business Council in conjunction with the exhibit, *Enterprising Women: 250 Years of American Business*, which documents the history

of women as business owners in the United States. Some participants were recommended by national and regional organizations that work with women business owners, and others were selected randomly from on-line business cards generated from the Small Business Administration's web site and the National Association of Women Business Owners' web site.

Each of the three discussion sessions included a series of general discussion questions as well as questions on specific topics unique to each meeting. Participants in the discussions were asked to reflect on the history of women as business leaders and to talk about the issues they face as business owners today. In reflecting on the exhibit, discussion participants noted the great achievements of women business owners throughout American history and how the landscape has changed over the past 250 years. Social and legal advancements for women, for example, have made it possible for the number of businesses owned by women to skyrocket and the types of businesses that women own to diversify into almost any field imaginable.

In discussing the things that have remained constant for women as business owners through the years, participants noted the consistent challenge in balancing business ownership with the family life that is so important to women. Participants also noted their belief that women continue to be socialized differently than men—that many women, for example, are not taught to be aggressive and competitive. Finally, participants noted that the way in which women are able to utilize their personal networks and mentor relationships has been a constant factor in women business owners' success.

Discussion participants also reflected on the issues that were most pressing for them as business owners today. Much of the commentary focused on issues that all small businesses face rather than issues that are unique to women. Participants were particularly concerned, for example, with the high and rising costs of health insurance, payroll taxes and other costs associated with doing business, and doing business in the current economy.

Participants in each session also raised the issue of government contracting opportunities for women. In general, participants felt that there are too few contracting opportunities overall, and they were particularly concerned about the low target for Federal contracting with women business owners. Participants also overwhelmingly felt that the process for achieving business certifications—such as woman- or minority-owned business certifications—was too cumbersome and not always beneficial.

Much of the discussion in Lexington focused specifically on access to capital. While access to capital has clearly improved since the days when women had to rely on their male family members to secure funding on their behalf, participants noted that there is still disparity between women and men in access to venture capital and angel financing.

In New York, the discussion focused largely on international trade. While participants mostly described challenges that are general for both women and men—such as understanding the cultures and the business norms in other countries—they did note the importance of understanding the barriers that are faced by women native to other countries and recognizing that such barriers will affect the way that American business women are treated in those countries.

The discussion group in Atlanta included only women of color. In general, participants in this session did not feel that being a minority affected them as business owners, and they did not perceive significant discrimination in the business community. Many did, however, voice concerns over the negative stigma that may be associated with the SBA 8(a) certification program.

Throughout the discussions participants made recommendations for action by Federal agencies and policy makers. Specifically, participants noted that there is a great need for more venture and angel financing programs organized by and for women. They also noted that the definitions used to qualify small businesses for special lending programs should be examined and revised so that businesses which should be eligible do not fall outside the scope of such programs.

There was also a very strong recommendation throughout the discussions that Congress should consider raising the five percent goal for Federal purchasing from women business owners to a proportion that is more in line with the proportion of businesses that are owned by women. Participants also noted that there should be greater emphasis on Federal agencies achieving that goal. In addition, participants agreed that the process for obtaining government certifications, such as woman-owned business and 8(a) certifications, should be streamlined and that there should be a centralized source for locating government contracting opportunities—especially those opportunities set aside for women and minorities.

Finally, discussion participants noted that there is a need for better coordination among the multiple technical assistance resources that are available to women business owners.



“COMMITTED WOMEN DID WHATEVER THEY HAD TO DO TO RUN THEIR BUSINESSES.

AND THIS HASN'T CHANGED. THAT WOMEN ARE ABLE TO FOCUS AND PERSEVERE WHILE DOING

EVERYTHING ELSE IN THEIR LIVES IS REALLY STUNNING.” *Participant in Lexington, Massachusetts*

THE PROGRESS OF WOMEN AS ENTREPRENEURS

Each roundtable session started with a discussion of the exhibit—focusing on what seemed most striking about the exhibit’s portrayal of the history of women as business owners. In general, participants were surprised by how far back in history women had played leadership roles in business, and they were impressed by the incredible perseverance of women during times when it seemed almost impossible for women to accomplish what they did.

Participants noted the foresight of shopkeeper Elizabeth Murray who, in the 1700s, protected her earnings through prenuptial agreements and mentored other young women to be financially independent; the resolve of Madam C.J. Walker, an African American woman who in the early 1900s built a successful business around hair care products designed specifically for African American women; the perseverance of Cathy Hughes, founder of Radio One, who was turned down by 32 male loan officers before she found a female loan officer to loan her the capital to buy her first radio station; and the thoughtfulness of Ruth Handler, whose development of the “Nearly Me” breast prosthesis is an important example of the types of contributions that women business leaders have made.

Participants noted that during the time period documented by the exhibit, particularly in the second half of the 20th century, legal and social advancements have reduced a number of barriers to women entering business. There is also a greater respect for women in business, especially in the small business world. Women have helped lead the development of small business in this country, and men now show respect for women’s business knowledge.

Participants also noted, however, that progress has been very slow. While there have been many inspiring stories along the way, there hasn’t been a real movement or a critical mass of women business owners until relatively recently. Most woman-owned businesses are still small businesses, with few large national or international companies as role models. In addition, while women have gained great respect as small business owners, there still seems to be a glass ceiling in the corporate world. The difference in pay scales between women and men was also discussed, with participants noting that while there are more opportunities for achievement, women often have lower standards for what they think they can earn and their pay is still lower.

Finally, it was noted that the fact that there is an exhibit featuring women in business is a testament to the fact that women in business remains a remarkable notion—that the concept still isn’t completely integrated into the way most people think about business. Having special status means that things haven’t changed enough.

“IF A FEMALE PRINTER PRINTED THE DECLARATION OF INDEPENDENCE, WHY HAS THE GROWTH OF WOMEN IN BUSINESS BEEN SO SLOW FOR 200 YEARS?” *Participant in Lexington, Massachusetts*

THINGS THAT HAVE NOT CHANGED FOR WOMEN ENTREPRENEURS

In discussing things that have not really changed for women in business, participants in each session mentioned the ways in which women continue to be socialized differently than men, the unique challenges for women who balance business and family, and the ways that women use networking and mentoring to succeed. Participants also noted continuing disparities in access to capital, which is discussed separately in a later section.

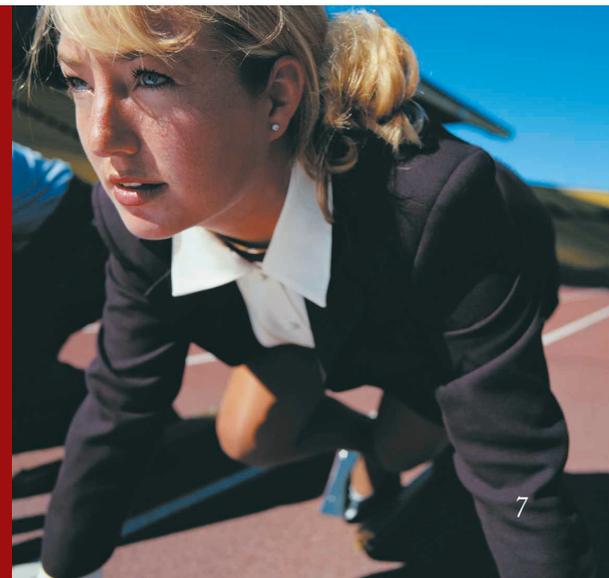
SOCIALIZATION ISSUES Roundtable participants described how women are still socialized differently than men—that even today most women are not taught to be risk takers, to be competitive, or to be aggressive—and that this dynamic can prevent women from reaching their full potential as business owners.

Several noted that as caretakers of the home, women are taught to value security and therefore tend to take fewer financial risks than men take. For example, many participants felt that women are less likely than men to be comfortable taking out a second mortgage on their home to finance a business venture. Participants also perceived that many women are not comfortable being aggressive and competitive. They felt that, while most people accept aggressive, competitive behaviors in men, many still perceive women negatively if they exhibit these behaviors to succeed. Participants in several of the sessions noted that Hetty Green was an unfortunate example of this problem. A financier, and the most financially successful woman of her time, Green is remembered as the “Witch of Wall Street” for her assertive behavior and willingness to step beyond the boundaries of “women’s proper realm.”

Several of the roundtable participants also noted how they had personally been discouraged by their families to pursue an education in business. One woman told how her father had disinherited

“WOMEN BY NATURE ARE TAUGHT TO HAVE A LEVEL PLAYING FIELD AND MEN ARE TAUGHT TO BE VERY COMPETITIVE. FOR EXAMPLE, IF GIRLS ARE PLAYING WITH DOLLS, THEY WANT EVERYBODY TO HAVE A DOLL. BUT IN BUSINESS, WE HAVE TO LEARN HOW TO BE COMPETITIVE. WE NEED TO LEARN HOW TO BE AGGRESSIVE AND ASSERTIVE AND UNDERSTAND THAT IN ORDER TO REALLY RISE ABOVE, WE NEED TO COLLECT ALL THE DOLLS.”

Participant in Atlanta, Georgia



“I THINK A LOT OF TIMES BOYS—AT LEAST IN MY CULTURE—ARE TRAINED TO JUST GO TRY THINGS AND NOT WORRY ABOUT THE CONSEQUENCES AS MUCH. WHEREAS GIRLS ARE ALWAYS TRAINED TO THINK OF EVERYBODY ELSE.”

Participant in Atlanta, Georgia

her when she went to business school, and another conveyed how her parents thought that going to college would be a waste of her time.

This socialization dynamic was especially apparent in the Atlanta discussion, where several first-generation immigrant women noted that women in their cultures are raised to focus on the well-being of everyone else rather than being independent-minded.

BALANCING BUSINESS AND FAMILY While most roundtable participants felt that being a woman does not affect the way that they run their businesses, they also agreed that it does affect the way they balance their lives. Participants noted that while the exhibit did not focus on balancing career with family and caregiving, carrying most of the responsibility for the family has been a consistent challenge for women business owners throughout history. It was also noted that balancing a business and a family is more challenging for women than it is for men because women have different expectations of themselves regarding their role in their families, and children tend to have different expectations of their mothers than they do of their fathers.

NETWORKING AND MENTORING Another important theme from the roundtable discussions was the importance of personal networks and mentors to women business leaders. Participants agreed that these were the primary strategies used by women throughout history and that they have not changed.

Participants noted that while most of the women featured in the exhibit didn't go to business school—and many didn't even go to school—they used their personal networks and made them work for them. Participants agreed that using personal networks to build and expand businesses remains a critical strategy for success.

Roundtable participants also discussed the value of mentoring to women in business—that it is the lessons that you learn from other women entrepreneurs about running a business that are most important. Participants noted that Elizabeth Murray, one of the earliest women featured in the exhibit, was in part known for her focus on mentoring other young women by bringing them into her business. Madam C.J. Walker developed a whole corporate structure around training African-American women to sell her hair care products. Another participant noted how Cathy Hughes is still very active in mentoring other young women to help them achieve their own dreams.

“I LOVED WHAT WE SAW ABOUT HOW THEY USED THEIR PERSONAL NETWORKS...TO BREAK ALL KIND OF BARRIERS. THAT MAKES ME FEEL VERY PROUD TO BE A WOMAN.”

Participant in New York, New York



“WHEN I STARTED MY BUSINESSES I DIDN'T THINK ABOUT IF IT WAS FOR WOMEN OR MEN. MY PURPOSE WAS TO MAKE MONEY. I WASN'T THINKING ABOUT WHAT KIND OF BUSINESS IS GOOD FOR WOMEN OR MEN.”

Participant from Atlanta, Georgia

AN IMPORTANT ADVANCEMENT

One important advance that was mentioned in each of the sessions is the changing nature of the types of businesses that women now pursue.

Several participants mentioned that, particularly for earlier examples of women entrepreneurs in the exhibit, most business products or services offered focused on the needs of other women—that developing a clientele of other women seemed to be the easiest avenue for women to start businesses. Participants cited women's contributions to industries such as fashion, beauty products, and women's health. One fairly recent example of this focus on women's products is the “Nearly Me” breast prosthesis developed by Ruth Handler. Participants were impressed by how Handler was able to build on her experience and resources from Mattel—where she developed the Barbie doll—to develop and market something that is so important to women. Although the focus on products and services for other women continues, today women are also successful in almost every industry—from telecommunications to building and manufacturing to information technology.

This has changed similarly for women entrepreneurs of color. Several participants discussed how both Madam C.J. Walker and Maria de Lourdes Sobrino built businesses around products specifically targeted to their own ethnic group—Walker by developing a business around hair care products for African American women and Sobrino by targeting the Mexican American population of Southern California with gelatin, a popular dessert in Mexico. Today minority business owners also serve broader clienteles that extend beyond their own ethnic groups.

IMPORTANT ISSUES FOR WOMEN BUSINESS OWNERS TODAY

When asked about the most pressing issues women business owners generally face, most roundtable participants described issues faced by all small businesses rather than issues unique to women business owners.

Many of the sessions' participants were primarily concerned with the costs of doing business—both as an obstacle to staying in business and as a primary factor in freeing up capital to grow their businesses. Specifically, participants noted that health insurance costs are already prohibitive for small businesses and that they keep going up. Participants also expressed concerns over the high rates of payroll taxes, which create barriers for small businesses to hire more people and grow their businesses. Workers' compensation and insurance costs were also mentioned as escalating costs that are increasingly becoming barriers to success.

While the cost of doing business was seen as a constant and increasing problem, participants also agreed that the current state of the economy was a critical issue—forcing many small business



owners to rethink being in business. One participant, however, noted that many of the successful women featured in the exhibit also went through tough economic times and that there are lessons to be learned about perseverance based on their experiences.

Access to capital, international business, and issues for women of color were specific discussion topics in the three roundtable sessions. Government contracting also was raised as an important issue in each of the sessions.

ACCESS TO CAPITAL The roundtable session in Lexington focused primarily on the issue of access to capital, and each of the other sessions included some discussion of this issue. For participants in Lexington and in New York, capital for starting and expanding their businesses was the most pressing issue that they faced.

In reflecting on the exhibit, participants observed that this is an area in which there has been a great deal of progress for women. For example, participants noted that most of the early examples of entrepreneurs in the exhibit were not businesses that women started—rather they were businesses that women took over or inherited from their husbands, brothers, and fathers because women could not finance or purchase businesses on their own. Today, however, women have the means both to independently start businesses and to buy and sell businesses, and male family members are less likely to play a role.

While access to capital has clearly improved, significant disparities remain, and women still are not on equal footing with men when it comes to getting business funding. Participants noted that, even after they had managed to overcome the hurdle of getting start-up funding for their businesses, they still had difficulty accessing the capital required to take their businesses to the next level—to advertise, hire staff, and expand their operations.

In thinking about the barriers to business financing, participants cited several areas of concern—biases and expectations of lending program officials and representatives, availability of venture capital for woman-owned businesses, and lack of technical knowledge on the part of women business owners in certain male-dominated industries.

Generally speaking, participants seemed to view the overall culture of the banking industry as a challenge for women. Several roundtable participants noted that they thought that large banks gave lip service to supporting women business owners but were still reluctant to actually take risks on women who wanted to start businesses. Working with banks to get working capital—even with a track record of success—has also proven difficult for some participants. Throughout the sessions, participants observed that the relationship with the lending officer is a critical factor—it is important not only to know your lending officers but also that your lending officer get to know and understand your business.

Participants also expressed concerns with the expectations of some lending programs. To get a loan guarantee from the Small Business Administration, for example, several participants noted that they had been required to have a lien placed on their homes as collateral. Further,



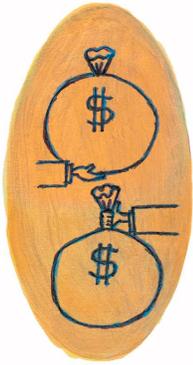
65 PERCENT OF WOMEN BUSINESS OWNERS USE
THEIR BUSINESS EARNINGS TO FINANCE GROWTH.

(Center for Women's Business Research, 1998)

Elizabeth Murray ran a dry goods shop and a sewing school in Boston during the mid-1700s. While most women shopkeepers of her time took over their husbands' businesses, Murray was determined to raise the capital to start her own business. Murray had to rely on her brother, however, to secure the required capital for her venture—her brother sold three of her slaves on her behalf and arranged for her to access credit under his name.

Cathy Hughes, a contemporary entrepreneur, found that access to capital was no less a battle for her. While trying to get a loan to purchase her first radio station, Hughes was turned down by 32 male loan officers before she finally was granted a loan from the first female loan officer she encountered.





“WOMAN-OWNED BUSINESSES RECEIVE ONLY 3 PERCENT OF ALL THE VENTURE CAPITAL MONEY IN THE UNITED STATES²— IT REALLY IS THE LAST OF THE OLD BOYS’ NETWORK.”

Participant in Lexington, Massachusetts

most lending programs require that a business owner sign a personal guarantee—essentially giving a lender access to any of your assets should you default on a loan. While such requirements are not different for women and men, participants viewed men as more comfortable placing their homes and their assets at risk in this way.

While there are many lending programs designed specifically to spur the growth of small businesses, the definition of “small business” is often so broad that really small businesses, including many woman-owned businesses, often fall outside the scope of such lending programs. Participants suggested that “small” for most lenders is not the same as “small” to many business owners, and that there may be a need to reexamine this definition.

Venture capital is another area where there still seem to be differences between women and men with women only receiving three percent of the venture capital in this country. Because many woman-owned businesses are not large enough to return large profits quickly, venture capital has become an area with a “cement ceiling” for many women entrepreneurs.

Finally, business experience—and especially experience in the company’s industry—is also critical to securing capital. While it is important that business owners, men and women alike, have sound administrative skills for running and growing a successful business, technical expertise may be equally important to securing funding. Lack of technical experience was cited as a perceived barrier to funding by several women whose businesses are in non-traditional fields for women. One participant who owns a machine shop, for example, is seen by investors as a higher risk than men in the same business because she doesn’t have knowledge of all technical aspects of the products. While she maintains that she knows the business side better than many of her male peers, that expertise is not viewed as sufficient to potential investors.



² According to VentureOne, the actual percentage in 2000 was 5%.

ONLY 2.9 PERCENT OF FEDERAL PROCUREMENT DOLLARS ARE CURRENTLY BEING SPENT TO PROCURE GOODS AND SERVICES FROM WOMEN-OWNED SMALL BUSINESSES.

(Federal Procurement Data Center, 2003)

GOVERNMENT CONTRACTS AND SUPPORT There was a great deal of discussion in each of the sessions regarding the role of the Federal government in advancing small and woman-owned businesses. Participants raised concerns about certification programs, access to contracts, and government mentoring and tax incentive programs.

Certification Programs Roundtable participants noted that the process for certifying as a woman-owned business is cumbersome and that there is little guidance for getting through it.

Many also said that once they had gotten their certifications, they felt that they were at the beginning of a maze which no one seems to be responsible for explaining. There was an overwhelming recommendation from participants in each of the sessions that certification processes were badly in need of streamlining.

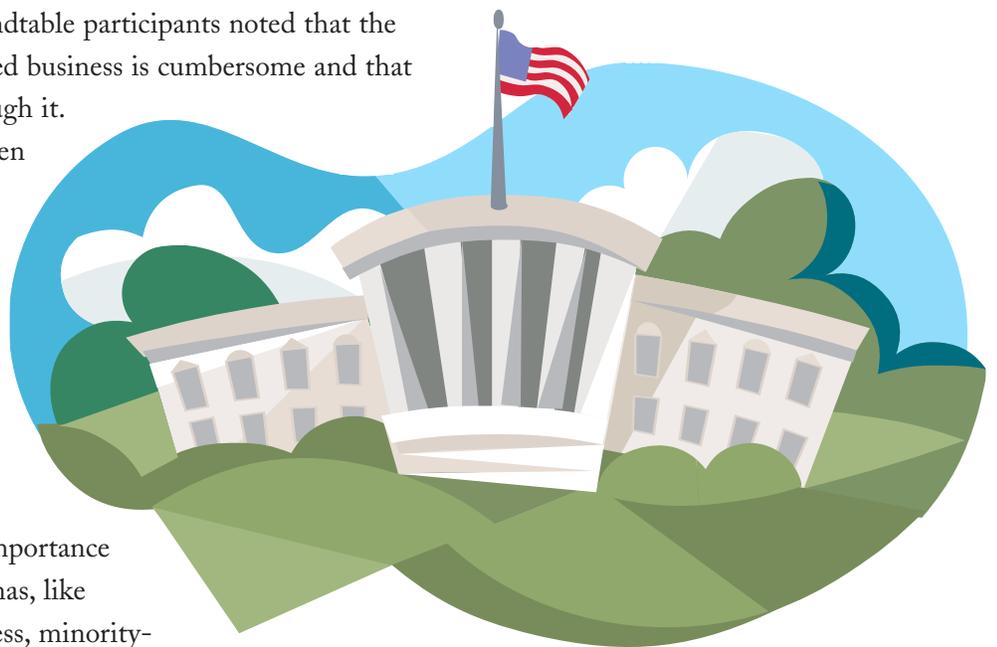
However, participants also noted the importance of certification programs in certain arenas, like Federal contracting, where small business, minority-

owned business, or woman-owned business certification could be an important benefit.

This benefit was perceived by some participants as a trade-off, however, particularly in the arena of private industry, where certification under special programs may have a negative connotation.

Access to Contracts A primary area of concern for many participants is the lack of contracting opportunities with the Federal government and what they viewed as a disregard for the five percent goal for Federal purchasing from woman-owned business.

Participants who had attempted to do business with the government expressed their feelings that there was too much competition for too few contracts in the Federal marketplace, that the Federal proposal process was too cumbersome, that an established relationship with Federal contracting officers was necessary, and that the profit margins on Federal contracts were too low. Several participants also mentioned that Federal agencies take too long to reimburse, leaving small business owners to fund payrolls and hold receivables for excessive periods of time, endangering their limited cash flows.





“ I THINK WE HAVE A WONDERFUL ADVANTAGE [INTERNATIONALLY]...WE'RE SO GOOD AT NETWORKING...AS WOMEN, THE WHOLE WAY WE COMMUNICATE WITH EACH OTHER AND NETWORK IS JUST PERFECT IN THIS EXPANDING WORLD...WE HAVE A LOT OF PLUSES...” *Participant in New York, New York*

Discussion participants also noted that there is no central source for finding out what's available in terms of government projects³—at the city, state, and Federal levels—and that in this economy, government contracts can be really important. Participants agreed that a central source for locating government opportunities would be helpful—especially for opportunities that have been set aside for women and minority-owned businesses.

There was also a fair amount of discussion regarding the five percent goal for Federal government purchasing from woman-owned businesses. Participants noted that the five percent goal is out of balance because women own nearly one-third of businesses in the country.⁴ Participants also felt that even with the existing five percent goal, it is hard to break into Federal government contracting because doing business with woman-owned firms has not been a priority for many agencies—and agencies have not yet been given a real push to achieve the goals for contracting with woman- and minority-owned businesses.

Participants felt strongly that Congress should consider raising the five percent goal to reflect the proportion of businesses that are actually owned by women today. And, noting that the current goal seems to have only the weight of a suggestion, participants also suggested that there be some incentive for agencies and prime contractors to actually achieve the goal as well as consequences for those that don't.

Participants did note, however, that doing business with Federal and state government agencies had really propelled the development of some small businesses, none of which were represented in the discussions. Participants were critical of government agencies that keep going back to the same small business once they had worked with them rather than creating opportunities for additional small businesses to become vendors.

Mentoring and Subcontracting Incentives Discussion participants also noted that there are Federal programs and tax incentives for large companies to subcontract with and mentor smaller companies, but that there are no similar incentives for small companies to help each other in these ways. This reinforces woman-owned businesses' view of each other as competitors rather than creating an incentive for them to do business together. For example, in most Federal government mentor-protégé programs, if a large corporation partners with a small- or minority-owned business, the larger firm receives tax incentives as well as additional points in the evaluation of their proposal. A small, woman-owned business that acts in a similar mentoring position does not have the same incentives for doing so. Since “small” as a business size standard can mean a business that employs up to 500 people, a larger small business owner could be an effective mentor to a smaller small business, provided she had some incentive, and less sense of competition, for doing so. It follows logically that a similar lack of incentives exists for small businesses, regardless of their size, to subcontract with other small businesses.

3 Opportunities at the Federal level are listed at www.fedbizopps.gov

4 The actual percentage of businesses majority-owned by women was 28% in 2002, according to the Center for Women's Business Research.

WOMEN IN INTERNATIONAL TRADE The New York roundtable discussion focused primarily on the opportunities and challenges for women doing business in international markets. Most of the participants' comments, however, were not unique to woman-owned businesses. Rather, comments tended to focus more broadly on challenges that are perceived by participants as being similar for women and men doing business internationally.

The primary challenge to international trade noted by roundtable participants was the need to understand—as well as train staff on—the social norms in each individual country. This includes learning culturally sensitive speaking terms, different ways of showing respect, and different norms of professionalism. Several participants—who were either considering or currently involved in international trade—were contemplating whether international trade was, in fact, worth the complex effort of having to learn so much about how business was conducted in each country they were targeting.

Participants also noted several types of logistical challenges that affected their decisions to engage in international trade. The most important seemed to be confusion and concerns related to getting paid—issues related to negotiating the right contract provisions, protecting themselves in the currency conversion process, international tax structures, and enforcing payment terms.

Participants also noted that while e-mail and the Internet have made it easier to generate initial interest, developing sound, profitable client relationships typically happens over time and requires “face time” that can be prohibitively resource-intensive in terms of both time and money considering geographic barriers. One participant—a woman who had started an import business—explained that the uncertainties and complexities of dealing with brokers, with airlines, and with customs offices led her to abandon that business.

While most participants agreed that the initial challenges of the international marketplace were the same for women and men, they also felt that as international business evolves, women are more likely than men to be victimized. This seems a likely result of dealing with firms and governments in countries whose culture assumes that women are not equal to men, should not be in business to begin with, and are therefore fair game for fraudulent or dishonest business practices. To demand respect and consideration where none exists is perceived as heading for trouble in a distant place with legal structures that support the cultural attitudes of that area—as opposed to those we may take for granted within our own borders.



Best known for the fashion empire she created in New York in the late 1800s, **Ellen Demorest** later broke new ground by establishing an international tea trading business. While retailing had become acceptable work for women at that time, trading in foreign goods was a new frontier.

Today, however, women clearly have access to international markets. **Meg Whitman**, for example is responsible for building eBay from a small website devoted to trading collectibles to a worldwide vehicle for buying and selling almost anything. Under her leadership, eBay has grown to include almost 50 million registered users around the globe.

Madam C.J. Walker, an African American woman, built a business around hair care products designed specifically for African American women in the early 1900s. Mentored by another African American woman with a hair care products business, Walker relied on the African American community and press to promote her products. Walker also founded a school to train African American women to use and sell her products.

Maria de Lourdes Sobrino is a contemporary and native of Mexico who also built a business by targeting her own ethnic group—the Mexican population in southern California. After two failed businesses, Sobrino turned to what she knew best—Mexican foods—and built a dessert business based on her mother’s recipe for gelatin, a popular dessert in Mexico that had been unavailable in the U.S.

ISSUES FOR WOMEN OF COLOR Throughout the Atlanta discussion session, participants were asked about how being women of color affected them as business owners. For the most part, participants agreed that they are more affected by the fact that they are women than by the fact that they are women of color.

None of the participants stated that being a woman of color had affected their motivation for starting a business, and only one—who was Latina—noted that her target market is primarily her own ethnic group. Participants also did not feel that being a woman of color affected the way that they do business—either externally with partners and clients or internally with their staffs.

Several participants felt, however, that many of the programs designed to assist minority business owners actually end up inadvertently hurting them. As stated previously in our discussion of the advantages and disadvantages of certification programs, these programs are perceived by some, particularly private sector players, as entitlement programs that promote firms that lack the skill and expertise to succeed on their own. Private sector firms, and even prime contractors in the Federal and local government arenas, may feel pressured to engage these firms in order to demonstrate their commitment to equal opportunity but often do so under the assumption that they are forced to work with inferior firms. And, as with other small businesses, woman-owned or otherwise, existing Federal incentives for large firms to team with minority-owned firms do not apply to large minority-owned firms that wish to support each other in similar fashion. The Atlanta area boasts a large number of minority-owned firms, some that are very large successful companies, and none are required under current Federal law to do business with other minority-owned firms because of their minority owner status. This acts as a disincentive for these firms to offer their support to emerging minority firms who may benefit significantly from their mentoring. Meanwhile, most Atlanta participants agreed that special designations, especially the 8(a) program, had created a negative image that held minority business owners back.

Participants also noted the power of not being limited by, or even acknowledging discrimination, referring to the women described in the early years of the exhibit—especially the women of color—who faced a range of blatant discrimination barriers and overcame enormous obstacles to achieve success.

“I NEVER FELT LIKE I WAS A MINORITY. BUT THEN WHEN I GOT MY 8(A) STATUS I REALIZED HOW BAD THAT IMAGE IS FOR BUSINESS OWNERS. IT BECAME A REAL DISADVANTAGE.”

Participant in Atlanta, Georgia

**1 IN 5 WOMEN-OWNED FIRMS
IS OWNED BY A WOMAN OF COLOR.**

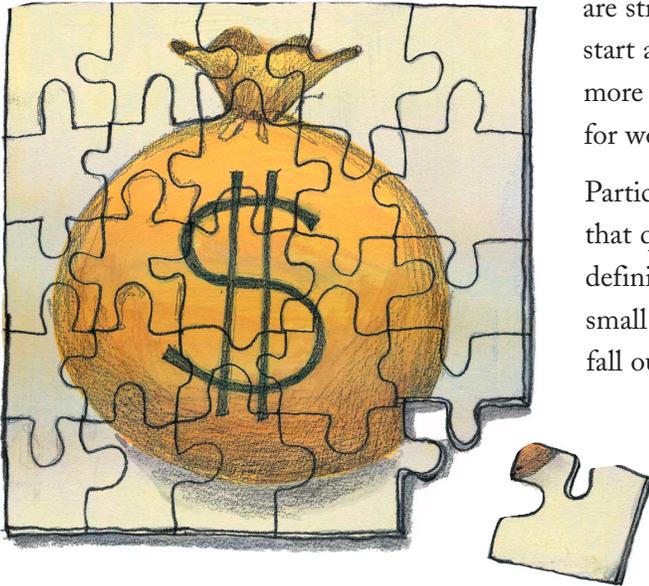
(Center for Women's Business Research, 2002)



RECOMMENDATIONS

Participants in the discussion groups provided several specific recommendations and messages for Federal agencies and policy makers:

ACCESS TO CAPITAL While access to capital has improved significantly for women, there are still disparities between women and men in access to funding to start and expand businesses. Specifically, there is an urgent need for more venture capital and angel financing programs organized by and for women.



Participants also noted the opportunity to examine the definitions that qualify small businesses for special lending programs. The definition of small business, for example, is so broad that really small businesses, such as many woman-owned businesses, often fall outside of the scope of many lending programs.

FEDERAL ROLE IN SUPPORTING SMALL BUSINESS Discussion participants were especially vocal about the five percent goal set for Federal purchasing from woman-owned businesses. Participants felt strongly that Congress should consider raising the goal to be more

reflective of the proportion of businesses that are actually owned by women. And, noting that the current requirement seems to have the weight of a suggestion, participants also suggested that there be some push for agencies to actually achieve the target. Participants also agreed that a central source for locating government opportunities—especially for those set aside for women and minority-owned businesses—would be helpful.

There was an overwhelming recommendation from each of the sessions that the processes for obtaining such certifications—such as a woman-owned business certification or an 8(a) certification—were in need of streamlining. Finally, participants highlighted the opportunity to consider changes to the incentive structure and tax credits to afford small companies the benefits that larger companies already receive for mentoring and subcontracting with other small companies.

TECHNICAL ASSISTANCE AND ROLE MODELS Throughout the series of discussions, participants noted the need for better coordinated and more targeted technical assistance for women business owners. Participants noted the need for specific technical assistance in such things as developing business plans, structuring a company to grow in this economy, negotiating contracts, marketing, and taking advantage of international markets. While participants

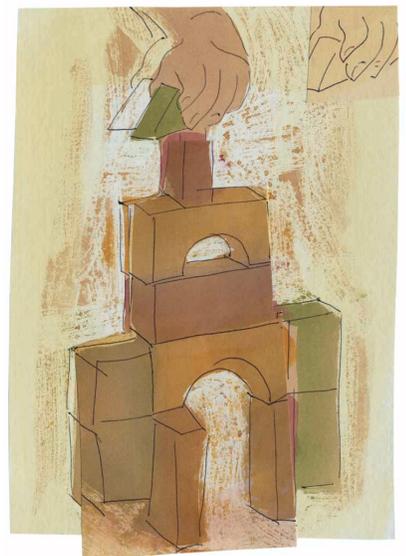
described a range of experiences with the Small Business Administration’s district offices, with Small Business Development Centers, with Senior Corps of Retired Executive programs, with the National Association of Women Business Owners, Women’s Business Centers, and others, most noted the lack of a centralized source for learning about and accessing all of the different training and technical assistance programs that are already available to women. Participants suggested the need for more practical conferences that offer networking opportunities and hands-on skills building workshops.

Participants also noted the need for more role models, remarking that we seem to have lost a lot of the history that is portrayed in the exhibit—with most women today not even knowing the stories. Participants suggested that there is a need for more documenting of women’s stories and more analysis of the lessons that women have already learned so that women today can benefit from the experiences of those women who came before them.

OPPORTUNITIES FOR ADDITIONAL RESEARCH AND SUPPORT ACTIVITIES

The three roundtable discussions point to several opportunities for additional research and opportunities to support women business owners:

- There is a clear need for future research to address why women are still not getting the level of venture and angel capital that men get and what the public and private sectors could each do to improve women’s access to such funding.
- A well-documented body of knowledge on international business and its ramifications has been in existence for some time and continues to evolve. An information clearinghouse on this topic would allow women business owners to access such information to support their decisions about whether or not to enter international markets.
- Finally, a number of participants in the Atlanta session expressed their concern that small, minority-owned, or woman-owned businesses that have government certifications may suffer from negative stereotypes, particularly in the private sector arena. Research to determine whether such negative perceptions exist and, if so, to what extent, is likely to generate useful information for supporting decisions on how such businesses should position themselves in public and private sector markets. If the stigma exists, determining specific, common objections and how they can be successfully circumvented, by industry, would be very valuable information.





THE NATIONAL WOMEN'S BUSINESS COUNCIL

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. 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.

The National Women's Business Council achieves this mission by:

- Conducting research on issues of importance to women business owners and their organizations;
- Communicating these findings widely;
- Connecting the women's business community to public policy makers; and
- Providing a platform for change in order to expand and improve opportunities for women business owners and their enterprises.

For more information about the Council, its mission and activities, contact:
National Women's Business Council, 409 3rd Street, SW, Suite 210, Washington, DC 20024;
phone: 202-205-3850; fax: 202-205-6825, e-mail: info@nwbc.gov

This report was prepared for the National Women's Business Council by Synthesis Professional Services under contract. The opinions and recommendations of the authors of this study do not necessarily reflect official policies of the NWBC, the U.S. Small Business Administration, or any other agency of the U.S. government.

Synthesis Professional Services is a woman-owned consulting firm located in Rockville, MD. Synthesis helps government clients to create successful outreach programs—such as public education campaigns, conferences, and Internet database development—as well as the critical underpinnings of these initiatives—including research and evaluation, strategic planning, and process redesign. For additional information about Synthesis, contact Synthesis Professional Services, 12339 Carroll Avenue, Rockville, Maryland 20857; phone: 301-598-4770; fax: 301-598-4772; email: rgigliotti@synthesisps.com