

## Getting to Success: Helping Women Business Owners Gain Access to Capital

### *A Study of Best Practices in Access to Capital Training Programs for Women Business Owners*

*Women-owned businesses are playing an increasingly important role in the U.S. economy. They are growing in numbers at twice the rate of all U.S. firms, and employment in women-owned firms is increasing at 1½ times the national rate. They are diversifying as well, both in terms of the industries their firms represent and the ethnic background of their owners. Yet, access to capital remains problematic. Studies have found that some women business owners still feel that banks are unwilling to lend to them,<sup>1</sup> and those who do have bank credit have lower levels of capital available to them.<sup>2</sup> Concurrent with these trends, or perhaps as a result, is significant growth in the number of training and assistance programs for women business owners seeking access to capital for business growth and development. This study focuses on nine such programs, and uncovers their common traits and practices.*

#### **Common Traits and Best Practices**

The programs selected for profiling and analysis in this research study were chosen to represent a variety of services provided, populations reached, information disseminated, and funding obtained and provided. While these programs varied in the scope and types of assistance offered, they shared these common characteristics:

**Community Focus:** A focus on the local community in which they operate proves to be a strategy for success. This community focus not only is evidenced in the way in which the organizations obtain financial support from local agencies and organizations, but through an active local volunteer base of trainers, mentors, in-kind service providers, and strategic business support.

**Feedback Response:** Successful programs heed not only their own advice, but respond well to the feedback of others: clients, funding organizations, and other strategic partners. Successful organizations are also proactive in seeking feedback through customer satisfaction surveys, newsletters, web-based communications, and meetings and conferences.

**Realistic Expectations:** Successful programs counsel clients on the skills, time commitment, and perseverance required of business ownership, providing essential tools and support, but also providing a necessary vetting process for prospective owners.

**Staff Commitment and Experience:** Having not only a dedicated and committed staff, but leaders and trainers with real-world business skills is another essential component of a successful program. Hands-on training

requires the instilling of practical skills as opposed to textbook theory, and these successful programs share that characteristic.

#### **Programs in Profile**

Following is a brief description of the programs that were profiled in this report. A more complete description of their programs and services, and some program success stories, is available in the full report.

#### **ACCION New York** (<http://www.accionnewyork.org>)

ACCION International is a worldwide organization whose mission is to give people the tools they need to work their way out of poverty. Founded in 1991, ACCION New York has grown to become one of the largest microlending and business training programs in the country. In the past decade it has made over 3,840 loans totaling \$16.8 million. The program's staff consists of approximately 12 directors, loan officers and VISTA volunteers who help publicize the center and coordinate the variety of services and organizations involved in small business training, loan management and financial planning.

#### **The Coleman Foundation**

(<http://www.colemanfoundation.org>) The Coleman Foundation, founded in 1951 in Illinois, has long supported entrepreneurial efforts by women and minorities to establish their own companies. The Foundation has provided support in a number of venues, including entrepreneurial education and awareness for the past 20 years. Their mission focuses on a commitment to the principles of self-determination, self-respect, and individual initiative. Since 1981, the Coleman Foundation

has granted over \$24 million to support educational and community programs promoting entrepreneurship awareness.

#### **Dingman Center for Entrepreneurship**

(<http://www.rhsmith.umd.edu/dingman>) The Dingman Center for Entrepreneurship is located in the School of Business at the University of Maryland at College Park. The Center offers a variety of training and referral resources, including assistance with business plan development, mentoring on all aspects of small business operations, and loan applications. The Center also offers opportunities to meet area venture capitalists.

#### **The Ewing Marion Kauffman Foundation**

(<http://www.emkf.org>) The Ewing Marion Kauffman Foundation is a nationally focused non-profit foundation based in Kansas City, Missouri. It provides assistance, training, and support to women business owners through its various programs, research and educational initiatives. The Foundation's activities reflect a wide breadth and depth of expertise with the goal of helping individuals start and grow their businesses. The Foundation's support is organized into six primary areas, including entrepreneurship training for youth, college students, and adults, as well as support for social entrepreneurship, policy and research. The area of adult entrepreneurship offers a vast number of web-based sites to help women business owners decide which training is most appropriate.

#### **The Institute for Social and Economic Development**

(<http://www.ised.org>) The Institute for Social and Economic Development is a non-profit organization providing services to assist primarily disenfranchised persons to enter the economic mainstream and create a solid economic future for themselves and others. It is located in Coralville, Iowa, with five other offices in the state. ISED's primary mission is to help low-income individuals and disadvantaged communities improve their employment and acquire assets to escape poverty. ISED is staffed by 14 professionals with backgrounds in finance, business and marketing.

#### **Minnesota Women's Business Center**

(<http://www.mnwbc.org>) The Minnesota Women's Business Center was founded in 2000 and is supported by a 5-year sustainability grant from the U.S. Small Business Administration. Managed by two women with entrepreneurial experience and backgrounds, the center is located in northwestern Minnesota. It offers business training and mentoring for women who are exploring the option of starting their own business.

#### **The Wachovia Corporation** (<http://www.wachovia.com>)

The Wachovia Corporation is committed to loan \$5 billion to women-owned businesses over the next ten years. The corporation currently has one full-time staff member who oversees the program from Wachovia's headquarters in North Carolina and coordinates with Wachovia staff on the East Coast. The program offers resources for women-owned businesses to learn the steps needed to start and

maintain a business, and offers assistance for women-owned businesses to obtain funding, including SBA loans, in addition to the Wachovia funds.

#### **Women's Business Center of Northern Virginia**

(<http://www.wbcnova.org>) The Women's Business Center of Northern Virginia is staffed by two women with managerial and corporate experience. The Center offers technical assistance, one-on-one business counseling, and assistance with loan applications.

#### **Women's Growth Capital Fund**

(<http://www.womensgrowthcapital.com>) The Women's Growth Capital Fund was founded in 1997 to make equity investments in women-owned businesses in early and expansion stages. With \$30 million under management, the Fund – which has been fully subscribed since December 2002 – focuses on companies located on the East Coast. It is one of only three women-focused funds licensed as a Small Business Investment Company by the U.S. Small Business Administration.

#### **Methodology**

In order to meet the study objectives of identifying existing programs that assist women business owners in gaining access to capital and uncovering common best practices and implications for further program development, a wide variety of programs were reviewed. Information was collected primarily through web-based research, with some telephone follow-up among key program personnel. After uncovering hundreds of programs, nine were selected to represent a variety of the following key program characteristics: program age, sources of funding, range of services offered, number of clients served, and primary financial sector. The information collected during the course of the research focused on organizational descriptive information, types of media used to disseminate program information, services provided, sources of funding, and client activities and outcomes. The research was conducted for the National Women's Business Council by Synthesis Professional Services, a woman-owned business headquartered in Rockville, Maryland.

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: [nwbc@sba.gov](mailto:nwbc@sba.gov), web site: <http://www.nwbc.gov>.

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<sup>i</sup> Women Still Lack Access to Capital, NFO WorldGroup press release, as cited on <http://www.wahmpreneur.org>, April 15, 2002.

<sup>ii</sup> Center for Women's Business Research, *Capital, Credit and Financing: An Update*, 1998. See <http://www.womensbusinessresearch.org>.