



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**



The National Women's Business Council
September, 2002

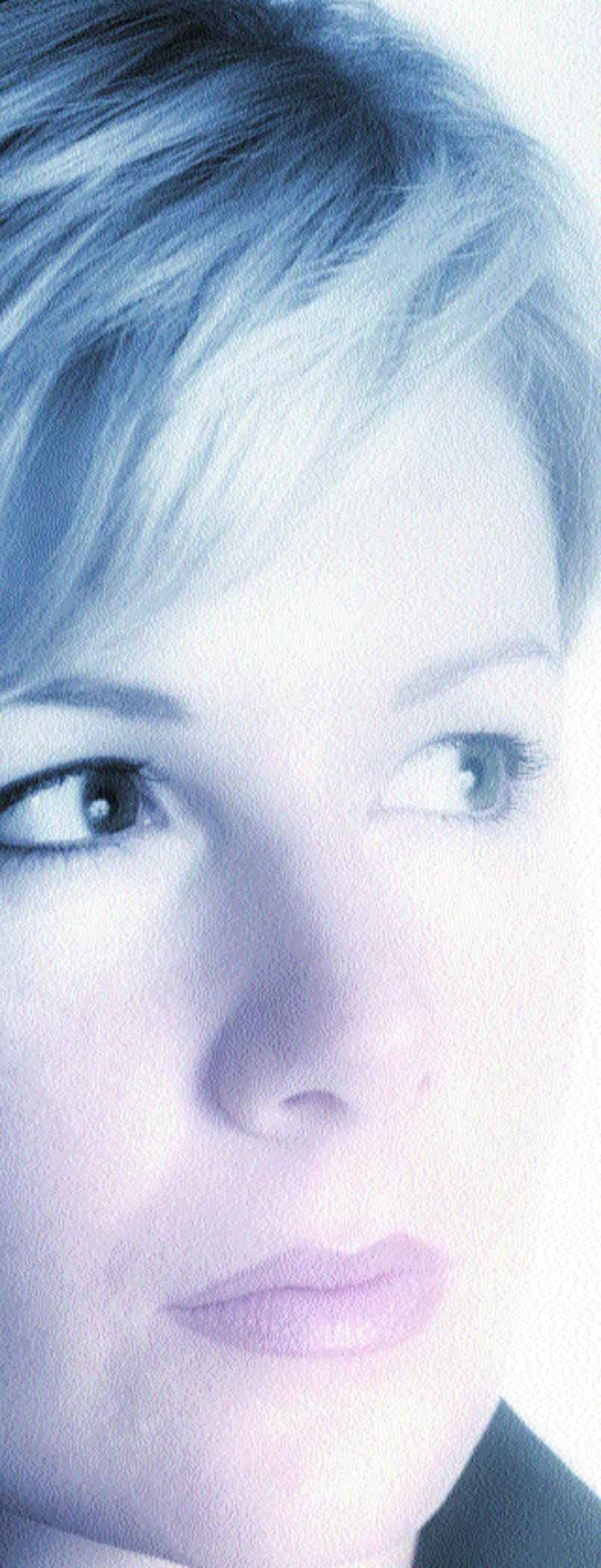


TABLE OF CONTENTS

3	Executive Summary
5	Introduction
7	Background & Rationale
8	Study Methods
10	Program Descriptions
21	Success Stories
25	Best Practices
28	Conclusion & Recommendations
29	Appendix A Study Programs Information

EXECUTIVE SUMMARY

This report provides a snapshot of nine programs from around the country that offer training and opportunities for women entrepreneurs to obtain funding and access to capital for their businesses. These programs represent a number of geographic areas, diverse selection criteria, a variety of services, and a range of program sizes and client types. The services offered through these programs are a potentially important resource for women-owned businesses. According to the 1997 Economic Census, 38% of all U.S. businesses were owned by women in 1997¹ and the number and proportion of women-owned businesses has continued to outpace businesses owned by men. In spite of this documented lead, the proportion of women business owners who apply for private capital and credit, while increasing, continues to lag far behind that of male business owners.

This study was undertaken to explore a select sample of programs that provide training and access to capital for women-owned businesses. Information about program duration, staff size and experience, success factors, and training courses offered was collected through literature review and key informant interviews. This information was analyzed to identify trends that may serve as a set of guidelines or best practices to inform similar programs about critical factors that are successful in helping women business owners obtain funding.

¹Women Owned Business, 1997 Economic Census, U.S. Department of Commerce, 2001.



The study procedures included a preliminary search of programs using web-based inquiries. A number of factors including size, program age, and services offered were used to develop the final list of nine programs, which included:

- ACCION New York
- The Coleman Foundation
- Dingman Center for Entrepreneurship
- The Ewing Marion Kauffman Foundation
- The Institute for Social and Economic Development
- Minnesota Women's Business Center
- The Wachovia Corporation
- Women's Business Center of Northern Virginia
- Women's Growth Capital Fund.²

Information from these programs was generated through further review and analysis of program materials as well as interviews with key program staff. The data were summarized and synthesized to identify cross-cutting trends and to determine a set of best practices.

Attributes of best practices identified among this set of successful programs included:

- Realistic expectations
- Customer focus and feedback
- Community linkages and involvement
- Staff commitment
- Staff experience and background.

²This Report is not an endorsement by the NWBC of any of the programs discussed herein.

INTRODUCTION

It is becoming increasingly clear that the impact of women-owned businesses reflects impressive growth, in terms of not only the number of new start-ups, but also of relative growth and expansion of enterprises that reflect a broad diversity of products and services. The nature of these developments highlights the impressive strides made by women business owners.

- As of 2002, there are an estimated 6.2 million majority-owned, privately-held women-owned firms in the U.S., employing 9.2 million people and generating \$1.15 trillion in sales.
- Between 1997 and 2002, the number of women-owned firms was estimated to have increased by 14% nationwide — twice the rate of all firms; employment increased by 30% — 1-1/2 times the U.S. rate; and sales grew by 40% — the same rate as all firms in the U.S.
- Women-owned firms continue to diversify into all industries. Construction, manufacturing and transportation have seen the largest recent increases, although services and retail still make up the largest share of women-owned firms.³



Although the proportion of successful, emerging women-owned businesses is clearly increasing, women-owned businesses continue to apply for and to receive a relatively low proportion of funds from the financial industry. NFO WorldGroup, a worldwide leader in market research, recently released a study⁴ that concluded that women who run businesses believe banks are less willing to lend them money and therefore turn to personal credit for funding. “Twice as many women than men have reported difficulty in obtaining credit in the past six months,” according to Maria Erickson, Executive Vice President, NFO Financial Services. “As a result, an alarming one-third of these women are turning to credit cards or personal loans as a solution for meeting their credit needs more easily, and in some cases, less expensively. The results of this study indicate that many successful women small business owners do not feel confident that the banking industry is interested in supporting their needs.”

This finding, which supports data generated in a similar survey conducted in 2000, indicates little change in the way women business owners fund their businesses. The previous survey determined that fewer than one in five (18.4%) women business owners had working capital lines of credit in 1997 and that women business owners still accounted for only one in five of SBA 7(a) loan holders in 2000.⁵ By contrast, male business owners continued to attract the vast

³Center for Women’s Business Research, Key Facts, as cited on the web site www.nfwbo.org

⁴Women Still Lack Access to Capital, NFO WorldGroup Press Release, as cited on the web site www.wahmpeneur.org, April 15, 2002.

⁵Women in Business 2001, published by the Small Business Administration, Office of Advocacy, October 2001.

majority of equity investment dollars, being perceived as having the right experience, better business plans, and an established force in the venture capital industry. In spite of the exceptionally high business growth experienced over the past decade, women-owned businesses have not fared nearly as well as have male-owned businesses in terms of procuring capital and working assets.

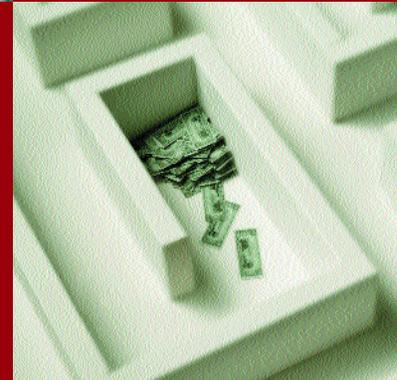
A recent study by the Center for Women's Business Research⁶ illustrates the current reality of women-owned businesses. Using national databases to track business growth and productivity, the study generated the following results. These findings clearly support the fact that, while women-owned businesses may continue to be under-represented in terms of financial assistance, this condition has not hampered their rate of growth:

- Women-owned firms continue to grow at a faster rate than all U.S. firms.
- The number of women-owned firms with 100 or more employees increased by 43.9% during the period of 1997 to 2000 — three times as fast as all women-owned firms and achieving almost twice the growth of all firms with more than 100 employees.
- The number of women-owned firms with \$1 million or more in revenues has grown by 31.6% in the 1997 to 2000 period and the number of women-owned firms with revenues exceeding \$10 million has grown by 36.8% during the same period.
- Start-ups by women are also on the rise with one-third of all women-owned businesses being less than four years old. The sectors represented in the past three years predominantly comprise firms in the health services, retail trade-general merchandise, finance/insurance, and business sectors.
- Women-owned firms continue to be as financially strong and creditworthy as the average U.S. firm. On three separate and distinct measures — bill payment, financial stress, and overall creditworthiness — there is no significant difference between the scores registered by women-owned businesses and those of average U.S. firms.

Having achieved such stellar outcomes in spite of their lack of participation in traditional funding programs, one can only imagine what may be possible for women business owners who do apply for and receive their portion of the equity investment dollars currently being funneled to their male counterparts.



⁶Removing the Boundaries: The continued progress and achievement of women-owned enterprises. Center for Women's Business Research, November 2001.



BACKGROUND & RATIONALE

The trends cited above indicate that women-owned businesses continue to show high levels of growth and expansion in the U.S. in almost every business sector and federal region. However, while women-owned businesses, and their owners, continue to demonstrate success, the studies cited demonstrate that women entrepreneurs, especially those in start-up companies, continue to assume they are not eligible for business loans and lines of credit.

Having observed these documented trends, the National Women's Business Council (NWBC) decided to seek information on a selected number of programs around the country that help train current and potential women business owners on how to obtain business funding. Noting that, in spite of demonstrated rapid growth and comparable creditworthiness, women-owned businesses continue to receive significantly less funding than their male counterparts, the NWBC sought to examine selected training programs and document activities that are helping women business owners gain access to capital. These successful activities would be distilled into a set of best practices designed to guide organizations seeking to establish or improve their efforts to help women-owned business owners access the funds they need to grow their businesses.



STUDY METHODS

The focus of this study was to identify programs that offer women business owners training and other support for obtaining access to capital. When considering which programs to examine, the primary criterion for inclusion in the study was the intent to provide women-business owners the tools they need to obtain access to capital. In many cases, the programs considered provided a range of services for entrepreneurs that went beyond training for successful access to capital.

The primary study objectives were:

- To identify existing programs that focus on helping women entrepreneurs gain access to capital
- To determine the best practices of the programs based on program success parameters
- To synthesize this information into a set of recommendations for successful program development.

To achieve these study objectives, Synthesis Professional Services (Synthesis) conducted a search and review of existing programs, consisting primarily of web-based inquiries. These activities resulted in identification of hundreds of programs that offer a variety of services ranging from providing clearinghouse information and resource identification to entrepreneurial training and networking opportunities.

Based on an initial review of program activities, Synthesis identified a preliminary set of programs for further review. A number of programmatic variables were considered and a set of critical primary variables was selected as the criteria for identifying nine programs that served as the focus for the study. These nine programs cut across the primary variables determined to provide the best snapshot of current Access to Capital programs for study purposes, including:

- Program age
- Funding source(s)
- Range of services offered
- Number of clients served
- Primary financial sector.

The use of the Internet allowed for an efficient and relatively comprehensive search strategy. Initially, it was thought that using the web as the primary method for identification and selection may result in a bias toward those programs with web pages. However, while reviewing the sheer number and diversity of programs resulting from the searches it became clear that these results were representative of existing programs.

The nine programs selected for inclusion in the study include:

- ACCION New York
- The Coleman Foundation
- Dingman Center for Entrepreneurship
- The Ewing Marion Kauffman Foundation
- The Institute for Social and Economic Development
- Minnesota Women's Business Center
- The Wachovia Corporation
- Women's Business Center of Northern Virginia
- Women's Growth Capital Fund.

A matrix listing each program, its website address, and a short description of program services is included in Appendix A.

After selecting the nine programs according to the established criteria, Synthesis conducted a thorough review of each program using available online materials supplemented by key informant interviews. The information collected covered a range of topics including organizational descriptive variables, types of media used to disseminate program information, services provided, sources of funding, and client activities and outcomes.

PROGRAM DESCRIPTIONS

In this section, we provide a brief description of each of the nine programs selected for this study. Particularly when discussing larger programs that feature diverse offerings, we focus on activities designed to support women business owners with training on access to capital. The depth and breadth of the services offered by these programs vary considerably. Several programs, such as the Kauffman Foundation and the Women's Growth Capital Fund, provide services on a nationwide basis, while others work with entrepreneurs within a specific large geographic region, such as the Coleman Foundation and the Wachovia Corporation. Some programs are state-based, like the Institute for Economic Development and the Dingman Center for Entrepreneurship, while others, including the Women's Center of Virginia and the Minnesota Women's Business Center, exist to serve selected local communities.

Three of the nine programs selected, Women's Business Center of Northern Virginia, Institute for Social and Economic Development, and ACCION New York, offer services that target low-income populations. Other programs such as the Dingman Center of Entrepreneurship are available to all interested parties. Some programs, such as the Kauffman Foundation, disseminate training and other support using the Internet, while others, like the Coleman Foundation, only fund grass roots efforts by other organizations that deliver these services. One program in the study, the Women's Growth Capital Fund, is extremely selective, but provides actual funding and director-level support to the women-owned firms who meet their criteria.

Despite these differences in size, scope, and focus, most programs are very similar in their philosophy, enthusiasm, and commitment to helping the women-owned business community. While the information requested in our review process covered specific data about numbers of applicants/clients, numbers of loans, and loan amounts, many programs do not collect these data and were not able to provide this information. Therefore, quantitative data are reported wherever possible, although they were not consistently available across all study sites.



ACCION New York Program

ACCION International is a worldwide organization, active in the U.S., Latin America, the Caribbean, and Africa, whose mission is to give people the tools they need to escape poverty. The organization and its lending partners provide micro loans, other business loans, and business training to men and women starting and growing their own businesses. A hallmark of its programs is their ability to foster a consistent mission, philosophy, and set of service offerings carefully tailored to the specific needs of the target populations served in a particular area.

Founded in 1991, ACCION New York, a partner program of ACCION International, has grown to become one of the largest micro lending programs in the country. During the decade since its inception, this Program has facilitated more than 3,840 loans totaling \$16.8 million to clients described as 45% female, 75% Spanish-speaking, and 55% low-income. The Program practices “stepped” lending of loans ranging from \$500 to \$25,000, starting clients off with small loans and graduating to larger amounts as their businesses grow. In recognition of its achievements and its innovative approach to providing capital to New York City entrepreneurs, ACCION New York was awarded the Presidential Award for Excellence in Microenterprise Development in 1996.

The program staff is comprised of twelve directors and loan officers with backgrounds in community development, finance, and marketing. The program is marketed through a number of efforts, including publicity by Volunteers in Service to American (VISTA) volunteers working in the community, a local newsletter, and information posted on community information boards. In fact, a new initiative, Street Reach, has been introduced. This program puts loan officers, equipped with laptops and cell phones, on the streets to meet the needs of local business owners.

The Program maintains a strong referral network with partner organizations that also provide services to support small business owners starting or expanding their enterprises. These services range from assistance in creating financial and marketing plans to help solving legal issues and other specific business problems. In most cases, services are provided free of charge from among more than thirty local partner organizations including:

- American Woman’s Economic Development Corporation
- The Boricua College Small Business Development Center
- New York Association of New Americans
- The Queens Overall Economic Development Corporation
- The Small Business Development Center at Lehman College.



The Coleman Foundation

The Coleman Foundation (Foundation), founded in 1951 in Illinois, has long supported efforts by women and minorities who wish 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. The philosophy of the Foundation assumes certain characteristics to be essential to entrepreneurial development. This is reflected in their focus on “a commitment to the principles of self-determination, self-reliance, self-respect, and individual initiative.”

Since 1981, the Coleman Foundation has granted over \$24 million to support educational and community programs that promote awareness of entrepreneurship as a career choice. The Foundation staff consists of six board members and four full time staff members coordinating and operating the day-to-day activities. Foundation staff visit classrooms and communities throughout the country making presentations and routinely serve as resource and referral agents for development and delivery of foundation-sponsored programs. Typically, the Foundation funds agencies and organizations that support grass roots and small business promotion initiatives. Grantee agencies funded in 2001 include:

- Purdue University, Calumet
- Accion Chicago
- The Center for Entrepreneurship, New Mexico
- Active Pursuit for Entrepreneurial Excellence
- Women’s Small Business Development Center
- Entrepreneurial Education Foundation
- Heartland Institute
- Illinois Business Hall of Fame
- Illinois Business Week Illinois CPA Society

Recently, the Foundation Board of Directors has decided to work with the United States Association of Small Business and Entrepreneurship to continue its efforts to support entrepreneurship options for women and minorities. This joint initiative will replace the Foundation’s national Entrepreneur Awareness and Education Grants program but will ensure the same level of support for these important initiatives.



Dingman Center for Entrepreneurship

The Dingman Center, located within the University of Maryland in College Park, Maryland, was founded to “advance, support, and encourage entrepreneurship and new venture growth through outreach, education, and research.” Established in 1986, the Dingman Center is currently staffed by ten professionals with experience in academia and the business community and is linked to the University of Maryland’s School of Business. The program’s services and activities are publicized through community newsletters, posters on campus, and through business networks and organizations in Maryland.

The Dingman Center offers a number of free and low cost services to entrepreneurs, including a clearinghouse of information on business, government, and financial organizations that support small business. Although the Dingman Center accepts all interested entrepreneurs, women business owners are encouraged to participate and comprise slightly more than half of Dingman Center clients. While the Dingman Center is linked to the University of Maryland, staff also cultivate close ties within the non-academic business community, hosting a number of outreach programs that bring entrepreneurs together with local business members.

Among the programs offered is the Mentor program, which currently boasts participation of more than 200 mentors from a broad range of business backgrounds with an average of 20 years’ experience. Mentors are available to provide advice, networking opportunities, and training in business plan development. A nominal fee is charged for participation in this program, which continues as long as mentors and their protégés deem necessary. Typically, protégés continue to meet with mentors well beyond the company start-up phase to take advantage of their advice as the business proceeds through its first stage.

Membership in the Baltimore/Washington Venture Group is also available to Dingman Center clients for a small fee. This program helps introduce entrepreneurs to sources of business capital, professional services, and management team candidates and offers training in access to capital topics like fund negotiation, financial planning, and how to issue an initial public offering (IPO). Similar services are offered through the Dingman Center’s Private Investors Network. This Network provides business plan review and offers new entrepreneurs advice on how to present their ideas to investors.



Ewing Marion Kauffman Foundation

The Ewing Marion Kauffman Foundation (Kauffman Foundation) is a national non-profit organization based in Kansas City, Missouri, whose Center for Entrepreneurship was founded in 1992. Since that time, the Kauffman Foundation has succeeded in providing assistance, training, and support to women business owners through a range of programs, research, and educational initiatives. The Kauffman Foundation's activities reflect an impressive breadth and depth of expertise focused on helping entrepreneurs start and grow their businesses.

The Kauffman Foundation support services are organized into six primary areas, including entrepreneurship training for youth, for college students, and for adults, as well as policy and research. As part of its research mission, the Kauffman Center for Entrepreneurial Leadership recently co-sponsored, *The Diana Project*, a multi-year study of women business owners and business growth activities.

The Kauffman Foundation's area of adult entrepreneurship offers a number of web-based sites designed to help women business owners who can choose training support appropriate to their specific business needs. A sample of these sites includes training and information on specific business arenas as well as general entrepreneurial issues:

- **Developing Your Child Care Business** — In partnership with child care resource and referral agencies, this program incorporates entrepreneurship, community support, and early childhood development to help family-based child care providers launch and sustain viable businesses.
- **EntreWorld** — A clearinghouse of more than 1,000 articles on small business development that target topics most helpful to small business start-ups.
- **FastTrac™** — A series of courses offered throughout the country that provides training, experience, and support in business planning, loan application, and business expansion. These courses are taught by experienced business professionals and are designed to foster mentoring relationships with small business owners.
- **Kansas City Initiatives** — A series of programs based in the Foundation's home city, these initiatives cover a range of available service offerings such as creation of local mentoring programs, development programs targeted at growing local small business IT firms, and raising awareness of the business achievements of Kansas City's African American community.

The foundation is linked to universities and communities throughout the country.



Institute for Social and Economic Development

The Institute for Social and Economic Development (ISED) is a non-profit organization, founded in 1987, that offers a range of services designed to help disenfranchised people enter the economic mainstream and create a solid economic future. Headquartered in Coralville, Iowa, ISED operates branch offices in five other Iowa cities as well as in Utah, Arkansas, New York, Nebraska, and Delaware. The Institute is funded through a variety of sources including grants from government agencies, foundations, and corporations; service support contracts with organizations and agencies; and contributions from private individuals. It is staffed by 14 professionals with backgrounds in finance, business, and marketing. Most staff are located in Coralville, although they provide services throughout Iowa and the ISED's satellite offices.

ISED's primary mission is to strengthen the social and economic well-being of individuals and communities. Objectives that support this mission include provision of life skills training, job training, asset accumulation, and microenterprise development. Delivered in the state of Iowa, the microenterprise development program offers technical assistance on the skills needed to start, expand, and strengthen small businesses to low-income people and residents of distressed Iowa communities. One critical goal of this effort is to help clients access the capital they need to grow their businesses. According to the most recent available statistics, 127 clients received microenterprise training and 43 of these actually started a business during FY99. Commercial loans were the primary source of start-up funds for these entrepreneurs. Loan amounts ranged from \$200 to \$150,000, reflecting the diversity in funds needed to start different types of small businesses as well as client abilities to successfully borrow these funds.

Program services are provided through a number of venues and mechanisms. Applicants qualify for ISED microenterprise assistance based on a sliding income scale ranging from below \$16,000 for a single person household to a maximum of \$57,300 for a household with 8 people. Qualified applicants receive training in market research, business feasibility, and financial planning. Service offerings are tempered by assessment of a client's realistic understanding and common-sense approach to operating a small business. Tools available to clients include materials for developing a business plan, classes and consulting by professionals allied with the ISED, and access to mentoring and consulting throughout the client's business life cycle. The program also offers a self-administered questionnaire available through the center or online. This resource helps applicants explore basic issues involved in starting a small business and offers a series of exercises to help potential applicants assess whether self-employment is a viable option for them. The guide also provides tips and strategies for determining a business's financial requirements and presents the essential elements for a business plan.





Minnesota Women's Business Center

Minnesota Women's Business Center (Minnesota WBC) is located in northwestern Minnesota and serves a thirteen county area in a predominantly rural location. Founded in 1998, with a five-year sustainability grant from the SBA, the center is staffed by four women, three full-time and one part-time staff. In addition to paid program staff, the Minnesota WBC also encourages and employs local volunteers. As with most of the nine programs in the study, paid staff have backgrounds in management and business that foster credibility among their target women-owned business clients.

The Minnesota WBC offers a range of services designed to help women-business owners develop effective business plans to support their business loan applications. Primary services include classes and workshops in business plan development as well as consulting and one-on-one mentoring that deal with all aspects of the loan application process.

Fall and winter tend to be the busiest times for the Minnesota WBC, when most clients enroll in programs or visit to explore the possibility of receiving grants and training. Minnesota WBC staff report that a primary focus of many client visits is to seek assistance for their plans to open service or retail shops. Although the Minnesota WBC is open to anyone interested in entrepreneurship or loan application training, after initial inquiries and information gathering, the number of serious clients remaining in the program has hovered around ten women each year. While this number may seem low, the Minnesota WBC has had considerable success with clients qualifying for bank, SBA, and micro-lender program loans. Minnesota WBC staff report that they've been able to procure more than ten loans for their applicants, which represents some considerable success in light of their rural location and the cyclical nature of their program.

Another noteworthy feature of this program is the local community support it receives. Local merchants and business people routinely donate both time and free advertising to support program initiatives. These donations help maintain effective mentoring services and supplement program promotional materials and print advertising used to generate awareness about the program.





The Wachovia Corporation

The Women's Program at Wachovia (Women's Program) was begun in 1999 with a corporate commitment of \$5 billion to be loaned to women-owned businesses over a ten year period. Wachovia Bank, recently merged with First Union, is headquartered in North Carolina and primarily serves the mid-Atlantic region of the U.S. The Program is administered by one full-time employee who oversees its operations as part of her job as Director of Emerging Growth Markets.

The intent of the Women's Program is to serve all small business applicants; however, it focuses on women-owned businesses by offering services from training and forums to business planning workshops. The program's services are promoted through its web sites as well as in the outreach activities and forums that the Corporation sponsors and attends. The Program promotes its approach as holistic — that is, providing support for the entire business life cycle, from start-up through maturity. According to Wachovia staff, this is especially important to women business owners because they believe the capital life cycle for women-owned businesses is longer than that for men.

The program is advertised through a number of venues, in addition to the Wachovia web site. Wachovia participates in a range of grass roots forums and local functions that help publicize the Women's Program services. The corporation also advertises in *Enterprising Women* magazine and has formed alliances with the National Alliance of Women Business Owners (NAWBO) and other national organizations.

Wachovia's Program is targeted toward women whose businesses have been operational for one to two years — those with at least a short track record. For clients with new business ventures, Wachovia assists owners with applications for SBA and other government-sponsored loan products. In order to ensure its customer focus, Wachovia implements a broad range of customer feedback mechanisms, including liaison with regional NAWBO champions on a regular basis, periodic surveys and questionnaires sent to small business clients, and opportunities for networking at the many forums in which they participate.





Women's Business Center of Northern Virginia

The Women's Business Center of Northern Virginia (NoVa WBC) was founded in January 2001. The NoVa WBC targets primarily low-income women interested in exploring the possibility of owning their own business. It is staffed by two full time women with extensive small-business and managerial experience, including leadership roles in entrepreneurial, corporate, and non-profit settings. The program's services are promoted through local advertising (which is typically donated by community businesses), and posters and bulletin boards located throughout the Northern Virginia area.

According to NoVa WBC staff, many clients are somewhat naïve about the prospect of owning their own business. They are typically exploring their options and often enroll in courses without a solid sense of their objectives. A noteworthy hallmark of this program is its emphasis on helping women understand what owning a business entails so they can make an informed decision about this career option. While staff are enthusiastic about helping women realize entrepreneurship opportunities, they are also pointedly realistic about client aptitudes and attempt to provide appropriate counsel in light of their assessment of the client. This commitment to realism helps keep program activities geared to an appropriate level for each client. Program staff are equally realistic about funding referrals, considering carefully whether a specific client should attempt to generate funds to start a business. When generating funds is considered a viable objective, the NoVa WBC typically promotes loans rather than grants for seed money.



The Center offers assistance in three primary areas ranging from the most basic to the most advanced entrepreneurship topics: Introductory Entrepreneurial and Small Business Training, the Toolkit Series, and Business Plan Development Training. A fourth class, comprising 12 weeks of training to develop a business plan, is also offered, but is not part of the primary sequence. Courses are offered to applicants at minimal costs on a sliding scale based on HUD guidelines and most clients receive scholarships that cover the entire cost of the training.

According to center statistics, an approximately 50% attrition rate occurs from one level to the next for the courses in the primary sequence. However, nearly one in four of the 30–50 clients who enroll monthly complete the entire course sequence. Considering that the NoVa WBC has been operating for less than two years and that many in this client population are in an information-seeking stage, this number is quite impressive, indicating that clients are receiving useful information in this training.





In addition to the formal classes, the NoVa WBC also offers training on social networking skills and one-on-one counseling. These services are generally performed by local accountants, attorneys, and other business professionals who donate their time and skills. The NoVa WBC also maintains a database of professional referrals and resource partners from the community who are willing to help support the program.

Acting on feedback from other client centers that indicates that women in their target audience tend to be intimidated by a formal business setting, the NoVa WBC prides itself on having created a “homey” atmosphere for their program, which even includes an activity corner where clients’ children can play. The NoVa WBC generates program awareness through Web-based announcements and sales of a community-based calendar they produce but relies primarily on word-of-mouth to promote their services.

Women’s Growth Capital Fund

Founded in 1997 in Washington, D.C., the Women’s Growth Capital Fund (Fund) is a Small Business Investment Company Program whose mission is slightly different from other programs discussed in this report. As a venture capital firm funded by a group of institutional investors, this fund provides venture capital to women-owned firms that have been in business for at least two years, have revenues of at least \$500,000 and have submitted a business plan that supports a projected annual growth rate of at least 20%. The program also offers second phase capital to those women-owned companies who have passed the start-up phase and are planning for growth and expansion.

Operating costs for the Women’s Growth Capital Fund are funded through U.S. Small Business Administration (SBA) grants as well as a percentage of investment capital. It is staffed by four professionals: three directors and a business manager who have backgrounds in finance, marketing, business and law. If a firm is selected as a client, one of the three directors is assigned to sit on the company’s board and offers hands-on, continuous training and advice. This ongoing relationship between investors and client companies is considered an important hallmark of the program.

Given the current downturn in financial markets, the Fund is doing quite well. It is currently fully subscribed with nine active companies being funded. Since 1997, seven of the original companies that were funded are still operating. The Fund confines promotion activities to its website. Fund staff report applications numbering in the thousands after their most recent announcement seeking potential clients, from which the nine current client firms were selected. Experience has shown that when news of available capital arises, there is no need to advertise since business owners tap into their own networks to receive information.



Based on the number of applications received and the number of firms funded, the Fund's client acceptance rate is very low — approximately 1%. However, even if a firm is not selected, the Fund does provide business advice and materials to help applicants procure other funding. Links to other organizations and funding institutions are available on the Fund's web site.

At its inception, the Fund solicited clients from firms located across the country and currently invests in two companies located in California. However, as applications from the Mid-Atlantic region in which the Fund was founded increased, Fund staff decided to focus primarily on firms based in the Mid-Atlantic in order to simplify associated program logistics. This program is considered to be an overwhelming success because it is fully subscribed. Since it typically takes approximately five years for companies to show a profit after expansion or growth, Fund staff and investors feel confident that the nine original client companies will realize a profit in 2003.





SUCCESS STORIES

The following success stories illustrate ways programs included in this study have positively influenced their women business owner clients.⁷

ACCION New York's microenterprise program has helped more than 3000 low income New York City residents access capital for business startups and expansions.

- Nearly 20 years ago, Uvalda left Mexico to seek promised economic opportunity in the United States, but she found only seasonal employment and wanted more for her family. With a reputation as a great cook, Uvalda looked for space to open a restaurant and a loan to get started. With a loan of \$1,500 from ACCION New York, Uvalda was able to build a small kitchen and counter in a garage to replace the trailer where she had started her business. She subsequently moved to a 10-seat restaurant which was such a success that she recently moved to a 70-seat restaurant that she was able to afford with 5 years of savings and another ACCION New York loan. Uvalda now employs 10 people and is expecting her sales to double to \$500,000 next year.

⁷These stories were obtained from program websites.

For additional success stories, please visit the websites of the programs discussed in this report as provided in Appendix A.

The **Ewing Marion Kauffman Foundation** developed a training resource, “Developing Your Family Child Care Business,” that is offered through Heart of America Family Services in Kansas City. The program’s goals are to increase the number of child care businesses, the long-term viability of the child care business, and the number of businesses and community resources that support family child care.

- Veda was already involved in providing child care but, like many small businesses, needed help to improve her business cash flow. She sought out the Kauffman Foundation curriculum, which consists of 24 hours of training that covers a number of topics such as helping providers create a business plan, providing panels of experienced providers for discussions, offering sample budget and cash flow worksheets, and suggesting ways to find and access other community resources. Through the Kauffman course, Veda learned how to improve her cash flow along with creative ways to find the funding assistance her business needed.



The **Institute for Social and Economic Development** fosters microenterprise development as a strategy to alleviate poverty. The collaboration between ISED and the state of Iowa has helped literally hundreds of Iowans achieve their dreams of self-employment with loans of up to \$35,000 to start small businesses. The following two stories are examples of the success ISED has achieved in Iowa.⁸

- Amy was a single mother with three children who had a degree in Child Development and a desire to open a child care business. After leaving her marriage to an abusive husband, Amy went on welfare but also applied for and received training from ISED that resulted in a \$35,000 loan. She used these funds to open the first commercial day care center for infants and pre-school children in her town. Within three months the center was at full capacity and currently has six employees. In 1998 the business grossed \$100,000. In 1999, the owner received the welfare-to-work award from the SBA.
- Rhonda was married with a young son but was forced to go on public assistance after her husband was sent to prison. In order to make a living, Rhonda decided to take advantage of her background as a gymnastics and dance teacher and open a dance studio. After finishing her business plan with help from ISED, she applied for a loan but was told she had no collateral. Her mother put her car up for collateral and ISED provided the bank with a guarantee. Rhonda opened her studio more than six years ago

⁸ Realizing the Dream: Microenterprise Development as a Welfare-to-Work Strategy in Iowa. Institute for Social and Economic Development.

and currently offers a variety of dance instruction for both children and adults. In 1999, Rhonda went to Washington, DC with ISED to accept the Presidential Award for Excellence in Microenterprise Development.

Although **Wachovia's Women's Program**⁹ has only been in existence since 1999, it has already helped develop a number of successful business initiatives owned by women.

- Ten years ago Laura Matrisciano bought 82-year-old Fritz Moving Company from the granddaughter of the original owner, Harry Fritz, who was known for having offered the first enclosed moving van in Berks County, PA. As the first non-family owner, Matrisciano injected the business with a fresh supply of energy, enthusiasm, and will to succeed. Today Matrisciano is on the move, providing local, national, and international moving and storage services to residential, commercial, and industrial customers. “During the past 10 years I've come to realize just how difficult it is to own a business. Many entrepreneurs rely on their own personal area of expertise to guide them. But that in itself is not enough. The program has provided us with professional services and addressed our individual needs. They have always been our banking partner, which has helped us to continue our growth,” notes Matrisciano. The company is a recent recipient of Mayflower Transit's “Circle of Excellence Award.” The award is given to a select group of agents that excel at providing quality service as determined by their customers. The company is proud of its consistent ranking in the upper 10% of Mayflower agents nationwide.
- Joan Donnelly and Renee Datz met for the first time in a math class 10 years ago. Donnelly, a teacher for 19 years, was taking the class to help meet teaching certification requirements. Datz was just beginning a career as a mechanical engineer. Soon after they met, the two women decided to start a new business together. Still working days at their full-time jobs, in the evenings they began remanufacturing — or recycling — laser printer toner cartridges on a table in Donnelly's living room. Today, what started as a moonlighting opportunity has blossomed into a \$3.25 million business. Future objectives include a commitment to spend increasing time, energy, and training dollars on service-related activities and exploring the idea of selling and servicing document-management software and related equipment to support the “paperless” office concept.



⁹ Wachovia and First Union Bank have recently merged and further information about the program can be found at www.FirstUnion.com.

The Women's Growth Capital Fund selects its recipients from among thousands of women business owners with a business track record of at least two years and annual receipts of at least \$500,000.

- Cylex™ Inc., founded in 1992 as Biotechnology Transfer, Inc. (BTI) by Dr. Marjorie Wier and Peter Sottong, is a bioscience company that develops products that allow physicians to measure the immune response of patients receiving immunosuppressant therapy for organ transplantation. Initially, the company provided consulting and contract research services to industry and academia. Cylex was selected as one of nine clients among thousands who applied to the Women's Growth Capital Fund. Their patented technology provides an innovative approach for measuring immune activity in transplant, AIDS, and cancer patients, and those with other infectious diseases and autoimmune disorders. In April 2002, Cylex announced that it had received Food and Drug Administration (FDA) clearance for the Cylex™ Immune Cell Function Assay, a test that improves upon other available assays because it is easy to perform, results are available within 24 hours rather than several days, and it uses only a small amount of whole blood. The Cylex assay is the first product cleared by the FDA for measuring global cell-mediated immunity.





BEST PRACTICES

In many ways, the best practices identified while reviewing these programs reflect the same attributes the programs foster in their training, philosophy, and service delivery. They include:

- Community Liaisons
- Customer Focus and Attention to Feedback
- Realistic Expectations
- Staff Commitment
- Staff Background and Experience.

Each of the practices discussed below are present in varying degrees in each of the nine programs included in this study and are seen as necessary elements for defining training for access to capital program success.

Community Liaisons often become important extensions of the support provided by program staff. Partner organizations and local community service agencies with similar target audiences can often reach potential clients more efficiently than would otherwise be possible, regardless of advertising budget. Partners working together toward shared goals create synergies that result in effective mentoring programs and client access to a broad range of business expertise. Volunteers from local communities provide logistical and administrative support as well as legal, accounting, marketing, and other strategic business support that is considered indispensable by each of the nine study programs. Salaried staff report that these volunteer skills not only provide critical training and support, but also act as real-world examples that help enhance program credibility. Community support typically extends beyond skill sets and extra bodies, however. Many programs report receiving space and facilities, free advertising, and even office supplies from local businesses and partner organizations.

Client Focus and Attention to Feedback are also seen as critical to the success of these programs. While constantly emphasizing these values to their clients, successful programs heed their own advice when developing access to capital training programs. One striking example of this is the conscious decision by the Women’s Center of Northern Virginia to design and decorate their center to make it homier and less intimidating to their clients — low-income women determining whether entrepreneurship may be a good career choice. Similarly, the Wachovia Corporation and the Dingman Center demonstrate their understanding of the typical entrepreneurial personality by offering holistic skills training that supports all phases of the business life cycle, providing the experience and perspective clients need to ensure business success well beyond start-up. This strategy helps these programs establish a solid client base while promoting success of the enterprise over time.

Successful programs encourage and benefit by continual client feedback and tailor their training, strategies, and funding sources accordingly. The Wachovia Corporation, the Coleman Foundation, and the Kauffman Foundation, each large regional and national organizations, rely on representatives outside each organization’s headquarters to provide information on program content and applicability. The resulting feedback is acknowledged, analyzed, and used to revise products and procedures as indicated. On a local scale, successful programs adapt as the economy expands and contracts to offer training and resources that reflect client needs in the specific markets they serve.

Whether programs support clients on a local or national scale, effective client communications are ensured through mechanisms such as Web-based communications, meetings and conferences, customer satisfaction surveys, and newsletters that help gather feedback necessary to maintain effective client focus and program success.

Realistic Expectations are considered critical to establishing actionable, achievable program objectives, effective training curricula, and overall program credibility. The programs presented here implement a range of different tools and techniques to assess applicant aptitude for starting and running a successful company as well as a defined set of criteria to obtain funding. Providing one-on-one mentoring with an established businessperson or offering a toolkit containing items to measure business acumen are some of the ways these programs ensure that women business owners are working toward achievable goals. Several members of various program staff made remarks to the effect that their program, “was not in the business of giving away government grants like that man in the commercial would have you believe.” In fact, successful programs often go out of their way to dispel these myths, understanding that it is in their best interest to help applicants understand the rigors of owning a business.



Staff Background and Experience are often cited by clients who measure program credibility by the degree of staff experience in business, especially in marketing and finance. Hands-on experience allows staff members to speak knowledgeably about the time and effort required to start or grow a business and ways to overcome funding obstacles that can mean the difference between success and failure due to cash flow issues.

Staff Commitment is evident from the enthusiasm and dedication virtually all program staff express about their programs and the pride that shows when they boast about their clients' accomplishments. Clearly, many staff members interviewed perceive their positions, not as jobs, but as vocations that allow them to help women work their way out of poverty or, in true entrepreneurial spirit, to share a client company's success through expansion or an IPO. Discussions with staff reveal a tendency to literally work overtime exploring strategies for increasing resources, expanding their client base, and keeping up with trends that impact their work. The nature of these programs demands that staff members be entrepreneurial to be effective resources for the entrepreneurs they serve.



CONCLUSION & RECOMMENDATIONS

The value of the attributes cited as best practices in this report will come as no surprise to those involved in any successful initiative — whether in public, non-profit, or private sector arenas. Each of these practices relates in some way to customer satisfaction and the synergies created when committed people and organizations work together toward shared goals. It is, therefore, no surprise to see them listed as best practices for organizations that seek to help women business owners learn how to access capital.

Focusing on the specific needs of the clients served by these businesses drives each of the other practices cited. Appropriate liaison activities and the relevant experience of program staff each depend on an analysis of client needs. Similarly, identifying committed staff with the business savvy to assess clients and steer them toward realistic, achievable goals also relates to customer satisfaction or client focus.

This report reflects only a snapshot of a sample of successful access to capital training programs for women business owners. Derived from a broad range of program types, these study programs can serve as models to similar programs, and their practices can be recommended to agencies seeking to establish or improve their efforts to assist women business owners. Further research to determine program awareness of the range of funding options offered through banks, foundations, government agencies, and other institutions, as well as the impact of the recent economic downturn and resulting lower level of venture capital funds on women-owned businesses, will help extend these findings and provide additional guidance for these initiatives.

APPENDIX A

Study Program Information

Program	Website	Description
Accion	www.accionnewyork.org	ACCION International is a worldwide organization whose mission is to New York 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 consist of approximately twelve directors, loan officers, and VISTA volunteers who help publicize the center and coordinate the variety of services and organizations involved in the small business training, loan management, and financial planning.
The Coleman Foundation	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-reliance, 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	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 members of Washington DC/Baltimore, MD venture capitalists.
The Ewing Marion Kauffman Foundation	www.emkf.org	The Ewing Marion Kauffman Foundation is a nationally focused non-profit organization based in Kansas City, Missouri, providing 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.

Program	Website	Description
The Institute for Social and Economic Development	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 Iowa. 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	www.mnwbc.org	The Minnesota Women's Business Center was founded in 2000 and is supported by a 5-year sustainability grant from the Small Business Administration. Managed by two women with entrepreneurial experience and backgrounds, the center is located in northwestern Minnesota and offers business training, mentoring, and training for women who are exploring the option of starting their own businesses.
The Wachovia Corporation ⁹	www.wachovia.com	The Wachovia Corporation has committed to loan \$5 billion to women-owned businesses in the next ten years. The corporation currently has one full time woman 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	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	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 2001, focuses on companies located on the U.S. East Coast. It is one of only three women-focused funds licensed as a Small Business Investment Company by the Small Business Administration.

⁹ Wachovia and First Union Bank have recently merged and further information about the program can be found at www.FirstUnion.com.

