



**Center for  
Women's Business Research**

Founded as  
The National Foundation for  
Women Business Owners

# **A Compendium of National Statistics on Women-Owned Businesses in the U.S.**

## **Executive Summary and Data Report**

Prepared for  
National Women's Business Council

September 2001

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## Introduction

Women-owned businesses have continued to show tremendous growth during the last decade, outpacing the growth of all businesses in number, sales and employment. Today, there are over 5.4 million majority-owned, privately-held women-owned firms, including one in six owned by women of color.<sup>1</sup> Between 1992 and 1997, the number of women-owned firms increased by 16%, 2½ times faster than all U.S. businesses, employment expanded at three times the rate of all businesses, and revenues grew one and a half times the national average.

This publication is a single-source document of statistical information about women's business ownership in the United States. This document updates and expands the National Women's Business Council's (NWBC) 1994 Compendium of National Statistics on Women-Owned Businesses in the U.S., also prepared by Center for Women's Business Research. It includes the most sought-after facts and figures on women's entrepreneurship in the U.S., and includes a bibliography of both source references and recommended publications.

Statistics found in this document include:

- The number, size and economic strength of women-owned businesses;
- Recent growth trends; and
- Information on several key issues for women business owners:
  - access to financial resources, including a focus on equity capital;
  - opportunities in Federal procurement; and
  - women-owned firms in international trade.

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<sup>1</sup> In 1997, the Census determined that women's ownership of a business was determined based on the gender of the person(s) owning a 51%+ majority interest in the business. Prior to 1997, businesses with 50% or more women ownership have been included in the women business counts. Beginning with the 1997 census, the Census Bureau has chosen to separate firms with 50% ownership from firms with 51%+ majority interest, allowing us to focus on the specific population of majority-owned women-owned businesses. In addition, publicly-traded firms were not included in the 1997 count of women-owned firms, for data quality reasons. They are included in the overall count of all U.S. firms.

As a Federal advisory council, NWBC advises the President, U.S. Small Business Administration, Congress and the Interagency Committee on Women's Business Enterprise on issues relating to women-owned businesses. A primary objective of NWBC is to promote the interests of women-owned businesses and, at the same time, identify the barriers that inhibit their success.

While data on women-owned businesses has become more widely collected and available, significant gaps still remain. Changing and inconsistent definitions of this business sector limit the ability to fully analyze its contributions and impact on the economy.

This compendium is intended to help decision-makers navigate through the inconsistencies and patchwork of available information to gain a more complete picture of the trends in women's entrepreneurship in the U.S. It also brings together in one place all of the relevant information about women-owned businesses and their owners.

Center for Women's Business Research continues to see the need for additional research to provide more timely and complete economic statistics and to ensure that the contributions of all women-owned businesses are counted – including women who share the ownership of their businesses with others and women who lead publicly-traded companies.

NWBC has contracted for this compendium to ensure access to key information on women-owned businesses and stimulate further research and discussion. It remains committed to improving the scope and quality of information on women's entrepreneurship in both the private and public sectors, in order to promote changes in policy, legislation, and both public and private sector initiatives that will support women entrepreneurs as they grow their businesses.

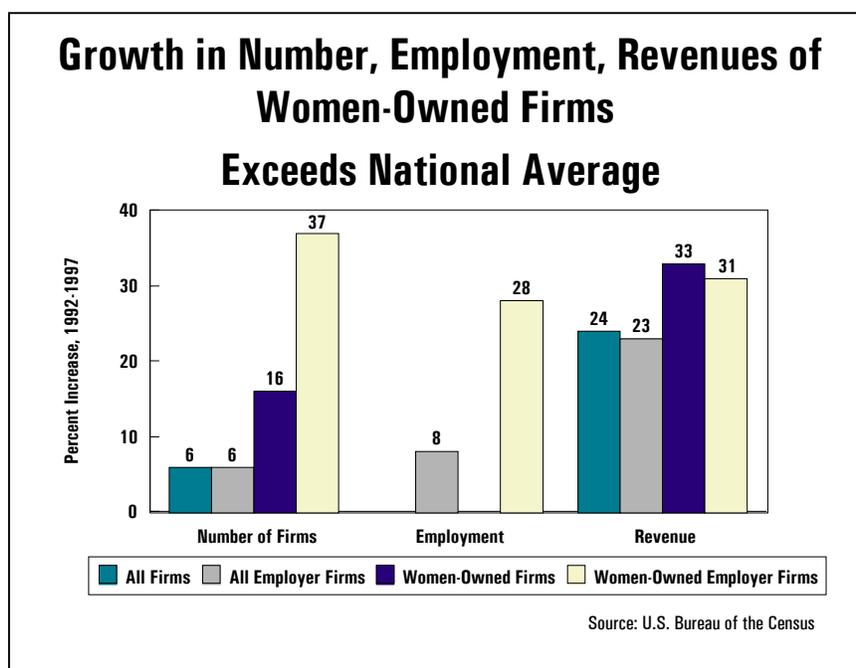
The accompanying data report is the result of that commitment. Reports and studies were collected from all Federal agencies that prepare information on America's businesses, as well as selected private sources. (See Bibliography for a complete listing of accessed and recommended sources).

## Executive Summary

### Number and Economic Impact of Women-Owned Firms

- The number of majority-owned, privately-held women-owned businesses grew to 5.4 million – a 16% increase – from 1992 to 1997.<sup>2</sup> This is more than 2½ times the 6% growth rate of all U.S. businesses.<sup>3</sup> Majority-owned, privately-held women-owned businesses account for 26% of all firms in the U.S. There are also 3.6 million jointly-owned firms within the U.S., accounting for 17% of all firms; two million of these 3.6 million firms would have been classified as women-owned under the 1992 definition of a woman-owned business, bringing the total number of privately-held women-owned firms to 7.4 million, or approximately 36% of all firms.<sup>4</sup>

- Women-owned businesses have also continued to grow in economic power. As of 1997, majority-owned, privately-held women-owned firms generated \$818.7 billion in revenues and employed over 7.1 million workers. Between 1992 and 1997, sales generated by these women-owned firms grew by 33%, compared with 24% growth among all firms. Over the same period, the number of people employed by these women-owned firms increased by 28%, more than three times the 8% increase among all firms.<sup>5</sup>
- The number of women-owned sole proprietorships, generally the smallest and youngest of businesses, grew an estimated 34% between 1990 and 2000, compared with growth of 23% among sole proprietorships overall.



<sup>2</sup> 1997 Economic Census: Survey of Women-Owned Business Enterprises. (2001). U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

<sup>3</sup> The Census Bureau calculated changes at the U.S. level from 1992 to 1997 by calculating what the number of women-owned firms would have been in 1997 had the 1992 definition continued to be used. This calculation was not done by state, industry, or legal form of organization.

<sup>4</sup> News Release: Women-Owned Firms Continue Dramatic Growth. April 4, 2001. U.S. Small Business Administration, Office of Advocacy.

<sup>5</sup> Survey of Women-Owned Business Enterprises: 1997 Economic Census, Ibid.

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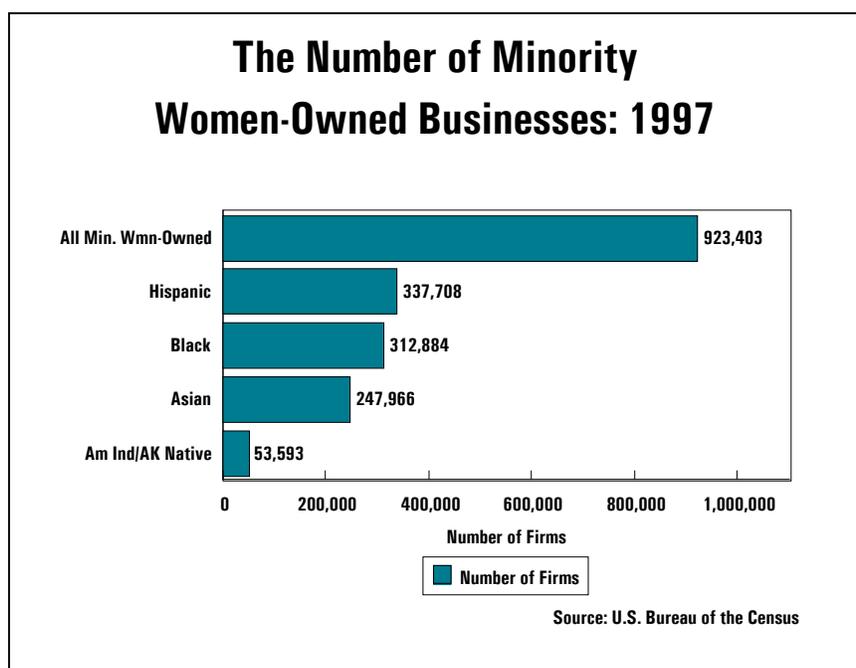
- Business receipts among women-owned sole proprietorships, the smallest women-owned firms, increased by an estimated 4% between 1990 and 2000, while receipts among all sole proprietorships decreased by 8%.

## Demographic Characteristics

- Women-owned businesses are ethnically diverse. As of 1997, one in six (17%) women business owners was a member of a minority group, accounting for 923,403 businesses.<sup>6</sup> There were 337,708 Hispanic women-owned

76% of all women aged 15 or older. Fully 38% of women business owners have college degrees, compared with 22% of all women 15+.<sup>8</sup>

- Women business owners are also somewhat older than women in general; 49% of women business owners in the U.S. in 1992 were between the ages of 35 and 54, compared with 34% of the female population aged 15+. Just 18% of women business owners were 34 or younger, compared with 38% of the female population aged 15 or older.<sup>9</sup> (See chart, page ES-3)



firms, 312,884 African American women-owned firms, 247,966 Asian/Pacific Islander women-owned firms and 53,593 American Indian/Alaska Native women-owned firms as of 1997.<sup>7</sup>

- Women business owners are more highly educated than the general female population. Over 85% of women business owners have at least a high school education, compared with

## Capital and Financing Patterns

- According to the Bureau of the Census, as of 1992, 62% of women-owned firms used capital to start or acquire their businesses and 32% of these owners borrowed some or all of that capital.<sup>10</sup> A more recent study by the National

<sup>6</sup> The reason the individual figures add up to more than 923,403 is that persons of mixed ethnicity can fit into more than one group and are counted more than once. Total figures published by the Bureau of the Census are adjusted for this multiple counting.

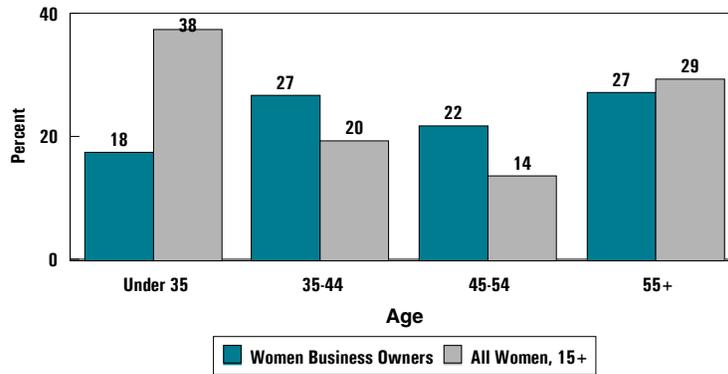
<sup>7</sup> Survey of Minority-Owned Business Enterprises: 1997 Economic Census. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>8</sup> Characteristics of Business Owners: 1992 Economic Census and Bureau of the Census, Current Population Reports, p20-476. U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

<sup>9</sup> Characteristics of Business Owners: 1992 Economic Census and Bureau of the Census, Current Population Reports, p25-1127. U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

<sup>10</sup> The Characteristics of Business Owners survey was not conducted following the 1997 Economic Census due to a lack of funding.

### Women Business Owners Are Somewhat Older Than Women in General

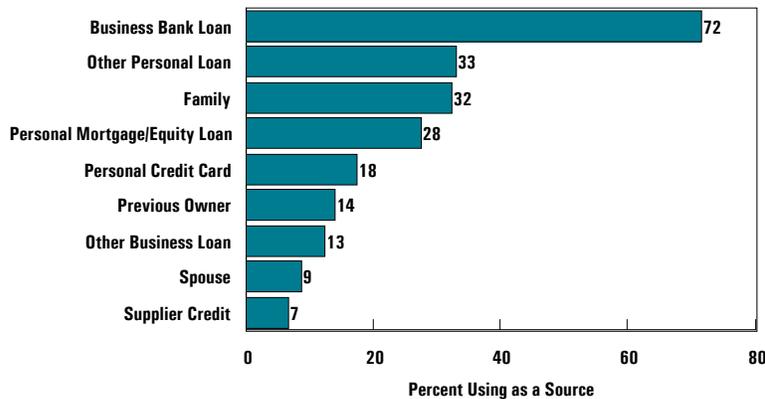


Source: Bureau of the Census, Characteristics of Business Owners: 1992 Economic Census and Bureau of the Census, Current Population Reports, p25-1127

Foundation for Women Business Owners (NFWBO), now Center for Women’s Business Research, showed 44% of women business owners borrowing money at start-up.<sup>11</sup> Among those women-owned businesses that reported borrowing at least some start-up capital, nearly

three-quarters (72%) acquired it from a commercial lending/bank business loan, a percentage equal to what the Census Bureau reported in 1992 and a significant increase over the 34% reported by the Census Bureau in 1987.

### Top Sources of Borrowed Start-Up Capital Among Women-Owned Businesses: 1992

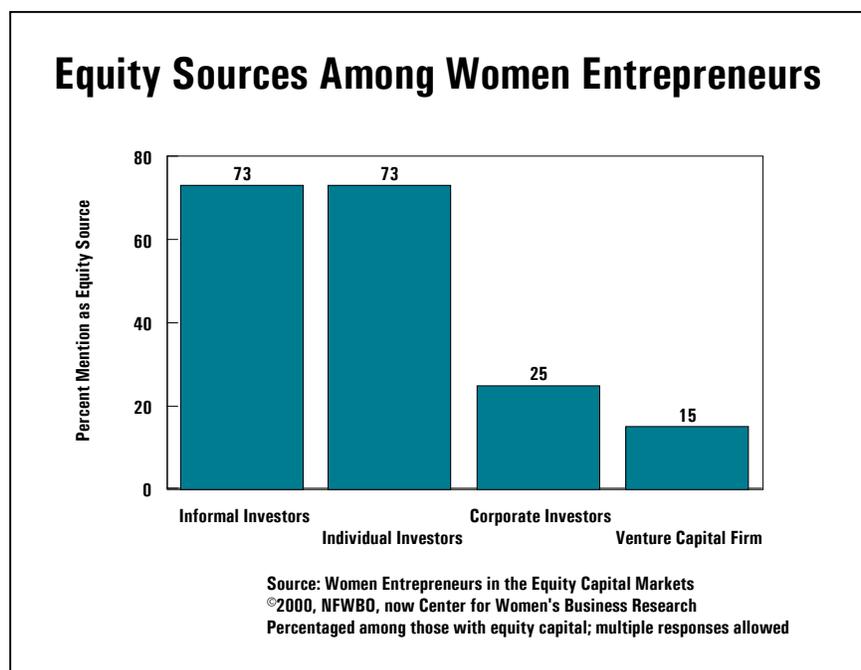


Source: Bureau of the Census, Characteristics of Business Owners: 1992 Economic Census  
 Note: Percentaged among those reporting use of start-up capital  
 Multiple responses allowed

<sup>11</sup> Capital, Credit and Financing: Comparing Women and Men Business Owners’ Sources and Uses of Capital. (1996). NFWBO, now Center for Women’s Business Research.

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- Women-owned businesses are using increasingly larger amounts of start-up funding. As of 1992, 19% of all women-owned businesses used \$10,000 or more to start their businesses and 8% borrowed \$50,000 or more. In 1982, 15% of all women-owned businesses used \$10,000 or more to start their businesses, with 4% borrowing \$50,000 or more.
- Almost two-thirds (65%) of women business owners reinvested business earnings to foster business growth as of 1998, compared with just 38% using business earnings in 1992.<sup>12</sup>
- Differences remain between women and men business owners in levels of bank credit. As of 1998, 46% of women-owned firms with bank credit had less than \$50,000 in bank credit, compared with 34% of men-owned firms. Just 16% of women-owned firms had \$100,000 or more in bank credit, compared with 36% of
- Women who own fast-growth firms are more likely to borrow to meet their needs for business capital and use more sources of capital than do other women entrepreneurs.<sup>13</sup> Women who have achieved fast growth in their businesses average 4.2 different sources of capital, compared to 3.4 sources for other women business owners. Fifty-six percent (56%) of women owners of fast-growing firms used business credit cards, compared with 40% of other women entrepreneurs. Fifty-two percent (52%) of women owners of fast-growing businesses had a current line of credit, compared with 37% of other women business owners.
- Although the number and dollar value of venture capital and other equity investments grew rapidly in the late 1990s, women business owners continue to get a very small share of



men-owned firms. Still, progress has been made in the amount of bank credit available to women business owners. In 1998, 34% of women business owners who had bank credit had \$50,000 or more available for use in their business, compared with just 20% in 1996.

those dollars. In 2000, 5% of the \$89.8 billion invested went to firms with women CEOs.<sup>14</sup> Most of the women recipients of equity capital obtained equity investments from sources primarily outside of the institutional equity investment markets, including informal

<sup>12</sup> Capital, Credit and Financing: An Update. Comparing Women and Men Business Owners' Sources and Uses of Capital. (1998). NFWBO, now Center for Women's Business Research.

<sup>13</sup> Entrepreneurial Vision in Action: Exploring Growth Among Women- and Men-Owned Firms. (2001). NFWBO, now Center for Women's Business Research.

<sup>14</sup> Proprietary research conducted by VentureOne.

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investors, such as family members and friends, and individual investors, such as angel investors.

- Women with equity capital appear to be younger and more highly educated than other women business owners and they bring more management experience to the table.<sup>15</sup>

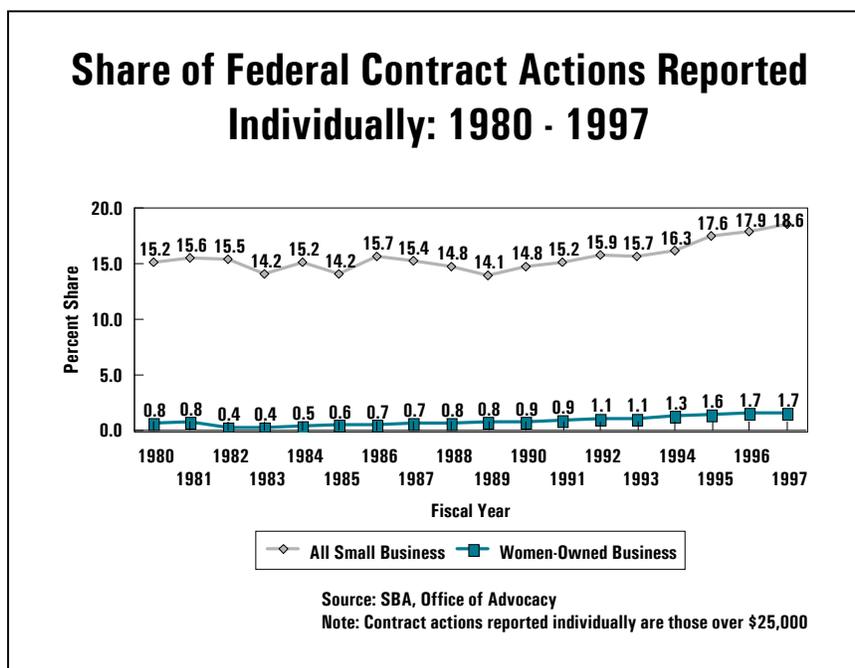
## Federal Procurement

- Despite the Federal Acquisition Streamlining Act of 1994 (FASA), requiring no less than a 5% government-wide procurement goal for women-owned small businesses, women-owned firms continue to receive a very small share of Federal dollars – in fact, the 5% goal has never been reached government-wide. In fiscal year 1997, women-owned firms' share of Federal prime contracts was 2.1%, or \$3.63 billion of the \$171.4 billion total.<sup>16</sup> Women-owned firms'

- Women-owned firms involved in Federal procurement in fiscal year 1997 were substantially larger than all women-owned firms in terms of both annual revenues and number of employees.<sup>17</sup> The median annual revenue of women-owned Federal contractors was \$5.3 million, compared with just under \$300,000 for all women-owned businesses. The average number of employees in women-owned Federal contractor firms was 52.2, compared with 2.3 among all women-owned firms in the U.S.

## International Trade

- In 1992, 1.1% of women-owned firms exported goods and services. For 30% of those who exported, exports represented 50% or more of total sales.<sup>18</sup> A 1995 study published by NFWBO, now Center for Women's Business Research, showed that in 1992, 13% of women-



share of Federal subcontracts was 4.1%, or \$2.92 billion of the nearly \$71.5 billion total. Women-owned firms' share of Federal contract actions over \$25,000 was 1.7% in FY 1997, or \$2.97 billion.

owned firms were involved in international trade, either exporting or importing goods or services.<sup>19</sup> A 1998 analysis conducted by the

<sup>15</sup> *Women Entrepreneurs in the Equity Capital Markets*. (2000). NFWBO, now Center for Women's Business Research.

<sup>16</sup> *The State of Small Business: A Report of the President 1998*, Table 11.

<sup>17</sup> *Women-Owned Firms in Federal Procurement: A Summary Report*. (2000). NFWBO, now Center for Women's Business Research.

<sup>18</sup> *Exporting by Small Firms*. (1998). U.S. SBA Office of Advocacy.

<sup>19</sup> *Going Global: Women-Owned Businesses in the International Marketplace* (1995). NFWBO, now Center for

Center also found that internationally-focused businesses are more growth-oriented than are their domestically-focused counterparts.<sup>20</sup> Between two-thirds and three-quarters of the women surveyed who own firms involved in international trade said that their primary business goal was expansion, compared with one-half to two-thirds of those not involved in international trade.

### Significant Gaps in Knowledge

While this information provides a framework of knowledge about women-owned businesses, significant gaps remain:

- Publicly-traded firms have been excluded from the U.S. Bureau of the Census count and therefore from the documentation of the economic impact of women-owned firms. Without these firms, which account for the highest revenues and largest employment among women-owned firms, the true impact of women-owned firms is not being captured. Further, because publicly-traded firms are included in statistics for all firms, the share of number, revenues and employment contributed by women-owned firms are being under-reported.
- Due to definitional changes by the U.S. Census Bureau in what constitutes a woman-owned firm, millions of firms owned equally by men and women are no longer included when discussing the economic impact of women-owned firms. As women business owners grow their firms and take on partners, the impact of these firms is now relegated to a separate, potentially overlooked category.
- Information about access to capital issues continues to be sparse and is often anecdotal only. Due in part to the large amounts of financing coming from informal sources, full information is difficult to obtain and needs further study.
- Statistical information on Federal procurement from women-owned businesses is available, but it is not directly comparable across the multiple

data sources due to different bases of information and may be incomplete.<sup>21</sup>

- Information on both women and men business owners in international trade is limited, primarily because it has not been extensively explored, allowing for little discussion or analysis.

### Strategic Recommendations

Despite the continued growth of women-owned businesses and the additional availability of statistics, the gaps in information and policy that existed when Center for Women's Business Research, founded as NFWBO, compiled our first compendium in 1994 remain much the same today. For that reason, our recommendations for action also remain much the same:

1. Encourage states to collect data and information on women-owned businesses at the state level and to collaborate in developing regional data. While national data can be extremely powerful in bringing recognition to the economic force of women business owners, state level data is vital for developing programs and infrastructure which will have the most immediate and measurable impact on individual women business owners.
2. Improve the quality of national economic statistics on women-owned businesses throughout the Federal government.
  - Require that all business statistics collected by the Federal government include gender of owner(s) so that comparisons between women- and men-owned businesses can be made.
  - Develop a consistent definition of women-owned business which is used by all parts of the Federal government.
  - Increase the comprehensiveness of data collected on women-owned businesses by

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Women's Business Research. Respondents were members of the National Association of Women Business Owners.

<sup>20</sup> "International Trade Opens New Doors for Women Entrepreneurs". *Economic Reform Today* (1999). Weeks, J.

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<sup>21</sup> Sources of Federal procurement data include Federal Procurement Data System, National Foundation for Women Business Owners (now Center for Women's Business Research), National Women's Business Council, U.S. General Accounting Office, U.S. Small Business Administration – Office of Advocacy, U.S. Small Business Administration – Office of Government Contracting and Minority Enterprise Development, and U.S. Small Business Administration – Office of Women's Business Ownership.

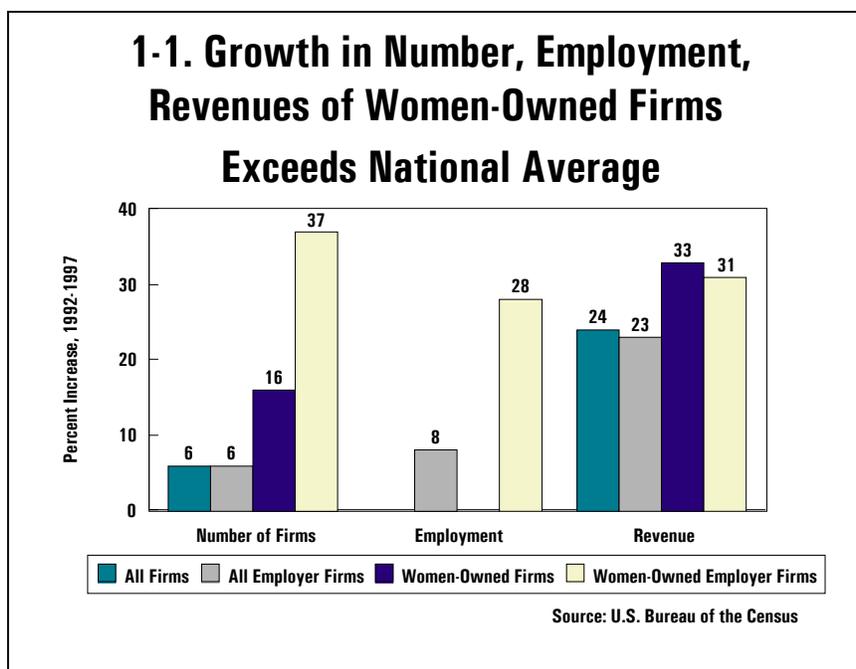
- including plurality-owned women-led firms, as well as publicly-traded corporations, in the Economic Census.
3. Encourage the study of understudied groups to ensure that we “count the uncouted.” These groups include:
    - Publicly-held women-owned companies;
    - Larger women-owned businesses – those with the highest revenues and/or largest number of employees;
    - Minority and other understudied women-owned populations, including rural, inner-city, and youth; and
    - Plurality- and equally-owned women-led firms.
  4. Encourage public/private partnerships to address data collection and research on women business owners. Areas to be studied should include:
    - Economic contributions made by women businesses in job creation and revenues;
    - Characteristics of and barriers to growth, including:
      - access to technical expertise, for start-ups as well as growing and “second-stage” companies;
      - access to capital, including both debt and equity; and
      - access to markets, including Federal and state procurement and private-sector procurement.
    - Social impact of women-owned businesses and leadership on employees and the community; and
    - Innovation, quality and productivity in women-owned businesses.
  5. Integrate available research to allow easier access to information and easier identification of research gaps.
  6. Disseminate information to the constituencies that can make a difference:
    - Government policy-makers
    - Financial institutions
    - Educators
    - Corporations
    - Women business owners
  7. Continue a strong voice for women-owned businesses in government to ensure:
    - Policy-makers take into consideration the needs and contributions of women-owned businesses in establishing policy and legislation;
    - Collaboration and consistency among research and data collection activities on women business owners; and
    - Continuing recognition by government policy-makers, corporate leaders and financial decision-makers of the significance of women-owned businesses.
  8. Enhance participation of women business owners in Federal procurement by implementing policy changes such as:
    - designating women business owners as a presumed group;
    - increasing set-asides;
    - enforcing procurement goals; and
    - reducing bundling.

## Chapter 1: The Number of Women-Owned Firms in the United States

The number of women-owned businesses in the United States has continued its dramatic growth from the end of the 20th century into the new century. Determining precise absolute numbers and growth, however, continues to be a challenge. In addition to a lack of a single definitive set of statistics that includes all women-owned businesses, definitions of what constitutes a woman-owned business continue to vary among sources and may change over time even within a single source.

Center for Women's Business Research has surveyed the major sources of statistical information on women-owned businesses to arrive at the most complete set of information on the number and distribution of women-owned businesses in the U.S.

In 1997, women's ownership of businesses was determined based on the gender of the person(s) owning a 51%+ majority interest in the business. Previously, ownership was determined based on the majority of the number of owners, without regard to percentage of their ownership of the business. Businesses with 50 percent or more women owners have in the past been included in the women business counts. In the 1997 Survey of Women-Owned Business Enterprises, businesses equally female-/male-owned were excluded from the women-owned business counts and tabulated in a separate section of the women-owned business report, allowing us to focus on the specific population of majority-owned women-owned businesses. In addition, publicly-traded women-owned firms were not included in the 1997 count,



### Bureau of the Census

Every five years, in years ending in 2 and 7, the Bureau of the Census conducts an economic census of businesses throughout the United States. During every economic census since 1972, a separate and distinct analysis of women-owned businesses has been conducted as a part of the overall census.

for data quality reasons. They are however included in the overall count of all U.S. firms. Thus, due to the change in reporting structure, comparisons to prior economic censuses are not valid below the national level and are therefore not included in this report.

According to the 1997 census, there were 5,417,034 majority-owned, privately-held women-owned businesses in the United States – a 16% increase

from the number of women-owned firms in 1992, and more than two and a half times the 6% increase among all U.S. firms included in the Census.<sup>22</sup> These 5.4 million majority-owned, privately-held women-owned firms account for 26% of all firms in the United States. There are also 3.6 million jointly-owned firms within the U.S., accounting for 17% of all firms; two million of these 3.6 million firms would have been classified as women-owned under the 1992 definition of a woman-owned business, bringing the total number of privately-held women-owned firms to 7.4 million, or approximately 36% of all firms.<sup>23</sup>

### Industry Patterns

The services and retail trade sectors accounted for 72% of all majority-owned, privately-held women-owned firms, according to 1997 Census data, compared with 57% of all firms in these two sectors. Women-owned firms comprised 34% of all services firms and 32% of all retail trade firms, compared with a women-owned share of 26% of all firms overall.

Women-owned firms accounted for 7% of all firms in construction, 14% of firms in TCPU,<sup>24</sup> 15% of firms in agriculture, and 16% of firms in both wholesale trade and mining. (See Table 1-1).

### Regional Patterns

California (700,513 women-owned businesses), New York (394,014), Texas (381,453), Florida (337,811), and Illinois (239,725) are the states with the largest number of women-owned businesses. Together, these states accounted for 38% of all majority-owned, privately-held women-owned firms, according to 1997 Census data; this is similar to all U.S. firms, where California, New York, Texas, Florida and Illinois accounted for 37% of all firms. (See Table 1-2). Women-owned firms' share of all firms ranged from a low of 22% in South

Dakota to a high of 31% in the District of Columbia. (See Table 1-3). In general, states with the highest share of women-owned firms (as a percent of all firms within the state) are located in the West and in the Mid-Atlantic. States in the South, the Plains, and the Mid-West are more likely to have a lower-than-average share of women-owned firms.

### Legal Form of Organization

Eighty-five percent (85%) of majority-owned, privately-held women-owned firms are sole proprietorships, as are 73% of all firms. Just 6% of women-owned firms are C corporations and 6% are Subchapter S corporations, compared with 12% and 10%, respectively, among all firms.<sup>25</sup> (See Table 1-4).

### U.S. Small Business Administration

As part of its annual report to Congress, The State of Small Business, the U.S. Small Business Administration's Office of Advocacy includes statistical information on women-owned businesses whenever it becomes available. In addition to providing excellent synopses of the economic censuses after they are released, the Office of Advocacy also publishes data from the Internal Revenue Service on non-farm sole proprietorships by gender of owner. This information is updated annually, and goes back to 1977, providing valuable trend information on the most prevalent legal grouping of small businesses.

Of the more than 23.6 million businesses in the United States in 1997,<sup>26</sup> an estimated 19.4 million of them (81%) were non-farm sole proprietorships.<sup>27</sup> Women-owned non-farm sole proprietorships numbered 7,126,365 in 1998 – 37% of all non-farm sole proprietorships. (See Table 1-7). The number of women-owned sole proprietorships has grown 34% between 1990 and 2000, compared with an increase of 23% in sole proprietorships overall.<sup>28</sup> Thus, even among this subset of women-

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<sup>22</sup> The Census Bureau calculated changes at the U.S. level from 1992 to 1997 by calculating what the number of women-owned firms would have been in 1997 had the 1992 definition continued to be used. This calculation was not done by state, industry, or legal form of organization.

<sup>23</sup> News Release: Women-Owned Firms Continue Dramatic Growth. April 4, 2001. U.S. Small Business Administration, Office of Advocacy.

<sup>24</sup> TCPU = Transportation, Communications and Public Utilities

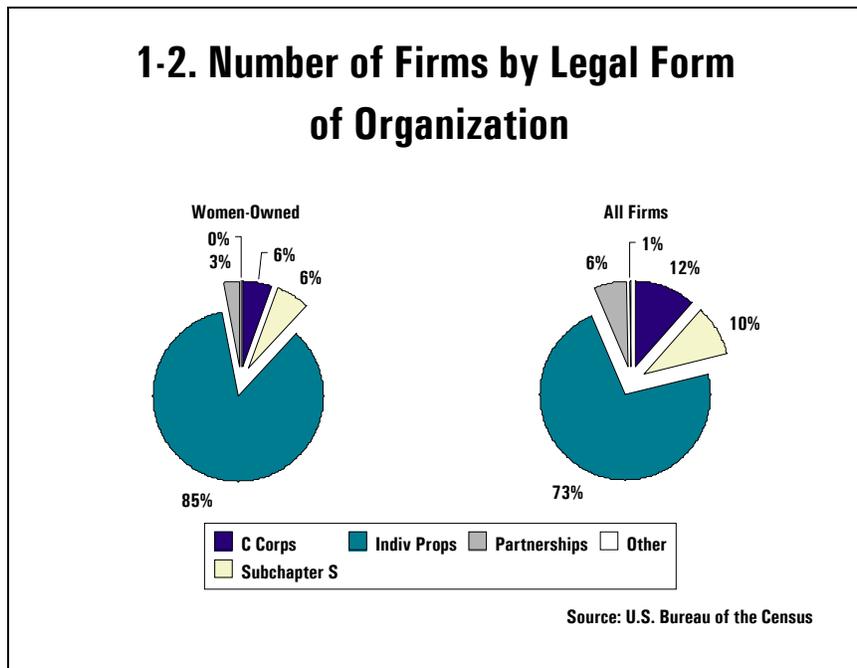
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<sup>25</sup> The 1997 Census definition of women-owned firms does not include publicly-traded women-owned firms. Publicly-traded firms are included in the total for all firms, however.

<sup>26</sup> As defined by the IRS via tax returns, reported in The State of Small Business: A Report of the President, 1998. U.S. Small Business Administration, Office of Advocacy.

<sup>27</sup> IRS, Statistics of Income Division

<sup>28</sup> U.S. Small Business Administration, *ibid*.

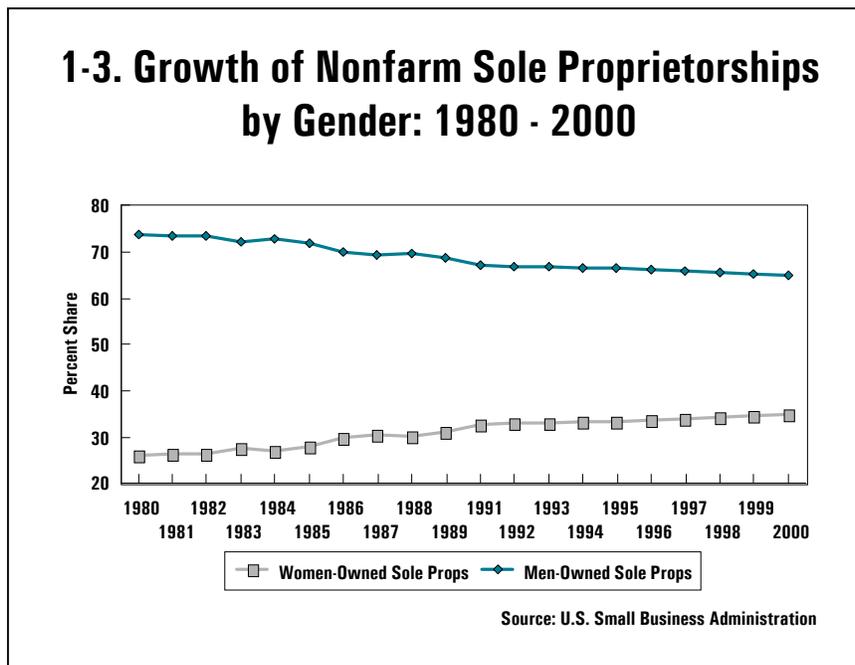


owned businesses, growth rates exceed that of the national average – in this case by nearly 1½ times.

### Bureau of Labor Statistics

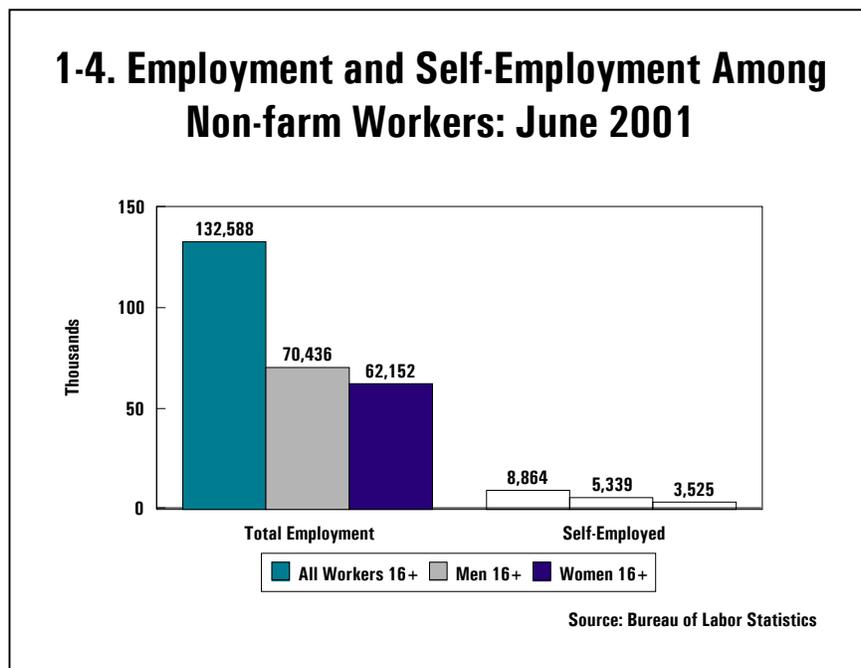
Although most of the information collected by the Department of Labor’s Bureau of Labor Statistics is

collected at the household rather than the business level, there is some information that is relevant to the world of entrepreneurship – data on self-employment. In its latest Employment Situation report, the Bureau of Labor Statistics estimates that there are 3,525,000 self-employed women in the non-agricultural labor force, accounting for 6% of



the 62.2 million non-farm working women in the country.<sup>29</sup> These 3.5 million non-farm self-employed women comprise 40% of the total number of non-farm self-employed individuals in the labor force, 8,864,000. Compared with men, BLS finds that women are slightly underrepresented among the

self-employed; 6% of non-farm working women are self-employed, compared with 8% among men. From 1983 to 1997, the number of self-employed women in nonagricultural sectors increased by 46%, compared with a 7% increase among men.<sup>30</sup> (See Table 1-8).



<sup>29</sup> It is important to note the reasons behind the differences in estimates among the BLS' 3.5 million self-employed women, the IRS' 7.1 million women-owned sole proprietorships, and the Census Bureau's 4.6 million women-owned individual proprietorships. The BLS uses the individual as the frame of reference and includes only those women whose primary occupation is self-employment. The IRS uses the business as the frame of reference and includes part-time businesses that do not provide the primary source of income. The IRS determines the owner's gender from the name(s) listed on Form 1040, Schedule C. Schedule C's for which the taxpayer had incorrectly listed two names (presumably on joint returns) were listed as jointly operated. The Census Bureau uses self-reported data to identify gender, which can include a classification of "jointly-owned." The Census Bureau includes only those businesses with revenues of \$1,000 or more.

<sup>30</sup> *The State of Small Business: A Report of the President, 1998*. U.S. Small Business Administration, Office of Advocacy.

	# of Firms		Percent of Total		% Share, Women-Owned v. All Firms
	Women-Owned Firms	All Firms	Women-Owned Firms	All Firms	
<b>Total, All Industries</b>	5,417,034	20,821,934	100%	100%	26.0
<b>Agriculture</b>	74,444	496,164	1.4	2.4	15.0
<b>Mining</b>	20,030	126,809	0.4	0.6	15.8
<b>Construction</b>	157,173	2,333,424	2.9	11.2	6.7
<b>Manufacturing</b>	121,108	688,782	2.2	3.3	17.6
<b>TCPU<sup>a</sup></b>	128,999	919,570	2.4	4.4	14.0
<b>Wholesale Trade</b>	125,645	797,856	2.3	3.8	15.7
<b>Retail Trade</b>	919,990	2,889,041	17.0	13.9	31.8
<b>FIRE<sup>b</sup></b>	479,469	2,237,675	8.9	10.7	21.4
<b>Services</b>	2,981,266	8,891,023	55.0	42.7	33.5
<b>Industries not classified</b>	411,596	1,480,003	7.6	7.1	27.8

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 1. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate.

<b>Table 1-2. The Number of Women-Owned Businesses by State: 1997</b>			
	<b>Number of Women-Owned Firms</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>United States</b>	5,417,034	26.0	100.0
<b>Alabama</b>	69,515	24.4	1.3
<b>Alaska</b>	16,633	25.9	0.3
<b>Arizona</b>	88,780	27.0	1.6
<b>Arkansas</b>	42,581	22.0	0.8
<b>California</b>	700,513	27.3	12.9
<b>Colorado</b>	114,807	28.0	2.1
<b>Connecticut</b>	72,393	25.5	1.3
<b>Delaware</b>	13,662	24.1	0.3
<b>District of Columbia</b>	13,979	30.9	0.3
<b>Florida</b>	337,811	25.9	6.2
<b>Georgia</b>	145,576	25.6	2.7
<b>Hawaii</b>	25,807	27.5	0.5
<b>Idaho</b>	25,763	23.5	0.5
<b>Illinois</b>	239,725	27.2	4.4
<b>Indiana</b>	107,082	25.9	2.0
<b>Iowa</b>	57,527	25.3	1.1
<b>Kansas</b>	54,638	25.6	1.0
<b>Kentucky</b>	65,965	23.4	1.2
<b>Louisiana</b>	70,550	23.9	1.3
<b>Maine</b>	30,598	24.0	0.6
<b>Maryland</b>	115,801	28.9	2.1
<b>Massachusetts</b>	142,661	26.6	2.6
<b>Michigan</b>	184,590	27.2	3.4
<b>Minnesota</b>	108,417	26.4	2.0
<b>Mississippi</b>	38,321	22.8	0.7
<b>Missouri</b>	103,626	25.2	1.9
<b>Montana</b>	22,404	23.9	0.4

<b>Table 1-2. The Number of Women-Owned Businesses by State: 1997</b>			
	<b>Number of Women-Owned Firms</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>Nebraska</b>	33,469	24.1	0.6
<b>Nevada</b>	33,311	25.7	0.6
<b>New Hampshire</b>	27,265	23.6	0.5
<b>New Jersey</b>	155,345	23.7	2.9
<b>New Mexico</b>	38,706	29.4	0.7
<b>New York</b>	394,014	26.1	7.3
<b>North Carolina</b>	139,900	24.5	2.6
<b>North Dakota</b>	12,417	22.5	0.2
<b>Ohio</b>	205,044	26.2	3.8
<b>Oklahoma</b>	67,481	24.0	1.2
<b>Oregon</b>	80,543	27.6	1.5
<b>Pennsylvania</b>	202,990	24.2	3.7
<b>Rhode Island</b>	19,886	24.6	0.4
<b>South Carolina</b>	64,232	24.7	1.2
<b>South Dakota</b>	14,121	21.5	0.3
<b>Tennessee</b>	99,772	24.0	1.8
<b>Texas</b>	381,453	25.0	7.0
<b>Utah</b>	41,991	24.8	0.8
<b>Vermont</b>	17,030	25.2	0.3
<b>Virginia</b>	132,219	27.5	2.4
<b>Washington</b>	123,042	27.5	2.3
<b>West Virginia</b>	30,231	27.1	0.6
<b>Wisconsin</b>	89,284	24.4	1.6
<b>Wyoming</b>	11,148	22.6	0.2

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

<b>State</b>	<b>% Share Women-Owned</b>
<b>The Top Five</b>	
<b>District of Columbia</b>	30.9%
<b>New Mexico</b>	29.4
<b>Maryland</b>	28.9
<b>Colorado</b>	28.0
<b>Oregon</b>	27.6
<b>The Bottom Five</b>	
<b>Mississippi</b>	22.8%
<b>Wyoming</b>	22.6
<b>North Dakota</b>	22.5
<b>Arkansas</b>	22.0
<b>South Dakota</b>	21.5

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

Legal form of organization	Number of Firms		Percent Share Women-Owned	% Share of All Firms	
	Total	Women-Owned		Total	Women-Owned
<b>All industries</b>	20,821,934	5,417,034	26.0	100%	100%
<b>C corporations<sup>31</sup></b>	2,390,478	314,659	13.2	11.5	5.8
<b>Subchapter S corporations</b>	1,979,425	335,601	17.0	9.5	6.2
<b>Individual proprietorships</b>	15,122,882	4,595,571	30.4	72.6	84.8
<b>Partnerships</b>	1,226,455	166,027	13.5	5.9	3.1
<b>Other</b>	102,694	5,176	5.0	0.5	0.1

Source: *1997 Economic Census: Survey of Women-Owned Business Enterprises*, Table 7. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>31</sup> The 1997 Census definition of women-owned firms does not include publicly-traded women-owned firms. Publicly-traded firms are included in the total for all firms, however.

	<b>Number of Non-Farm Sole Proprietorships</b>		<b>% Share Women-Owned</b>
	<b>Women-Owned</b>	<b>Total</b>	
<b>2000<sup>a</sup></b>	7,137,214	20,480,797	34.9
<b>1999<sup>a</sup></b>	6,952,306	20,081,080	34.6
<b>1998<sup>a</sup></b>	6,767,398	19,681,362	34.4
<b>1997<sup>a</sup></b>	6,582,489	19,281,645	34.1
<b>1996<sup>a</sup></b>	6,397,581	18,881,927	33.9
<b>1995</b>	6,135,898	18,391,237	33.4
<b>1994</b>	6,046,617	18,108,776	33.4
<b>1993</b>	5,851,514	17,714,120	33.0
<b>1992</b>	5,698,415	17,292,286	33.0
<b>1991</b>	5,548,514	16,957,636	32.7
<b>1989</b>	4,977,143	15,920,963	31.3
<b>1980</b>	2,535,240	9,730,019	26.1

Source: As reported in *The State of Small Business: A Report of the President 1998*, Table 4.7. U.S. Small Business Administration, Office of Advocacy. (1999). With data from the U.S. Department of the Treasury, Internal Revenue Service.

<sup>a</sup>1996–2000 are projections by the U.S. Small Business Administration, Office of Advocacy.

<b>Region</b>	<b>1985</b>	<b>1990</b>	<b>1997</b>	<b>1998</b>
<b>Total U.S.</b>	3,738.1	5,347.5	6,977.6	7,126.4
<b>Region I</b>	168.0	280.7	364.4	380.8
<b>Region II</b>	319.2	477.8	604.8	598.9
<b>Region III</b>	382.9	516.5	678.6	653.5
<b>Region IV</b>	579.9	770.2	1,222.4	1,271.8
<b>Region V</b>	630.4	908.2	1,156.1	1,235.7
<b>Region VI</b>	452.8	609.9	780.5	786.7
<b>Region VII</b>	262.7	366.9	410.1	370.4
<b>Region VIII</b>	166.1	217.8	308.9	290.3
<b>Region IX</b>	593.9	945.7	1,093.2	1,192.4
<b>Region X</b>	174.4	253.9	358.8	345.8

Note: The SBA Regions are defined as follows:

- Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- Region II: New Jersey, New York
- Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia
- Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, N. Carolina, S. Carolina, Tennessee
- Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin
- Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas
- Region VII: Iowa, Kansas, Missouri, Nebraska
- Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
- Region IX: Arizona, California, Hawaii, Nevada
- Region X: Alaska, Idaho, Oregon, Washington

Special Tabulations prepared by the U.S. Department of the Treasury, Internal Revenue Service, Under Contract to the U.S. Small Business Administration, Office of Advocacy and U.S. Department of the Treasury, Internal Revenue Services. (Tax Year 1997 and 1998). Table K-3, "Sole Proprietorship Businesses: Business Receipts and Net Income, By Size of Business Receipts and by Gender (Farms not included)".

Industry	# of Businesses		% Share Women-Owned	% Share of All Firms	
	Women-Owned	Total		Women-Owned	Total
<b>Total</b>	7,126,365	19,376,799	36.8	100%	100%
<b>Agriculture, Forestry &amp; Fishing</b>	102,089	597,877	17.1	1.4	3.1
<b>Mining, Construction &amp; Manufacturing</b>	290,075	2,811,147	10.3	4.1	14.5
<b>TCPU<sup>a</sup></b>	170,872	955,727	17.9	2.4	4.9
<b>Wholesale and Retail Trade</b>	1,568,146	3,463,354	45.3	22.0	17.9
<b>FIRE<sup>b</sup></b>	585,352	1,600,605	36.6	8.2	8.3
<b>Services</b>	4,409,830	9,948,089	44.3	61.9	51.3

Note: U.S. Department of the Treasury, Internal Revenue Services. (Tax Year 1998). Table K-3, "Sole Proprietorship Businesses: Business Receipts and Net Income, By Size of Business Receipts and by Gender (Farms not included)".

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

Year	All Industries			Non-Agriculture		
	Male	Female	Total	Male	Female	Total
2005 <sup>a</sup>	6,884	4,690	11,574	5,915	4,190	10,104
2004 <sup>a</sup>	6,870	4,597	11,467	5,886	4,111	9,997
2003 <sup>a</sup>	6,855	4,503	11,359	5,857	4,033	9,890
2002 <sup>a</sup>	6,841	4,410	11,251	5,827	3,955	9,782
2001 <sup>a</sup>	6,827	4,316	11,143	5,798	3,877	9,675
2000 <sup>a</sup>	6,813	4,223	11,036	5,769	3,798	9,568
1999 <sup>a</sup>	6,798	4,129	10,928	5,740	3,720	9,460
1998 <sup>a</sup>	6,784	4,036	10,820	5,711	3,642	9,353
1997	6,590	3,923	10,513	5,506	3,550	9,056
1996	6,590	3,900	10,490	5,465	3,506	8,971
1995	6,599	3,883	10,482	5,461	3,440	8,901
1994	6,756	3,891	10,647	5,560	3,443	9,003
1993	7,011	3,269	10,280	5,894	3,065	8,959
1992	6,777	3,184	9,961	5,613	2,963	8,576
1991	6,886	3,388	10,274	5,700	3,150	8,850
1990	6,749	3,349	10,098	5,597	3,122	8,719
1989	6,729	3,279	10,008	5,562	3,043	8,605
1988	6,738	3,179	9,917	5,564	2,955	8,519
1987	6,617	3,007	9,624	5,423	2,778	8,201
1986	6,498	2,829	9,327	5,271	2,610	7,881
1985	6,452	2,817	9,269	5,207	2,603	7,810
1984	6,568	2,770	9,338	5,219	2,566	7,785
1983	6,494	2,649	9,143	5,136	2,439	7,575

Note: Includes only those with self-employment as their primary employment.

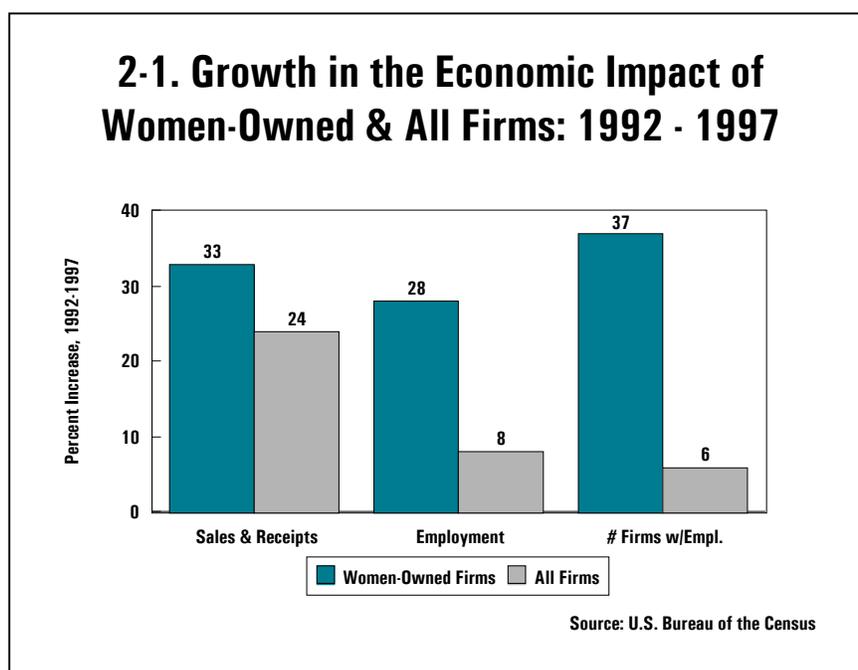
Source: From data provided by the Bureau of Labor Statistics, as reported in *The State of Small Business: A Report of the President 1998*, Table 4.8. (1999). U.S. Small Business Administration, Office of Advocacy.

<sup>a</sup> 1998-2005 projections by the U.S. Small Business Administration, Office of Advocacy.

## Chapter 2: The Growing Economic Impact of Women-Owned Firms

According to the 1997 Census, the 5.4 million majority-owned, privately-held women-owned businesses in the United States generated \$818.7 billion in revenues, accounting for 4% of all U.S. business revenues.<sup>32</sup> These firms employed over

sales and receipts for all firms grew by 24%, the number of firms with employees grew by 6%, and the number of people employed by all firms grew by 8%.



7.1 million workers, or 7% of all paid employees. Women-owned firms have continued to grow not only in number, but also in economic power. Between 1992 and 1997, Census data indicate that while the number of firms owned by women grew by 6%, the sales and receipts generated by those businesses grew by 33%, the number of women-owned firms with employees grew by 37%, and the number of people employed by women-owned firms increased by 28%.<sup>33</sup> In comparison,

### Industry Patterns

Although the largest share of majority-owned, privately-held women-owned firms is found in the services sector (55%), the greatest share of sales is generated by women-owned firms in the wholesale trade sector. Of the \$818.7 billion in sales generated by majority-owned, privately-held women-owned businesses, nearly one-quarter (23%) of the sales come from wholesale trade (\$189 billion), followed by services (\$186 billion, 23% share), retail trade (\$152 billion, 19% share), and manufacturing (\$114 billion, 14% share). Revenues from women-owned firms accounted for 9% of all revenues in the agriculture sector, 7% of all revenues in construction and 7% of all revenues in services, compared with 4% of all revenues overall. Women-owned firms accounted for only 2% of total revenues in FIRE,<sup>34</sup> and 3%

<sup>32</sup> The 1997 Census definition of women-owned firms does not include publicly-traded women-owned firms. Publicly-traded firms are included in the total for all firms, however; therefore, caution should be used when looking at women-owned firms compared with all businesses, as the populations are not defined in the same way. Additionally, in 1997, only firms with 51%+ majority ownership by women were included in the definition of women-owned firms.

<sup>33</sup> The Census Bureau calculated changes at the U.S. level from 1992 to 1997 by calculating what the receipts, number of firms with employees, and number of employees of women-owned firms would have been in 1997 had the 1992

definition been used. This calculation was not done by state, industry, or legal form of organization.

<sup>34</sup> FIRE = Finance, Insurance, Real Estate

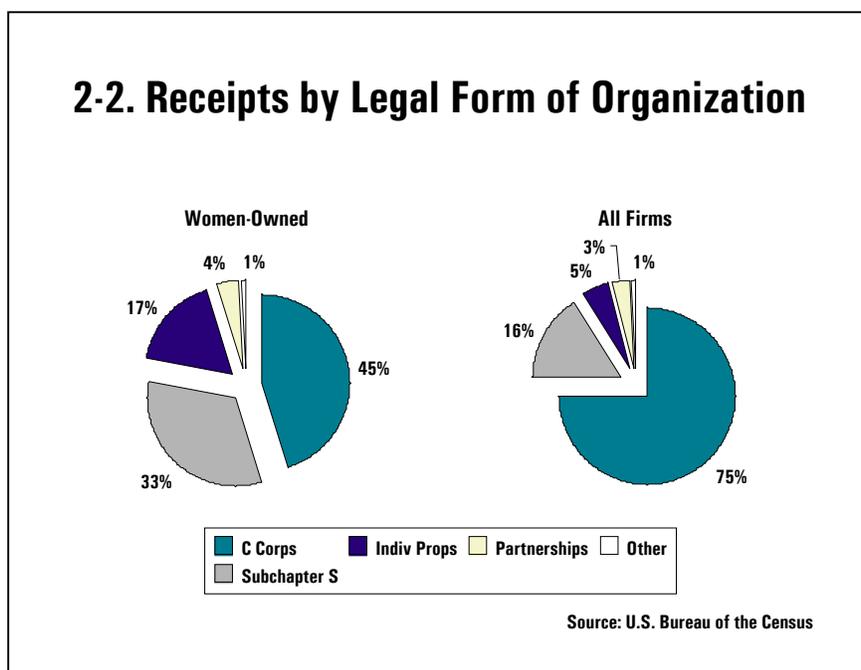
of revenues in both TCPU<sup>35</sup> and manufacturing. (See Table 2-1).

### Regional Patterns

California (\$121 billion), Texas (\$65 billion), New York (\$59 billion), Florida (\$48 billion) and Illinois (\$44 billion) accounted for 41% of revenues among all majority-owned, privately-held women-owned firms according to 1997 Census data. In comparison, these five states account for 37% of U.S. revenues among all firms. (See Table 2-2). Women-owned firms' share of all firms' revenues ranged from a low of 2% in Delaware to a high of 6% in Hawaii (See Table 2-3).

### Employment Patterns

Services (2.9 million), retail trade (1.6 million) and manufacturing (.9 million) industries employ 76% of the 7.1 million workers in majority-owned, privately-held women-owned firms. (See Table 2-6). While just 16% of majority-owned, privately-held women-owned firms have paid employees, this varies widely by industry. Fully 42% of women-owned construction firms have paid employees, as do 40% in wholesale trade, 34% in manufacturing and 28% in TCPU.<sup>36</sup> (See Table 2-7). Among all firms, 25% have paid employees. The industries with the highest proportion of paid employees include wholesale trade (52% of all



### Legal Form of Organization

C corporations generate 45% of the total revenues of majority-owned, privately-held women-owned firms, compared with 75% of the revenues of all firms (which includes publicly-traded firms). Subchapter S corporations account for 33% of revenues of women-owned firms and individual proprietorships account for 17%. Among all firms, Subchapter S corporations and individual proprietorships account for 16% and 5%, respectively. (See Table 2-4).

wholesale trade firms have paid employees), manufacturing (49%) and retail trade (38%).

California (932,462 employees), Texas (548,756), New York (461,127), Illinois (392,569) and Florida (371,412) employed 38% of all workers in majority-owned, privately-held women-owned firms and 35% of all workers in all firms according to 1997 Census data. (See Table 2-8). Women-owned firms' share of all firms' employment ranged from a low of 5% in the District of

<sup>35</sup> TCPU = Transportation, Communications and Public Utilities

<sup>36</sup> TCPU = Transportation, Communications and Public Utilities

Columbia to a high of 10% in New Mexico. (See Table 2-9).

### **Sole Proprietorships**

In 1998, business receipts from non-farm sole proprietorships totaled \$918 billion.<sup>37</sup> Women-

owned non-farm sole proprietorships accounted for \$165 billion, or 18% of this total. (See Table 2-11). On a net income basis, women-owned non-farm sole proprietorships accounted for 22% of the \$202 billion total. Between 1990 and 2000, revenues grew an estimated 4% among women-owned firms and decreased by 8% among all firms.

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<sup>37</sup> IRS, Statistics of Income Division

	Receipts (\$000,000)		Revenue Share		Women's Share of All Revenues in Industry
	Women-Owned	All Firms	Women-Owned	All Firms	
<b>Total, All Industries</b>	\$818,669	\$18,553,243	100.0	100.0	4.4
<b>Agriculture</b>	5,853	64,033	0.7	0.3	9.1
<b>Mining</b>	7,186	176,609	0.9	1.0	4.1
<b>Construction</b>	67,632	944,155	8.3	5.1	7.2
<b>Manufacturing</b>	113,722	4,021,515	13.9	21.7	2.8
<b>TCPU<sup>a</sup></b>	32,944	1,183,669	4.0	6.4	2.8
<b>Wholesale Trade</b>	188,489	4,270,041	23.0	23.0	4.4
<b>Retail Trade</b>	152,041	2,649,085	18.6	14.3	5.7
<b>FIRE<sup>b</sup></b>	56,021	2,567,560	6.8	13.8	2.2
<b>Services</b>	186,161	2,614,965	22.7	14.1	7.1
<b>Industries not classified</b>	8,619	61,611	1.1	0.3	14.0

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 1. (2001).

U.S. Department of Commerce, Bureau of the Census.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate.

	<b>Receipts (\$000,000)</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>United States</b>	\$818,669	4.4%	100.0%
<b>Alabama</b>	10,230	4.3	1.2
<b>Alaska</b>	1,942	5.3	0.2
<b>Arizona</b>	11,305	4.6	1.4
<b>Arkansas</b>	6,490	4.5	0.8
<b>California</b>	121,191	5.6	14.8
<b>Colorado</b>	13,763	5.0	1.7
<b>Connecticut</b>	9,276	2.9	1.1
<b>Delaware</b>	1,831	2.1	0.2
<b>District of Columbia</b>	1,813	3.4	0.2
<b>Florida</b>	48,261	5.8	5.9
<b>Georgia</b>	25,267	4.4	3.1
<b>Hawaii</b>	3,253	5.9	0.4
<b>Idaho</b>	2,405	3.7	0.3
<b>Illinois</b>	44,273	4.5	5.4
<b>Indiana</b>	13,578	3.3	1.7
<b>Iowa</b>	8,093	3.9	1.0
<b>Kansas</b>	6,928	3.8	0.8
<b>Kentucky</b>	9,877	4.0	1.2
<b>Louisiana</b>	11,463	4.0	1.4
<b>Maine</b>	3,212	5.0	0.4
<b>Maryland</b>	14,657	5.1	1.8
<b>Massachusetts</b>	16,753	3.2	2.0
<b>Michigan</b>	26,499	3.7	3.2
<b>Minnesota</b>	13,458	3.5	1.6
<b>Mississippi</b>	5,995	4.9	0.7
<b>Missouri</b>	15,003	3.9	1.8
<b>Montana</b>	2,048	5.4	0.3

	<b>Receipts (\$000,000)</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>Nebraska</b>	4,537	3.3	0.6
<b>Nevada</b>	5,972	5.8	0.7
<b>New Hampshire</b>	3,113	3.9	0.4
<b>New Jersey</b>	30,001	4.3	3.7
<b>New Mexico</b>	4,450	5.6	0.5
<b>New York</b>	59,497	4.0	7.3
<b>North Carolina</b>	24,166	4.7	3.0
<b>North Dakota</b>	1,167	3.3	0.1
<b>Ohio</b>	30,597	3.8	3.7
<b>Oklahoma</b>	8,912	5.2	1.1
<b>Oregon</b>	10,335	4.7	1.3
<b>Pennsylvania</b>	34,043	4.2	4.2
<b>Rhode Island</b>	2,684	5.1	0.3
<b>South Carolina</b>	10,634	5.0	1.3
<b>South Dakota</b>	1,202	2.4	0.1
<b>Tennessee</b>	14,538	4.0	1.8
<b>Texas</b>	65,065	4.6	7.9
<b>Utah</b>	5,096	4.3	0.6
<b>Vermont</b>	1,313	3.9	0.2
<b>Virginia</b>	17,486	4.2	2.1
<b>Washington</b>	15,099	4.2	1.8
<b>West Virginia</b>	3,299	4.3	0.4
<b>Wisconsin</b>	15,654	4.3	1.9
<b>Wyoming</b>	945	3.5	0.1

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

<b>Table 2-3. States With The Highest/Lowest Share of Revenues Among Women-Owned Firms: 1997</b>	
<b>State</b>	<b>% Share Women-Owned</b>
<b>The Top Five</b>	
<b>Hawaii</b>	5.9%
<b>Florida</b>	5.8
<b>Nevada</b>	5.8
<b>New Mexico</b>	5.6
<b>California</b>	5.6
<b>The Bottom Five</b>	
<b>Nebraska</b>	3.3%
<b>Massachusetts</b>	3.2
<b>Connecticut</b>	2.9
<b>South Dakota</b>	2.4
<b>Delaware</b>	2.1

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

Legal form of organization	Receipts (\$000,000)		% Share Women-Owned	% Share of All Receipts	
	Total	Women-Owned		Total	Women-Owned
<b>All industries</b>	\$18,553,243	\$818,669	4.4%	100%	100%
<b>C corporations<sup>38</sup></b>	13,892,225	366,781	2.6	74.9	44.8
<b>Subchapter S corporations</b>	2,977,247	273,267	9.2	16.0	33.4
<b>Individual proprietorships</b>	871,766	141,637	16.2	4.7	17.3
<b>Partnerships</b>	621,735	31,658	5.1	3.4	3.9
<b>Other</b>	190,270	5,326	2.8	1.0	0.7

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 7. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>38</sup> The 1997 Census definition of women-owned firms does not include publicly-traded women-owned firms. Publicly-traded firms are included in the total for all firms, however.

	Receipts Size									
	All Women-Owned Firms	Less than \$5,000	\$5,000 to \$9,999	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 or more
<b>All Industries</b>	5,417,034	1,630,833	976,085	1,115,180	571,368	399,326	355,804	169,337	100,230	98,870
<b>Agricultural Services, Forestry, Fishing &amp; Mining</b>	94,474	27,423	16,700	17,842	10,555	8,081	6,755	3,837	2,102	1,179
<b>Construction</b>	157,173	28,737	16,442	20,940	16,087	15,464	21,149	13,986	10,632	13,735
<b>Manufacturing</b>	121,108	29,497	16,202	19,465	10,413	9,642	9,657	7,569	6,781	11,882
<b>TCPU<sup>a</sup></b>	128,999	28,017	18,575	23,832	15,403	14,377	13,771	6,549	4,000	4,477
<b>Wholesale Trade</b>	125,645	20,627	12,037	15,185	12,880	11,861	14,393	9,863	9,095	19,704
<b>Retail Trade</b>	919,990	304,299	145,005	139,340	77,092	73,304	89,647	46,392	24,512	20,398
<b>FIRE<sup>b</sup></b>	479,469	94,767	63,031	103,167	78,888	58,913	46,620	18,397	9,534	6,353
<b>Services</b>	2,981,266	932,442	597,629	693,194	309,942	187,085	144,308	60,620	33,113	22,934
<b>Industries Not Classified</b>	411,596	165,029	90,463	82,214	40,309	20,600	9,526	2,196	670	S

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 9. (2001). U.S. Department of Commerce, Bureau of the Census.

S= Withheld because estimates did not meet publication standards

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

	All Firms		Women-Owned		% Share, Women-Owned v. All Firms
	# of Employees	% Share	# of Employees	% Share	
<b>Total, All Industries</b>	103,359,815	100.0%	7,076,081	100.0%	6.8%
<b>Agriculture</b>	725,410	0.7	77,370	1.1	10.7
<b>Mining</b>	616,232	0.6	25,982	0.4	4.2
<b>Construction</b>	5,678,306	5.5	518,142	7.3	9.1
<b>Manufacturing</b>	18,968,167	18.4	901,434	12.7	4.8
<b>TCPU<sup>a</sup></b>	5,883,270	5.7	321,759	4.5	5.5
<b>Wholesale Trade</b>	6,877,507	6.7	468,276	6.6	6.8
<b>Retail Trade</b>	22,268,978	21.5	1,574,747	22.3	7.1
<b>FIRE<sup>b</sup></b>	7,430,891	7.2	276,045	3.9	3.7
<b>Services</b>	34,884,760	33.8	2,908,080	41.1	8.3
<b>Industries not classified</b>	26,294	0.0	4,246	0.1	16.1

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 1. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate.

**Table 2-7. The Number of Women-Owned Firms by Employment Size and Industry Division: 1997**

Industry Type	Total	No Paid Employees	% of Firms with Paid Employees	With Paid Employees								
				Total	0 <sup>39</sup>	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 499	500+
<b>All Industries</b>	5,417,034	4,570,254	15.6	846,780	115,281	444,121	150,300	79,327	39,987	10,325	6,566	873
<b>Agricultural Services, Forestry, Fishing &amp; Mining</b>	94,474	75,642	19.9	18,832	3,705	9,080	3,239	2,020	597	116	54	21
<b>Construction</b>	157,173	91,466	41.8	65,707	7,486	30,790	13,588	8,299	4,297	868	351	27
<b>Manufacturing</b>	121,108	79,967	34.0	41,141	417	17,952	8,338	6,193	4,982	1,797	1,240	222
<b>TCPU<sup>a</sup></b>	128,999	93,376	27.6	35,623	5,483	18,015	5,796	3,341	1,863	687	372	66
<b>Wholesale Trade</b>	125,645	75,186	40.2	50,459	4,473	26,214	9,039	5,979	3,078	922	641	112
<b>Retail Trade</b>	919,990	708,407	23.0	211,583	27,328	101,988	45,980	22,284	10,918	1,863	1,098	125
<b>FIRE<sup>b</sup></b>	479,469	413,094	13.8	66,375	9,180	45,135	7,358	2,657	1,296	335	328	86
<b>Services</b>	2,981,266	2,625,498	11.9	355,768	54,581	193,905	56,918	28,760	13,552	4,183	3,315	555
<b>Industries Not Classified</b>	411,596	407,614	1.0	3,979	2,628	1,064	138	149	0	0	0	0

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 9. (2001). U.S. Department of Commerce, Bureau of the Census.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate.

<sup>39</sup> Firms reported annual payroll, but did not report any employees on their payroll during the specified period in 1997.

	<b>Employment</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>United States</b>	7,076,081	6.8%	100.0%
<b>Alabama</b>	97,966	6.4	1.4
<b>Alaska</b>	16,520	9.1	0.2
<b>Arizona</b>	101,601	6.1	1.4
<b>Arkansas</b>	64,379	7.0	0.9
<b>California</b>	932,462	8.1	13.2
<b>Colorado</b>	132,506	8.0	1.9
<b>Connecticut</b>	78,598	5.3	1.1
<b>Delaware</b>	19,192	5.5	0.3
<b>District of Columbia</b>	17,320	5.0	0.2
<b>Florida</b>	371,412	6.8	5.2
<b>Georgia</b>	190,577	6.3	2.7
<b>Hawaii</b>	30,138	7.3	0.4
<b>Idaho</b>	25,873	6.5	0.4
<b>Illinois</b>	392,569	7.9	5.5
<b>Indiana</b>	131,778	5.5	1.9
<b>Iowa</b>	71,724	6.3	1.0
<b>Kansas</b>	58,497	5.7	0.8
<b>Kentucky</b>	95,453	6.9	1.3
<b>Louisiana</b>	116,063	7.9	1.6
<b>Maine</b>	28,263	6.3	0.4
<b>Maryland</b>	139,616	7.3	2.0
<b>Massachusetts</b>	155,191	5.4	2.2
<b>Michigan</b>	228,132	6.0	3.2
<b>Minnesota</b>	124,616	5.8	1.8
<b>Mississippi</b>	54,183	6.3	0.8
<b>Missouri</b>	134,301	6.1	1.9
<b>Montana</b>	22,240	8.3	0.3

	<b>Employment</b>	<b>% of All Firms in State</b>	<b>% of All Women-Owned Firms in U.S.</b>
<b>Nebraska</b>	42,044	6.1	0.6
<b>Nevada</b>	49,477	6.5	0.7
<b>New Hampshire</b>	33,911	6.7	0.5
<b>New Jersey</b>	247,040	7.5	3.5
<b>New Mexico</b>	48,236	9.5	0.7
<b>New York</b>	461,127	6.8	6.5
<b>North Carolina</b>	221,973	7.2	3.1
<b>North Dakota</b>	13,482	5.7	0.2
<b>Ohio</b>	291,361	6.3	4.1
<b>Oklahoma</b>	82,531	7.7	1.2
<b>Oregon</b>	91,379	7.2	1.3
<b>Pennsylvania</b>	257,841	5.4	3.6
<b>Rhode Island</b>	28,678	7.4	0.4
<b>South Carolina</b>	100,284	7.0	1.4
<b>South Dakota</b>	14,323	5.2	0.2
<b>Tennessee</b>	142,080	6.5	2.0
<b>Texas</b>	548,756	7.8	7.8
<b>Utah</b>	54,135	6.8	0.8
<b>Vermont</b>	13,524	5.8	0.2
<b>Virginia</b>	172,227	6.7	2.4
<b>Washington</b>	139,032	6.9	2.0
<b>West Virginia</b>	33,724	6.4	0.5
<b>Wisconsin</b>	146,450	6.5	2.1
<b>Wyoming</b>	11,296	7.3	0.2

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

<b>Table 2-9. States With The Highest/Lowest Women's Share of Employment: 1997</b>	
<b>State</b>	<b>Women's Share</b>
<b>The Top Five</b>	
<b>New Mexico</b>	9.5%
<b>Alaska</b>	9.1
<b>Montana</b>	8.3
<b>California</b>	8.1
<b>Colorado</b>	8.0
<b>The Bottom Five</b>	
<b>Massachusetts</b>	5.4%
<b>Pennsylvania</b>	5.4
<b>Connecticut</b>	5.3
<b>South Dakota</b>	5.2
<b>District of Columbia</b>	5.0

Source: 1997 Economic Census: Survey of Women-Owned Business Enterprises, Table 2. (2001). U.S. Department of Commerce, Bureau of the Census.

	Receipts of Non-Farm Sole Proprietorships (\$000 of 1992 dollars)			% Share Women- Owned	Average Receipts per Firm	
	Women-Owned	Men-Owned	Total		Women-Owned	Total
<b>2000<sup>a</sup></b>	\$116,937,096	\$601,146,931	\$718,084,027	16.3%	\$16,384	\$35,061
<b>1999<sup>a</sup></b>	115,707,487	606,717,652	722,425,139	16.0	16,643	35,975
<b>1998<sup>a</sup></b>	114,477,877	612,288,374	726,766,251	15.8	16,916	36,927
<b>1997<sup>a</sup></b>	113,248,267	617,859,096	731,107,363	15.5	17,204	37,917
<b>1996<sup>a</sup></b>	112,018,658	623,429,817	735,448,475	15.2	17,510	38,950
<b>1995</b>	113,472,337	636,865,617	750,337,954	15.1	18,493	40,799
<b>1994</b>	110,840,710	642,140,261	752,980,971	14.7	18,331	41,581
<b>1993</b>	108,756,108	629,270,648	738,026,756	14.7	18,586	41,663
<b>1992</b>	106,060,210	631,021,822	737,082,032	14.4	18,612	42,625
<b>1991</b>	108,459,185	629,877,103	738,336,288	14.7	19,547	43,540
<b>1989</b>	99,257,386	673,107,093	772,364,479	12.9	19,943	48,512
<b>1980</b>	60,226,109	620,578,052	680,804,161	8.9	23,756	69,969

Source: As reported in *The State of Small Business: A Report of the President 1998*, Table 4.7. U.S. Small Business Administration, Office of Advocacy. (1999). With data from the U.S. Department of the Treasury, Internal Revenue Service.

<sup>a</sup>1996–2000 are projections by the U.S. Small Business Administration, Office of Advocacy.

<b>Table 2-11. Receipts of Women-Owned Non-Farm Sole Proprietorships by SBA Region (\$000,000)</b>				
<b>Region</b>	<b>1985</b>	<b>1990</b>	<b>1997</b>	<b>1998</b>
<b>Total U.S.</b>	\$65,045	\$105,690	\$153,865	\$165,098
<b>Region I</b>	3,445	5,064	9,227	9,385
<b>Region II</b>	4,764	9,296	13,737	13,387
<b>Region III</b>	7,096	11,201	14,494	14,496
<b>Region IV</b>	9,204	16,208	23,002	26,946
<b>Region V</b>	9,392	12,464	22,639	22,992
<b>Region VI</b>	9,038	11,442	16,031	17,979
<b>Region VII</b>	2,419	6,192	6,696	7,382
<b>Region VIII</b>	1,838	2,884	4,868	5,708
<b>Region IX</b>	14,359	26,206	36,873	40,144
<b>Region X</b>	3,453	4,732	6,297	6,679

Note: The SBA Regions are defined as follows:

- Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- Region II: New Jersey, New York
- Region III: Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia
- Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, N. Carolina, S. Carolina, Tennessee
- Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin
- Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, Texas
- Region VII: Iowa, Kansas, Missouri, Nebraska
- Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
- Region IX: Arizona, California, Hawaii, Nevada
- Region X: Alaska, Idaho, Oregon, Washington

Special tabulations prepared by the U.S. Department of the Treasury, Internal Revenue Service, under contract to the U.S. Small Business Administration, Office of Advocacy and U.S. Department of the Treasury, Internal Revenue Services. (Tax Year 1997 and 1998). Table K-3, "Sole Proprietorship Businesses: Business Receipts and Net Income, By Size of Business Receipts and by Gender (Farms not included)".

**Table 2-12. Receipts and Net Income of Women-Owned Non-Farm Sole Proprietorships by Industry: 1998**

Industry	Receipts			Net Income		
	Dollars (\$000,000)	% Share Women-Owned	% of Total Receipts	Dollars (\$000,000)	% Share Women-Owned	% of Total Net Income
<b>Total</b>	\$165,098	18.0%	100%	\$43,577	21.5%	100%
<b>Agriculture, Forestry &amp; Fishing</b>	2,118	7.8	0.1	175	4.5	0.4
<b>Mining, Construction &amp; Manufacturing</b>	11,463	6.9	6.9	1,778	6.2	4.1
<b>TCPU<sup>a</sup></b>	5,131	10.4	3.1	925	12.6	2.1
<b>Wholesale and Retail Trade</b>	44,891	18.5	27.2	2,775	14.5	6.4
<b>FIRE<sup>b</sup></b>	23,206	22.9	14.1	8,934	30.5	20.5
<b>Services</b>	78,288	23.6	47.4	28,989	25.5	66.5

Note: U.S. Department of the Treasury, Internal Revenue Services. (Tax Year 1998). Table K-3, "Sole Proprietorship Businesses: Business Receipts and Net Income, By Size of Business Receipts and by Gender (Farms not included)".

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

## Chapter 3: Demographic Characteristics of Women Business Owners

### Characteristics of Business Owners Survey

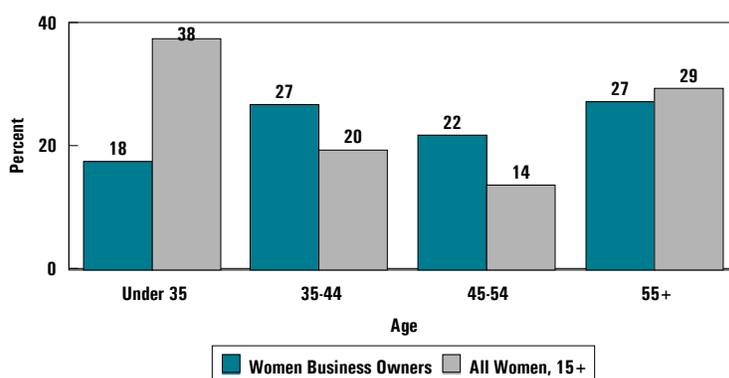
Following the release of its 1992 Economic Census, the Bureau of the Census conducted a survey among a sampling of the businesses included in the census.<sup>40</sup> Referred to as the Characteristics of Business Owners survey, the survey gathered information on selected demographic characteristics of the owners of businesses, their sources of financing, their employees, and their prior employment histories. The information obtained from this Characteristics of Business Owners survey provides valuable insight into the population of small business owners across the country. Despite its age, it is the most comprehensive survey of business owners available.

female population in the country aged 15 or older. Twenty-seven percent (27%) of women business owners were aged 35 to 44, and 22% were aged 45 to 54. Just 18% of women business owners were 34 or younger, compared with 38% of the female population aged 15 or older, and 27% were 55 and older, compared with 29% of all women 15 or older. Women business owners were therefore somewhat older than the female adult population at large.

### Education

As of 1992, 85% of women business owners had at least a high school education, compared with 76% of all women 15 or older. Fully 38% had college degrees, compared with just 22% of all women 15+. Women business owners were thus more highly educated than the general female population.

### 3-1. Women Business Owners Are Somewhat Older Than Women in General



Source: Bureau of the Census, Characteristics of Business Owners: 1992 Economic Census and Bureau of the Census, Current Population Reports, p25-1127

### Age

As of 1992, just under half (49%) of women business owners in the United States were between the ages of 35 and 54, compared with 34% of the

### Marital Status

Perhaps because of the relative difference in the ages of the two populations, women who own their own businesses were more likely to be married than are other women. As of 1992, 64% of women business owners were married, compared with 56% of all women 15 or older. Only 9% of women

<sup>40</sup> The Characteristics of Business Owners survey was not conducted following the 1997 Economic Census due to a lack of funding.

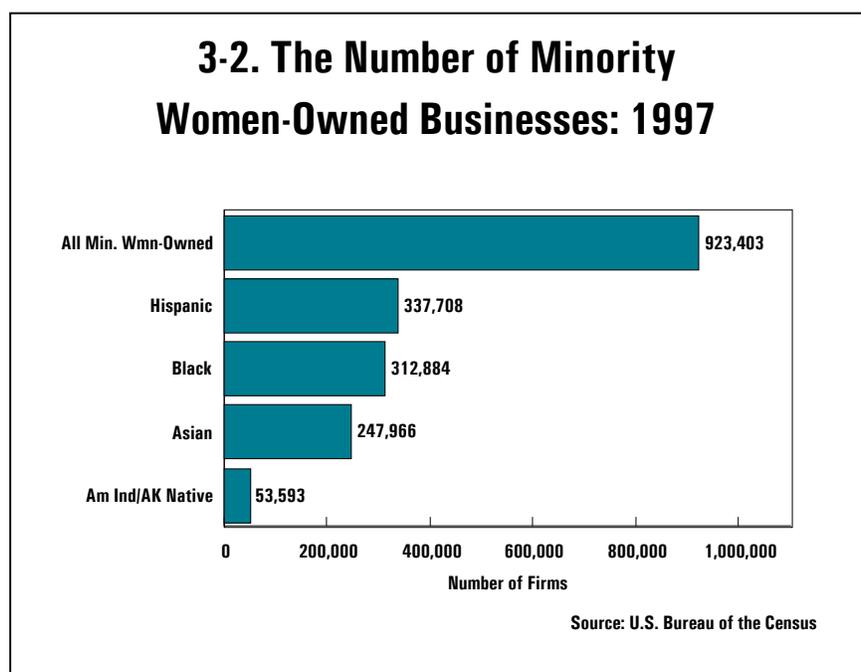
business owners had never been married, compared with 23% of all women.

### Personal Income

As of 1992, the personal income of women business owners was, not unexpectedly, higher than average. Fifty-seven percent (57%) of women business owners had personal incomes of less than \$25,000, 20% had incomes between \$25,000 and \$50,000, and 12% had personal incomes of \$50,000 or more.

African American, 4.6% are Asian, and 1.0% are Native American.<sup>42</sup> (See Table 3-2). This compares to 14.6% of all firms being minority-owned, possibly indicating that women members of minority groups are more likely to be business owners than are men members of minority groups.

Firms owned by women of color are typically smaller than other women-owned firms or other minority-owned firms. The average receipts per firm among women-owned minority firms total \$91,689,



In comparison, among all women 15 or older (which does include a larger student population), 78% had personal incomes of less than \$25,000, 18% had incomes between \$25,000 and \$50,000, and 4% had incomes of \$50,000 or more. (See Table 3-1).

### Survey of Minority-Owned Businesses

#### Ethnicity

According to the 1997 Economic Census, over one in six women business owners (17%) are members of a minority group<sup>41</sup> – 6.2% are Hispanic, 5.8% are

compared with \$194,555 for all minority-owned firms and \$151,129 for all women-owned firms. Despite this lower than average level of sales, however, firms owned by minority women are almost as likely to have employees. As mentioned earlier in this report, 16% of all women-owned firms have employees; among women-owned minority firms, 14% have employees.

Mexican, Puerto Rican, Latin American (Central or South American), European Spanish, and other Hispanic origins or cultures; Asian and Pacific Islander ancestral groups of Asian Indian, Chinese, Japanese, Korean, Vietnamese, Filipino, Hawaiian, and other Asian or Pacific Islander; and Native American ancestral groups of Aleut, Eskimo and American Indian.

<sup>42</sup> The reason the individual figures add up to more than 17% is that persons of mixed ethnicity can fit into more than one group and are counted more than once. Total figures published by the Bureau of the Census are adjusted for this multiple counting.

<sup>41</sup> A sample mail canvass was used to determine if a firm was owned by persons of Hispanic or other minority ancestry. The survey form identified Hispanic ancestral groups of Cuban,

Due to several definitional changes, direct comparisons to prior years are not possible in most cases. Significant changes over the years have included the treatment of C corporations and tabulating businesses with 50% minority ownership. In 1992 and in previous studies, C Corporations were excluded from the Census Bureau's Survey of Minority-Owned Business Enterprises. In 1997, the survey was expanded to include all corporations. Additionally, in the 1997 survey, minority ownership of a business was determined based on 51%+ majority interest in the business. Businesses in which ownership was shared among minority and nonminority groups were excluded from the minority business data and were tabulated and published separately. In the past, businesses with 50% or more minority owners have been included in the minority business data.<sup>43</sup>

While detailed comparisons are not available, trends at the aggregate level are believed to be reliable. Overall, the number of minority firms are growing at a significantly faster rate than are all firms. While the number of firms overall grew by 7% between 1992 and 1997, minority-owned firms grew by 30%. Similarly, sales and receipts among all firms grew by 40%, compared with 60% growth among minority-owned firms. (See Table 3-3). Thus, minority-owned firms grew in number at more than 4 times of the rate of all firms and, in revenues, at 1½ times the rate of all firms.

### Firms Owned By Hispanic Women

Hispanic women currently outnumber other minority women in business ownership – as of the 1997 census, there were 337,708 firms owned by Hispanic women. These firms account for more than one-third of all women-owned minority firms and generate sales of \$27.3 billion, an average of \$80,895 per firm. Twelve percent (12%) of women-owned Hispanic firms have paid employees; in total, these firms employ 234,591 people, with an average employment size of 6.0 per firm. Women-owned Hispanic firms make up 28% of all Hispanic firms and account for 15% of their receipts, compared with all women-owned businesses, which make up 26% of all firms and account for 4% of all revenues. (See Table 3-2).

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<sup>43</sup> 1997 Economic Census: Survey of Minority-Owned Business Enterprises. U.S. Department of Commerce.

By industry, the largest share of Hispanic women-owned businesses are found in the service sector (56%), followed by retail trade (15%). Together, these two industries account for 53% of the sales generated by Hispanic women-owned businesses. An additional 16% of sales by Hispanic women-owned firms came from the wholesale sector, generated by the 2% of Hispanic women-owned businesses in this industry. Hispanic women are also more likely to own firms in construction, TCPU<sup>44</sup> and services than are women overall. (See Table 3-5).

The five states with the largest population of Hispanic women-owned businesses are: California (101,332), Texas (55,776), Florida (48,261), New York (33,704) and New Jersey (9,276). Together, these five states account for 74% of all Hispanic women-owned firms in the country. (See Table 3-6).

### Firms Owned By African American Women<sup>45</sup>

As of 1997, there were 312,884 firms owned by African American women. These firms generated sales of \$13.6 billion, an average of \$43,310 per firm. Seven percent (7%) of women-owned African American firms have paid employees; these firms employ 169,038 people, with average employment of 8.1 people per firm. African American women-owned firms account for 38% of all African American firms and 19% of their receipts.

By industry, the largest share of African American women-owned businesses are found in the service sector – 68% compared with 55% among all women-owned firms. Another 11% are in the retail trade sector. These two industries account for more than two-thirds (73%) of the revenues generated by African American women-owned businesses. African American women business owners are more likely to be in TCPU and services than are women business owners overall.

The five states with the largest population of businesses owned by African American women are:

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<sup>44</sup> TCPU = Transportation, Communications and Public Utilities

<sup>45</sup> Note that by using the term “African American” we are following the naming convention followed by the Census Bureau.

New York (35,160), California (29,827), Florida (24,144), Texas (20,759) and Georgia (20,542), accounting for 42% of all African American women-owned firms. Maryland (19,187), Virginia (11,457) and Washington, DC (4,136) also have significant numbers of African American women-owned firms. We speculate that this is possibly due to the federal contracting opportunities available in the Washington, DC area.

### Firms Owned By Asian & Pacific Islander Women

There were 247,966 firms owned by Asian and Pacific Islander women as of the 1997 census, generating sales of \$38.1 billion, an average of \$153,653 per firm. Fully 23% of women-owned Asian and Pacific Islander firms have paid employees; these firms employ 313,603 people, with average employment of 5.4 employees per firm. Women-owned Asian and Pacific Islander firms account for 27% of all Asian and Pacific Islander firms and 12% of their revenues.

As with other minority firms, the largest share of Asian and Pacific Islander women-owned businesses are found in the service sector (54%) and the retail sector (19%). These two industries account for 54% of the revenues generated by Asian and Pacific Islander women-owned businesses. Another 29% of sales came from the wholesale sector, despite only 3% of Asian and Pacific Islander women-owned firms being in this industry. Asian and Pacific Islander women business owners are more likely to be in manufacturing, wholesale trade and retail trade than are women business owners in general.

The five states with the largest population of businesses owned by women of Asian or Pacific Island descent are: California (87,179), New York (29,902), Texas (17,715), Hawaii (14,071) and New Jersey (10,393). Together, the top five states are home to 64% of businesses owned by Asian women.

### Firms Owned By American Indian and Alaska Native Women

As of the 1997 census, there were 53,593 firms owned by American Indian and Alaska Native women. These firms generated sales of \$6.8 billion, an average of \$126,047 per firm. Sixteen percent (16%) of women-owned American Indian and Alaska Native firms have paid employees; these firms employ 74,114 people, with average employment of 8.5 employees per firm. Women-owned American Indian and Alaska Native firms account for 27% of all American Indian and Alaska Native firms and 20% of their revenues.

By industry, the largest share of American Indian and Alaska Native women-owned businesses are found in the service sector (25%) and the retail sector (9%). These two industries account for almost one-quarter (24%) of the revenues generated by American Indian and Alaska Native women-owned businesses. Almost half (49%) of American Indian and Alaska Native women business owners are in sectors not classified by the Census Bureau, accounting for 41% of revenues. American Indian and Alaska Native women business owners are more often found in agricultural services/forestry/fishing, construction, manufacturing, and wholesale trade than are women business owners overall.

Businesses owned by Native American or Alaska Native women are more likely than the average women-owned firms to be in the fields of agriculture, construction and manufacturing. They are much less likely to be found in the FIRE<sup>46</sup> sector.

The five states home to the largest populations of businesses owned by Native American or Alaska Native women are: California (7,338), Oklahoma (4,401), Texas (4,024), Florida (3,410) and New Mexico (2,648). These states accounted for 41% of all businesses owned by Native American and Alaska Native women.

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<sup>46</sup> FIRE = Finance, Insurance and Real Estate

**Table 3-1. Demographic Characteristics of Women Business Owners: 1992**

	<b>Women Business Owners</b>	<b>All Women, 15+</b>
<b>Age</b>		
<b>Under 25</b>	2.7	17.1
<b>25-34</b>	14.8	20.5
<b>35-44</b>	26.9	19.5
<b>45-54</b>	21.9	13.6
<b>55-64</b>	17.7	10.7
<b>65+</b>	9.5	18.6
<b>Marital Status</b>		
<b>Married</b>	64.2	56.4
<b>Never Married</b>	8.5	23.0
<b>Divorced</b>	11.5	9.7
<b>Widowed</b>	4.6	11.0
<b>Education</b>		
<b>Elementary School</b>	3.2	8.4
<b>Some High School</b>	4.9	15.6
<b>High School Graduate</b>	22.4	35.6
<b>Some College</b>	25.3	17.8
<b>College Graduate</b>	25.3	17.5
<b>Graduate School</b>	12.2	4.7
<b>Personal Income</b>		
<b>Under \$15,000</b>	43.1	59.6
<b>\$15,000 - \$24,999</b>	14.3	18.8
<b>\$25,000 - \$49,999</b>	20.2	18.1
<b>\$50,000 - \$74,999</b>	5.8	2.6
<b>\$75,000 +</b>	6.5	1.0

Source: *Characteristics of Business Owners: 1992 Economic Census* and *Bureau of the Census, Current Population Reports*, p20-476, p25-1127, p60-193, MS-1. U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.



	All Women-Owned Firms	All Minority-Owned Firms	Minority Women-Owned Firms				
			Total	African American <sup>47</sup>	Hispanic	American Indian & Alaska Native	Asian & Pacific Islander
<b>Number of Firms</b>	5,417,034	3,039,033	923,403	312,884	337,708	53,593	247,966
<b>% Share</b>	100.0	14.6	17.0	5.8	6.2	1.0	4.6
<b>Sales &amp; Receipts (\$000,000)</b>	818,669	591,259	84,666	13,551	27,319	6,755	38,101
<b>Average Receipts per Firm (\$)</b>	151,129	194,555	91,689	43,310	80,896	126,047	153,653
<b>Employment</b>	7,076,081	4,514,699	777,999	169,038	234,591	74,114	313,603
<b>% of Firms with Paid Employees</b>	15.6	20.2	13.5	6.6	11.6	16.3	23.3
<b>Average # of Employees per Firm<sup>48</sup></b>	8.4	7.3	6.2	8.1	6.0	8.5	5.4

Source: *Survey of Minority-Owned Business Enterprises: 1997 Economic Census (Summary)*. (2001). U.S. Department of Commerce, Bureau of the Census. Detail may not add to total because of duplication of some firms. Firms that were owned equally by 2 or more minorities are included in the data for each minority group but counted only once at total levels.

<sup>47</sup> Referred to as “Black” by the Bureau of the Census

<sup>48</sup> Among firms with paid employees

	Firms (Number)			Sales and Receipts (\$000,000)		
	1992	1997	% Chg	1992	1997	% Chg
All U.S. Firms	17,253,143	18,431,456	6.8	\$3,324,200	\$4,661,018	40.2
All Minority-Owned Firms	2,149,184	2,786,098	29.6	209,740	335,316	60.0
African American-Owned Firms <sup>49</sup>	620,912	780,770	25.7	32,197	42,671	32.5
Hispanic-Owned Firms	862,605	1,121,433	30.0	76,842	114,431	48.9
American Indian- and Alaska Native-Owned Firms	102,271	187,921	83.7	8,057	22,441	178.5
Asian- and Pacific Islander-Owned Firms	603,426	785,480	30.2	95,714	161,142	68.4

Source: *Survey of Minority-Owned Business Enterprises: 1997 Economic Census (Summary)*, (2001). U.S. Department of Commerce, Bureau of the Census. Detail in this table does not add to total because of duplication of some firms. Hispanics may be of any race and, therefore, may be included in more than one minority group.

<sup>49</sup> Referred to as “Black” by the Bureau of the Census

**Table 3-4. Number, Receipts and Employment Among Minority Women-Owned Firms By Major Industry: 1997**

	Total			African American <sup>50</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
<b>All Industries</b>	923,403	84,666,144	777,999	312,884	13,550,983	169,038	337,708	27,319,361	234,591	53,593	6,755,233	74,114	247,966	38,100,770	313,603
<b>Agricultural Services, Forestry &amp; Fishing</b>	7,404	459,500	5,943	1,139	56,103	D	3,504	225,761	3,468	1,363	48,411	D	1,678	133,715	D
<b>Mining</b>	622	131,056	1,395	44	6,068	D	292	23,448	103	178	102,834	D	140	6,317	1,007
<b>Construction</b>	18,227	4,243,591	36,521	3,294	509,604	4,971	10,041	2,069,539	20,463	2,271	1,031,765	6,883	2,972	711,228	4,622
<b>Manufacturing</b>	16,099	5,269,373	66,131	2,567	289,881	2,975	6,023	2,282,556	22,900	1,727	393,116	3,497	6,240	2,443,344	37,730
<b>TCPU<sup>a</sup></b>	23,855	2,488,391	29,299	7,810	493,113	10,011	10,575	1,027,842	9,762	1,030	256,155	2,525	5,628	757,811	7,578
<b>Wholesale Trade</b>	16,642	16,628,051	37,723	1,840	1,002,928	1,974	5,546	4,263,226	10,130	1,383	418,481	1,549	8,185	11,019,906	24,275
<b>Retail Trade</b>	133,924	16,172,247	176,246	35,366	1,961,236	17,607	48,860	4,485,430	45,123	5,012	641,238	7,865	48,089	9,318,712	107,776
<b>FIRE<sup>b</sup></b>	48,432	3,640,761	18,952	12,671	632,227	3,873	17,204	1,534,622	8,855	1,170	151,836	742	18,757	1,362,952	5,600
<b>Services</b>	531,532	29,456,109	354,925	211,353	7,869,760	124,258	189,800	9,971,881	104,717	13,190	974,030	16,671	133,721	11,106,181	119,079
<b>Industries Not Classified</b>	126,821	6,177,064	50,864	36,813	730,060	2,462	45,899	1,435,056	9,072	26,302	2,737,368	32,724	22,632	1,240,604	5,698

Source: Survey of Minority-Owned Business Enterprises: 1997 Economic Census, Table 1, (2001). U.S. Department of Commerce, Bureau of the Census.

D = data is withheld to avoid disclosing data for individual companies; data are included in higher level totals.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

<sup>50</sup> Referred to as "Black" by the Bureau of the Census

**Table 3-5. Employment Among Minority Women-Owned Firms By Major Industry: 1997**

Major Industry	All Women-Owned Businesses		Minority Women-Owned Businesses									
			Total		African American <sup>51</sup>		Hispanic		American Indian & Alaska Native		Asian & Pacific Islander	
	# of Employees	%	# of Empl.	%	# of Empl.	%	# of Empl.	%	# of Empl.	%	# of Empl.	%
<b>Total</b>	7,076,081	100%	777,999	100%	169,038	100%	234,591	100%	74,114	100%	313,603	100%
<b>Agriculture</b>	77,370	1.1	5,943	0.8	D	-	3,468	1.5	D	-	D	-
<b>Mining</b>	25,982	0.4	1,395	0.2	D	-	103	0.0	D	-	1,007	0.3
<b>Construction</b>	518,142	7.3	36,521	4.7	4,971	2.9	20,463	8.7	6,883	9.3	4,622	1.5
<b>Manufacturing</b>	901,434	12.7	66,131	8.5	2,975	1.8	22,900	9.8	3,497	4.7	37,730	12.0
<b>TCPU<sup>a</sup></b>	321,759	4.5	29,299	3.8	10,011	5.9	9,762	4.2	2,525	3.4	7,578	2.4
<b>Wholesale Trade</b>	468,276	6.6	37,723	4.8	1,974	1.2	10,130	4.3	1,549	2.1	24,275	7.7
<b>Retail Trade</b>	1,574,747	22.2	176,246	22.7	17,607	10.4	45,123	19.2	7,865	10.6	107,776	34.4
<b>FIRE<sup>b</sup></b>	276,045	3.9	18,952	2.4	3,873	2.3	8,855	3.8	742	1.0	5,600	1.8
<b>Services</b>	2,908,080	41.1	354,925	45.6	124,258	73.5	104,717	44.6	16,671	22.5	119,079	38.0
<b>Industries Not Classified</b>	4,246	0.1	50,864	6.5	2,462	1.5	9,072	3.9	32,724	44.2	5,698	1.8

Source: Survey of Minority-Owned Business Enterprises: 1997 Economic Census, Table 1. (2001). U.S. Department of Commerce, Bureau of the Census.

D = data is withheld to avoid disclosing data for individual companies; data are included in higher level totals.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

<sup>51</sup> Referred to as “Black” by the Bureau of the Census

**Table 3-6. Number, Receipts and Employment of Minority Women-Owned Firms by State: 1997**

Geographic Area	Total			African American <sup>52</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
<b>United States</b>	923,403	84,666,144	777,999	312,884	13,550,983	169,038	337,708	27,319,361	234,591	53,593	6,755,233	74,114	247,966	38,100,770	313,603
<b>Alabama</b>	9,313	496,481	6,158	7,137	217,854	3,137	884	81,290	1,079	698	100,891	884	826	106,643	1,340
<b>Alaska</b>	2,991	428,360	3,542	341	27,469	393	440	64,039	409	1,644	306,650	2,351	618	48,653	580
<b>Arizona</b>	13,965	1,158,244	13,999	1,226	43,358	317	9,246	656,950	8,750	2,079	129,691	1,992	2,073	353,571	3,177
<b>Arkansas</b>	3,665	160,502	2,230	2,185	61,887	558	660	15,634	137	473	42,005	1,042	381	41,205	497
<b>California</b>	219,355	24,382,091	203,080	29,827	1,730,441	14,225	101,332	6,049,009	55,760	7,338	2,116,631	24,592	87,179	14,771,759	114,900
<b>Colorado</b>	12,093	922,889	10,074	1,549	49,935	466	6,946	473,328	4,298	1,063	149,401	1,653	2,927	260,445	3,690
<b>Connecticut</b>	5,755	541,755	3,649	2,233	56,117	492	2,031	139,333	1,322	267	20,492	233	1,424	329,555	1,614
<b>Delaware</b>	1,964	141,241	1,765	1,236	32,568	395	299	12,114	D	S	S	S	300	67,831	409
<b>District of Columbia</b>	5,590	430,380	5,478	4,136	198,117	2,989	716	92,414	839	9	1,731	D	782	157,684	D
<b>Florida</b>	81,268	5,539,136	40,987	24,144	720,048	5,935	48,261	3,488,263	22,717	3,410	228,077	2,055	8,199	1,188,320	10,406
<b>Georgia</b>	29,902	1,841,014	14,303	20,542	717,278	5,976	3,528	241,002	1,647	1,088	99,580	1,382	5,334	795,263	5,331

<sup>52</sup> Referred to as “Black” by the Bureau of the Census

Table 3-6. Number, Receipts and Employment of Minority Women-Owned Firms by State: 1997

Geographic Area	Total			African American <sup>52</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
Hawaii	15,367	1,962,190	17,625	165	D	D	1,435	45,106	293	185	21,558	D	14,071	1,908,448	17,353
Idaho	1,634	139,621	1,106	39	D	D	995	52,846	530	380	76,813	416	257	8,260	109
Illinois	37,694	4,046,407	58,328	19,951	1,229,224	14,396	8,965	1,089,259	28,796	1,134	62,941	571	8,659	1,689,087	14,702
Indiana	8,317	426,346	5,802	5,112	134,873	2,250	1,112	82,147	560	606	32,291	281	1,598	183,108	2,739
Iowa	1,700	109,009	1,585	552	26,581	456	443	43,547	422	306	7,620	262	431	32,290	466
Kansas	3,825	292,871	4,465	1,300	65,665	1,430	1,115	53,537	1,084	742	100,062	876	704	75,416	1,155
Kentucky	4,215	242,372	2,866	2,245	69,887	758	416	75,122	818	894	39,126	456	720	64,624	1,052
Louisiana	12,471	722,651	9,129	8,606	327,561	5,176	1,826	108,888	1,207	599	88,539	984	1,557	199,518	1,783
Maine	867	42,373	557	89	1,840	D	203	D	D	427	16,274	132	172	20,286	345
Maryland	29,813	2,196,325	26,888	19,187	773,403	10,657	3,576	356,028	3,720	517	77,773	919	6,813	1,006,501	12,136
Massachusetts	12,126	1,019,954	7,954	3,924	123,303	978	4,795	314,046	1,888	696	38,228	278	3,431	623,662	5,199
Michigan	18,564	2,059,589	18,787	11,184	393,930	6,413	3,002	865,115	2,924	1,603	125,410	2,356	2,917	687,662	7,131
Minnesota	4,348	486,541	3,081	1,209	84,303	841	1,048	116,142	295	678	105,073	313	1,501	181,992	1,632

Table 3-6. Number, Receipts and Employment of Minority Women-Owned Firms by State: 1997

Geographic Area	Total			African American <sup>52</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
Mississippi	6,600	283,127	3,293	5,855	138,522	1,843	217	40,929	412	138	19,224	222	431	85,114	817
Missouri	8,673	573,593	7,005	5,319	270,431	3,917	1,419	125,498	1,801	716	67,957	412	1,340	147,729	1,791
Montana	1,119	105,153	891	13	D	D	285	12,680	165	748	86,115	595	85	6,071	D
Nebraska	1,600	136,709	2,229	740	32,504	432	392	28,410	1,086	246	17,708	128	251	59,226	592
Nevada	4,891	494,535	4,862	837	36,576	273	2,030	156,596	2,079	321	38,146	248	1,814	270,357	2,269
New Hampshire	893	129,870	1,974	96	3,443	D	231	14,926	99	286	17,659	338	284	93,846	1,499
New Jersey	28,319	3,667,934	21,780	9,218	423,055	3,359	9,276	515,398	2,725	483	48,163	694	10,393	2,728,797	15,126
New Mexico	11,736	902,586	8,764	376	15,408	D	8,281	663,957	6,528	2,648	147,805	1,068	762	86,191	1,116
New York	91,706	5,939,173	36,608	35,160	1,057,136	7,250	33,704	1,618,625	8,444	1,393	98,778	614	29,902	3,287,276	20,692
North Carolina	19,870	878,320	11,689	14,141	384,255	6,767	2,338	96,428	590	1,652	93,722	1,252	2,050	310,158	3,101
North Dakota	397	38,345	479	38	D	D	95	D	D	179	22,072	311	S	S	S
Ohio	16,462	1,431,790	15,218	10,592	673,571	6,886	1,805	170,329	1,768	1,207	50,528	848	3,016	541,984	5,794
Oklahoma	9,042	942,101	8,467	2,150	65,117	889	1,300	69,509	1,178	4,401	703,349	5,190	1,256	105,113	1,214



**Table 3-6. Number, Receipts and Employment of Minority Women-Owned Firms by State: 1997**

Geographic Area	Total			African American <sup>52</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
Oregon	5,731	397,311	5,390	789	38,106	664	1,758	76,899	767	1,068	65,937	760	2,250	218,305	3,210
Pennsylvania	15,732	1,216,072	15,461	7,439	286,312	5,296	2,744	307,759	4,675	1,112	61,820	923	4,649	593,784	4,988
Rhode Island	1,476	68,796	1,075	405	9,442	91	732	28,380	208	S	S	S	293	29,130	D
South Carolina	9,465	445,744	4,846	7,571	305,838	3,419	467	14,030	156	619	31,246	225	848	95,137	1,056
South Dakota	538	40,411	573	19	D	D	70	D	D	377	29,111	D	73	D	D
Tennessee	10,202	733,963	7,448	7,153	308,887	4,184	777	89,045	472	855	160,904	1,089	1,463	199,138	1,825
Texas	95,995	12,521,695	111,220	20,759	1,718,639	35,796	55,776	7,895,492	52,888	4,024	488,346	6,023	17,715	2,498,625	18,181
Utah	2,479	168,335	2,371	148	5,740	D	1,546	78,526	1,143	320	18,049	232	600	67,252	800
Vermont	580	158,653	1,591	37	1,412	D	212	D	D	210	9,161	55	121	D	D
Virginia	23,778	1,551,970	17,113	11,457	480,671	5,366	4,479	324,293	3,303	843	97,667	1,353	7,247	659,037	7,164
Washington	13,540	1,581,711	16,402	1,855	84,499	1,325	3,000	240,378	2,017	1,659	250,625	3,606	7,220	1,027,362	9,750
West Virginia	1,196	69,075	932	456	6,289	D	268	14,023	D	209	11,999	236	272	36,799	447
Wisconsin	4,589	358,477	6,195	2,216	111,958	2,253	965	55,036	571	588	83,104	2,130	953	113,141	1,245

**Table 3-6. Number, Receipts and Employment of Minority Women-Owned Firms by State: 1997**

Geographic Area	Total			African American <sup>52</sup>			Hispanic			American Indian & Alaska Native			Asian & Pacific Islander		
	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.	# of Firms	Sales (\$000)	# of Empl.
Wyoming	627	42,356	684	43	D	D	366	21,016	314	184	14,870	196	69	6,305	D

Source: Survey of Minority-Owned Business Enterprises: 1997 Economic Census (Summary). (2001). U.S. Department of Commerce, Bureau of the Census.

Detail may not add to total because of rounding and because a firm may be included in more than one minority group.

D = data is withheld to avoid disclosing data for individual companies; data are included in higher level totals.

S = data is withheld because estimates did not meet publication standards.

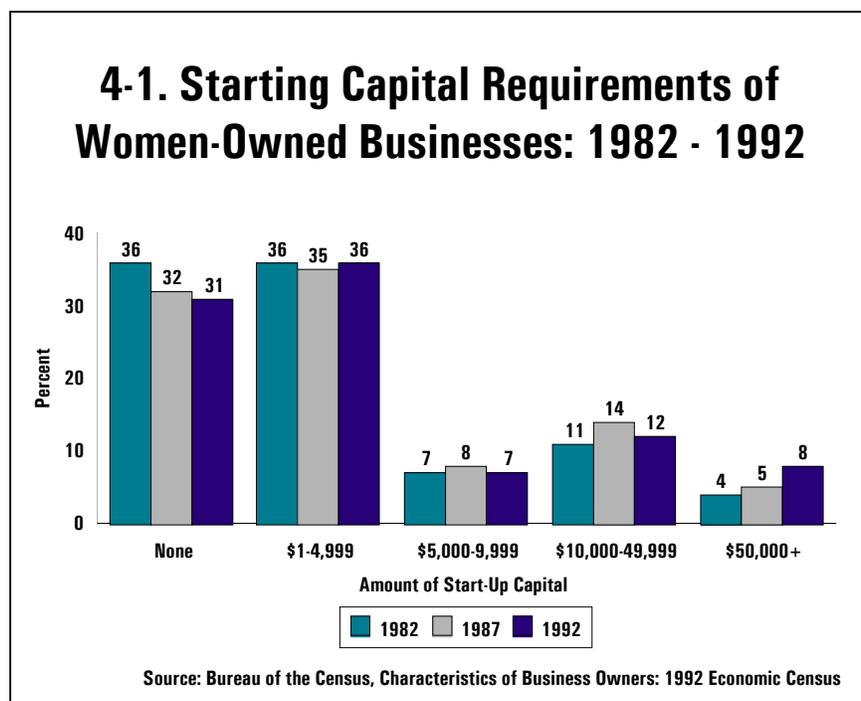
## Chapter 4: Capital and Financing Patterns Among Women-Owned Firms

### Start-Up Financing

While most businesses start with very little capital, the number of women-owned firms that used start-up or acquisition capital increased from 58% to 62% between 1982 and 1992.<sup>53</sup> According to the 1992 Characteristics of Business Owners Survey (CBO), 31% of women-owned firms started with no capital at all, 36% started with \$1 to \$4,999, 7% with \$5,000 to \$9,999, and 19% started with \$10,000

still a gap compared with men business owners, 77% of whom used start-up capital in 1992. Among non-minority male-owned businesses, a comparative group used in the CBO, 23% started with no capital, 34% started with less than \$5,000, 10% with \$5,000 to \$9,999, and 27% with \$10,000 or more.

As of 1992, women-owned businesses in the service sectors continued to use the least amount of start-up capital. Seventy-three percent (73%) used less than \$5,000 – with 37% using no capital at all –



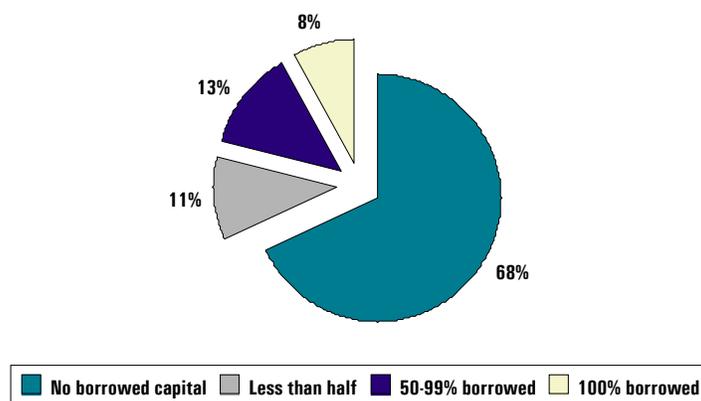
or more. The trend among women-owned businesses using larger amounts of start-up capital has continued, with 4% using \$50,000 or more in 1982, growing to 5% in 1987 and 8% in 1992. (See Table 4-1).

Despite an increase in the use and amount of start-up capital among women business owners, there is

while only 13% used more than \$10,000. Women-owned firms in the retail trade sector used the most capital – only 18% used none at all, 42% used between \$1 and \$4,999, 7% used between \$5,000 and \$9,999, and 27% used more than \$10,000. Over one-quarter of the women-owned firms in all other industries except for construction and services used \$10,000 or more in start-up capital. Additionally, at least 10% of the women-owned firms in industries other than construction and services used \$50,000 or more in start-up capital. In 1987 agricultural services/forestry/ fishing/mining was the only industry with at least 10% of women-owned

<sup>53</sup> Seven percent (7%) of those surveyed in each year did not report the amount of capital, if any, used. Among those who did report the amount, 62% used capital in 1982 and 67% used capital in 1992.

### 4-2. Share of Capital Borrowed for Business Start-Up Among Women-Owned Businesses: 1992



Source: Bureau of the Census  
 Note: Among those reporting requirement of start-up capital

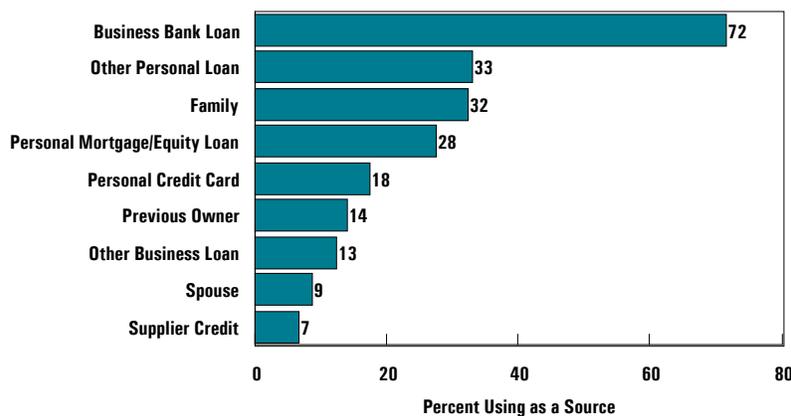
businesses using \$50,000 or more in start-up capital. (See Table 4-2).

Of those women who used start-up capital, 68% of them did not borrow capital to start or acquire their businesses. Eleven percent (11%) borrowed

between 1% and 49% of the capital used to start their businesses, 13% borrowed between 50% and 99%, and 8% borrowed all of the capital used to start the business.

Capital, Credit and Financing, a 1996 study conducted by the National Foundation for Women

### 4-3. Top Sources of Borrowed Start-Up Capital Among Women-Owned Businesses: 1992



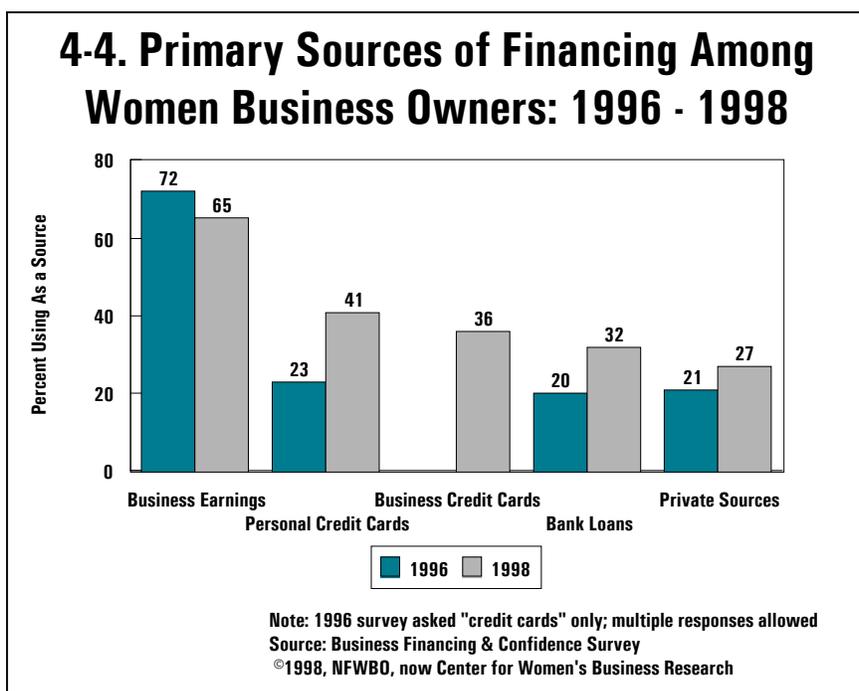
Source: Bureau of the Census, Characteristics of Business Owners: 1992 Economic Census  
 Note: Percentaged among those reporting use of start-up capital  
 Multiple responses allowed

Business Owners (NFWBO), now Center for Women's Business Research,<sup>54</sup> showed similar patterns of borrowing, with 52% of women business owners borrowing no money at start up, 14% borrowing less than half, 18% borrowing 50% to 99% and 12% borrowing all of the capital used to start the business. The data from this survey is more recent than the latest CBO, which is based on the 1992 economic census. CBO includes both full- and part-time women business owners, whereas the respondents to the Center's survey are more likely to be full-time business owners.

source and 13% reported getting a business loan from another source. (See Table 4-3).

### Ongoing Financing

Most business owners rely on the earnings of their business and their own private resources for the capital they currently need to operate and grow their business. Almost two-thirds (65%) of women business owners were reinvesting business earnings to foster business growth as of 1998,<sup>56</sup> compared with just 38% using business earnings in 1992.<sup>57</sup> In 1998, 41% reported using personal credit cards for



Among those women-owned businesses who reported requiring start-up capital and borrowing at least some of it (15% of women-owned businesses), 72% acquired it from a commercial lending/bank business loan, 32% from a family member, 28% from a personal equity loan, 18% from a personal credit card, 14% from a previous owner, and 9% from a spouse.<sup>55</sup> Thirty-three percent (33%) reported getting a personal loan from another

their current business needs and 36% said they used business credit cards.

As of 1998, women business owners were more likely to have bank loans than they were just two years earlier. Thirty-two percent (32%) of women business owners in 1998 used bank loans to finance their businesses, compared with 20% of women business owners in 1996. More women in 1998 also

<sup>54</sup> *Capital, Credit and Financing: Comparing Women and Men Business Owners' Sources and Uses of Capital*. (1996). NFWBO, now Center for Women's Business Research.

<sup>55</sup> *Characteristics of Business Owners: 1992 Economic Census*. (1997). U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

<sup>56</sup> *Business Financing & Confidence Survey*, 1996 and 1998, as reported in *Capital, Credit and Financing: An Update. Comparing Women and Men Business Owners' Sources and Uses of Capital*. (1998). NFWBO, now Center for Women's Business Research.

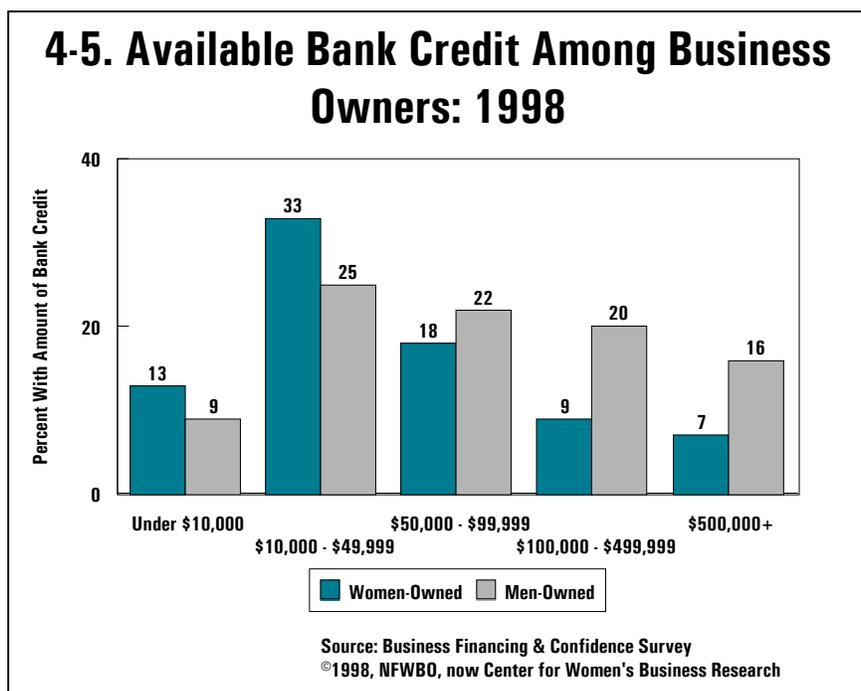
<sup>57</sup> *Capital, Credit and Financing: Comparing Women and Men Business Owners' Sources and Uses of Capital*. (1996). NFWBO, now Center for Women's Business Research.

used private sources as a means of financing than in 1996. In 1998, more than one-quarter (27%) of women business owners, compared with 21% in 1996, used private sources to finance their business.<sup>58</sup> (See Table 4-4).

The percentage of women business owners seeking ongoing business financing is also on the rise. As of 1998, 33% of women business owners sought financing for their business in the prior year, compared with 27% of women business owners in 1996. Virtually the same percentage of men business owners sought financing in 1998 as in 1996. Thirty-seven percent (37%) of men business owners said in 1998 that they sought some form of financing for their business within the prior year, compared with 34% of men surveyed in 1996.

34% of men-owned firms, and only 16% of women-owned firms have \$100,000 or more in bank credit, compared with 36% of men-owned firms. Still, strides have been made in the amount of credit available to women business owners, even in the past few years. In 1998, one-third (34%) of women business owners who had bank credit had \$50,000 or more available for use in their business, compared with just 20% in 1996.

Women and men business owners were using their bank credit for similar purposes in 1998, which is different from survey findings in 1996. In 1998, both women and men business owners reported using their bank credit primarily for business expansion (39% and 42%, respectively). In 1996, women reported using their credit primarily for expansion capital (41%), while men were using their



In 1998, over half (52%) of women-owned businesses had some form of bank credit for their business – such as a loan or a line of credit – as did 59% of men business owners. Women-owned firms had lower levels of credit than did men-owned firms: as of 1998, 46% of women-owned firms had less than \$50,000 in bank credit, compared with

credit equally for both expansion capital (28%) and operating expenses (30%). Nineteen percent (19%) of women and 12% of men used credit for refinancing or reduction of debt in 1998, compared with just 4% of women and 7% of men in 1996.

<sup>58</sup> Capital, Credit and Financing: An Update. Comparing Women and Men Business Owners' Sources and Uses of Capital. (1998). NFWBO, now Center for Women's Business Research.

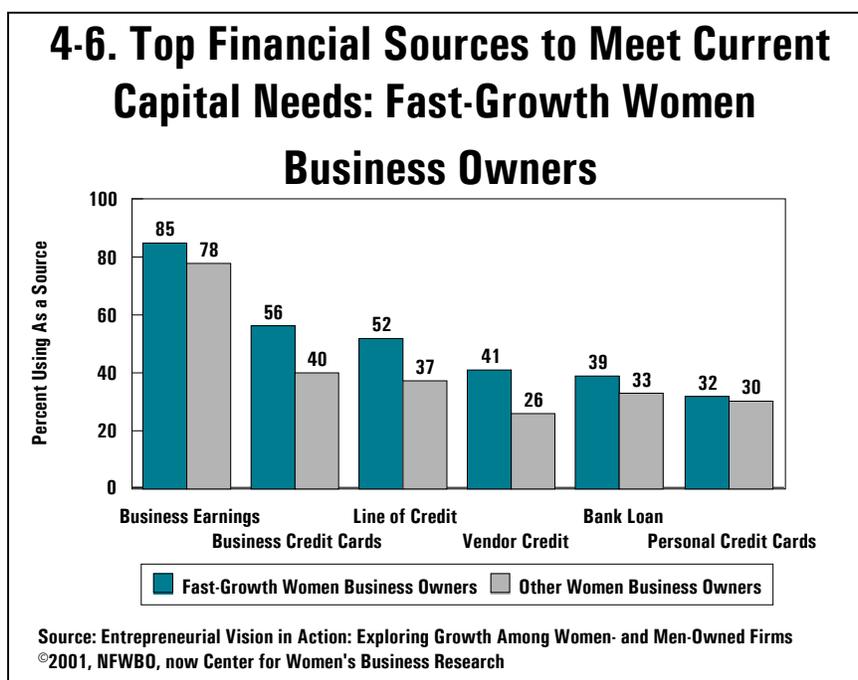
## Financing and Growth

A recent survey by NFWBO, now Center for Women's Business Research,<sup>59</sup> shows that women who own fast-growth business are more likely to borrow to meet their needs for business capital and use more sources of capital than do other women entrepreneurs. Women who have achieved fast growth in their businesses average 4.2 different sources of capital, compared to 3.4 sources for other women owners.

Fifty-six percent (56%) of women owners of fast-growing firms use business credit cards, compared

with 40% of other women entrepreneurs. Similarly, 52% of women owners of fast-growing firms have a current line of credit, compared with 37% of other women business owners.

In addition, 32% of women owners who have achieved fast growth in their businesses utilize personal credit cards and 39% have a current commercial bank loan. (See Table 4-5). Forty-three percent (43%) of fast-growth women owners are planning to seek a commercial bank loan in the coming year.



<sup>59</sup> Entrepreneurial Vision in Action: Exploring Growth Among Women- and Men-Owned Firms. (2001). NFWBO, now Center for Women's Business Research.

<b>Amount of Start-up/Acquisition Capital Used</b>	<b>1982<sup>60</sup></b>	<b>1987<sup>61</sup></b>	<b>1992<sup>62</sup></b>
<b>None</b>	35.5	32.0	30.8
<b>\$1 to \$4,999</b>	36.2	35.0	36.0
<b>\$5,000 to \$9,999</b>	7.4	7.6	7.4
<b>\$10,000 to \$24,999</b>	7.4	9.1	8.0
<b>\$25,000 to \$49,999</b>	3.5	4.4	3.6
<b>\$50,000 to \$99,999</b>	2.1	3.0	3.8
<b>\$100,000 to \$249,999</b>	1.0	1.4	2.3
<b>\$250,000 to \$999,999</b>		0.5	1.0
<b>\$1,000,000 or More</b>	0.4	0.2	0.4
<b>Not Reported</b>	6.7	6.8	6.8

Note: Dollar amounts reported are nominal dollars, unadjusted for inflation since the time of business start-up or acquisition. In 1982, the highest category was \$250,000 or more.

<sup>60</sup> 1982 Characteristics of Business Owners. (1986). U.S. Department of Commerce, Bureau of the Census.

<sup>61</sup> Characteristics of Business Owners: 1987 Economic Censuses. (1992). U.S. Department of Commerce, Bureau of the Census.

<sup>62</sup> Characteristics of Business Owners: 1992 Economic Census. (1997). U.S. Department of Commerce, Bureau of the Census.

**Table 4-2. Starting Capital Requirements Among Women Business Owners by Industry: 1992**

Industry	TOTAL	Amount of Start-Up Capital									
		None	\$1- \$4,999	\$5,000- \$9,999	\$10,000- \$24,999	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000- \$249,999	\$250,000- \$999,999	\$1,000,000 or more	Not reported
<b>Total</b>	100%	30.8	36.0	7.4	8.0	3.6	3.8	2.3	1.0	0.4	6.8
<b>Agriculture, forestry, fishing, and mining</b>	100%	24.7	25.8	11.8	10.1	5.1	5.9	3.3	2.0	0.5	10.9
<b>Construction</b>	100%	24.6	38.3	8.6	9.7	4.4	2.6	2.6	0.8	0.8	7.6
<b>Manufacturing</b>	100%	19.2	34.7	10.7	14.8	4.4	5.4	3.4	1.3	0.5	5.6
<b>TCPU<sup>a</sup></b>	100%	33.5	20.1	6.1	16.1	9.1	6.1	2.5	1.0	0.2	5.2
<b>Wholesale trade</b>	100%	23.0	31.3	10.2	11.2	7.3	5.7	3.4	2.5	0.4	5.3
<b>Retail trade</b>	100%	17.5	41.9	7.4	11.1	4.8	6.2	3.2	1.4	0.1	6.4
<b>FIRE<sup>b</sup></b>	100%	26.9	34.1	6.1	7.4	3.1	4.7	5.0	3.0	1.9	8.0
<b>Services</b>	100%	37.3	36.0	7.3	6.1	2.8	2.6	1.4	0.3	0.1	6.1
<b>Industries not classified</b>	100%	34.9	31.7	5.1	7.9	2.5	1.7	2.1	0.2	-	13.8

Source: *Characteristics of Business Owners: 1992 Economic Census*, Table 21a. (1997). U.S. Department of Commerce, Bureau of the Census.

<sup>a</sup>TCPU = Transportation, Communications and Public Utilities. <sup>b</sup>FIRE = Finance, Insurance and Real Estate

<b>Table 4-3. Sources of Borrowed Capital Among Women-Owned Businesses Who Used Borrowed Capital to Start Their Business: 1992</b>	
<b>Source of Borrowed Capital</b>	<b>Percent Using as a Source</b>
<b>Business loan from banking or commercial lending institution</b>	71.7
<b>Other personal loan</b>	33.1
<b>Personal loan from family</b>	32.4
<b>Personal loan using home mortgage/equity line of credit</b>	27.7
<b>Personal credit card</b>	17.6
<b>Business loan from previous owner</b>	14.2
<b>Other business loan</b>	12.5
<b>Personal loan from spouse</b>	8.8
<b>Business trade credit from supplier</b>	6.7
<b>Business loan from investment company/profit or nonprofit private source</b>	4.2
<b>Government-guaranteed business loan from banking or commercial lending institution</b>	3.3
<b>Business loan from Federal, State or local government</b>	1.7

Source: *Characteristics of Business Owners: 1992 Economic Census*, Tables 16a and 23a<sub>2</sub> (1997). U.S. Department of Commerce, Bureau of the Census. Percentaged among those who used borrowed capital.

<b>Table 4-4. Primary Sources of Financing Among Women Business Owners: 1996 and 1998</b>		
<b>Source of Financing</b>	<b>1996</b>	<b>1998</b>
<b>Business Earnings</b>	72%	65%
<b>Personal Credit Cards</b>		41
<b>Business Credit Cards</b>	23	36
<b>Bank Loans</b>	20	32
<b>Private Sources</b>	21	27

Source: *Business Financing & Confidence Survey*, 1996 and 1998, as reported in *Capital, Credit and Financing: An Update. Comparing Women and Men Business Owners' Sources and Uses of Capital*. (1998). NFWBO, now Center for Women's Business Research. 1996 survey asked "credit cards" only. Multiple responses allowed.

<b>Table 4-5. Financial Sources to Meet Current Capital Needs: Fast-Growth Women Business Owners</b>		
<b>Source</b>	<b>Women Business Owners</b>	
	<b>Fast-Growth</b>	<b>Others</b>
<b>Business earnings</b>	85%	78%
<b>Business credit cards</b>	56	40
<b>Line of credit</b>	52	37
<b>Vendor credit</b>	41	26
<b>Business/commercial bank loan</b>	39	33
<b>Personal credit cards</b>	32	30
<b>Private sources (personal savings, friends, family)</b>	31	29
<b>Leasing equipment</b>	24	16
<b>Personal bank loan</b>	18	15
<b>Selling/pledging accounts receivable</b>	14	18
<b>Loan guarantee from the SBA or other source</b>	10	5
<b>Equity investment from angels, individuals</b>	6	2
<b>Venture capital</b>	5	2
<b>Equity investment from an SBIC</b>	2	1
<b>Public issuance of stock</b>	1	3
<b>Other forms of financing</b>	5	7

Source: *Entrepreneurial Vision in Action: Exploring Growth Among Women- and Men-Owned Firms*. (2001). NFWBO, now Center for Women's Business Research. Multiple responses allowed.

## Chapter 5: Equity Capital Investment in Women-Owned Firms

As women-owned firms have grown in number and maturity, their capital needs have also matured and expanded. From 1992 to 1997, while the number of women-owned firms grew by 16%, employment grew by 28% and revenues grew by 33%.<sup>63</sup> Equity capital may afford many of these firms a chance to grow at an even faster rate.

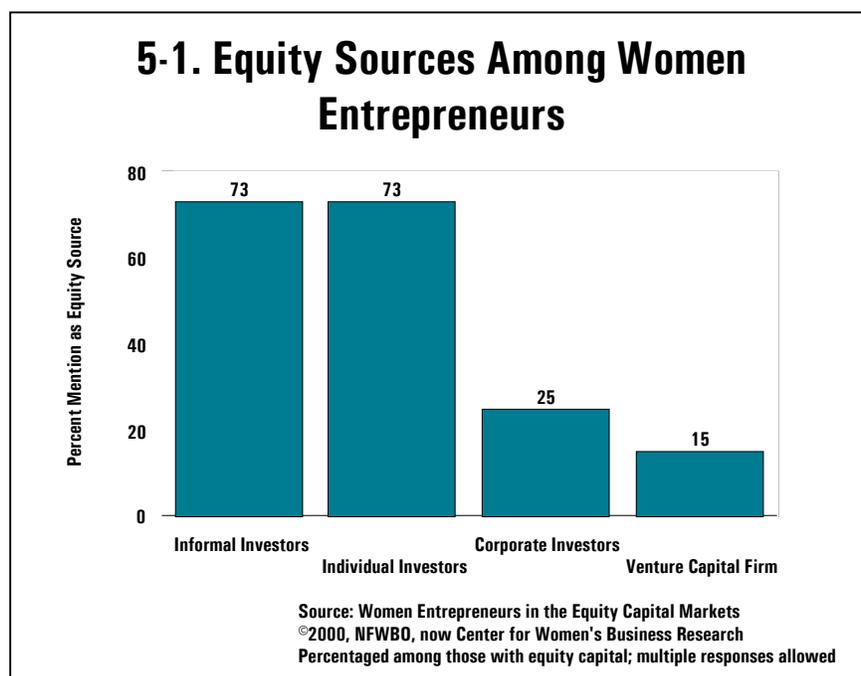
Despite recent slowing, the equity capital markets have been booming in recent years, creating what many have called a “torrent” of investment dollars. According to the PricewaterhouseCoopers Money Tree Survey, \$89.8 billion in venture capital (VC) was invested in 5,481 deals in 2000, 90% more than was invested the previous year.<sup>64</sup>

Although the number and dollar value of venture capital and other equity investments grew rapidly in the late 1990s, only a small share has been invested in firms owned or led by women – 5% out of the \$89.8 billion invested and 6% of

companies receiving VC funds in 2000. (See Table 5-1).

The National Foundation for Women Business Owners (NFWBO), now Center for Women’s Business Research, conducted a study from 1999 through 2000 which looked at both sides of the equity capital equation – at the women who have or who are seeking equity capital and at institutional equity investment firms, one of the main providers of equity capital.<sup>65</sup>

Nearly three-quarters (73%) of the recipients of equity capital say that they received an investment from informal investors, such as family members and friends. Seventy-three percent (73%) also say they received equity capital from individual investors, such as angel investors. One-quarter (25%) report that corporate investors or corporate partners made investments in their businesses and 15% say they received funding from venture



<sup>63</sup> 1997 Economic Census: Survey of Women-Owned Business Enterprises. (2001). U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

<sup>64</sup> PricewaterhouseCoopers Money Tree Survey in partnership with VentureOne, 2001.

<sup>65</sup> Women Entrepreneurs in the Equity Capital Markets: The New Frontier. (2000). NFWBO, now Center for Women’s Business Research.

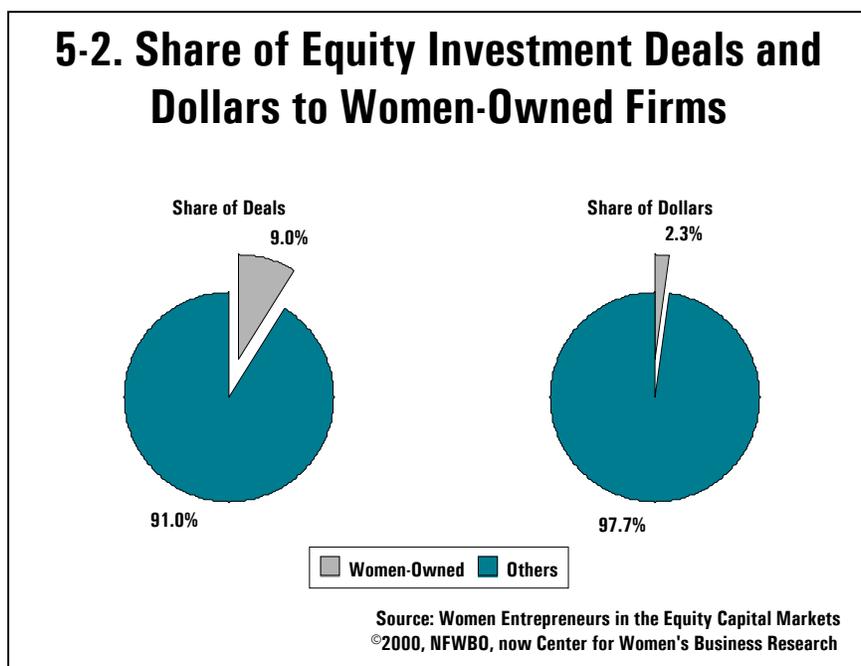
capital firms. Thus, most of the women (62%) have obtained an equity investment from more than one source and it has come primarily from outside of the institutional equity (venture capital) investment markets. (See Table 5-2).

When asked about the largest source of equity investment, 40% of the recipients said that their single largest investment was made by an individual angel investor. Venture capitalists were the largest provider 10% of the time, informal investors were the largest provider 8% of the time, and corporate investors or partners were the largest providers 5% of the time.

While individual investors are more likely to have provided equity capital to women-owned firms,

through 1995, and 15% received theirs from 1981 through 1990.

Although women are moving into the equity capital markets, their share of this market is still quite low. Just 9% of the deals and 2.3% of the dollars invested by the firms interviewed in NFWBO's study went to women-owned firms. Also, only 6% of the women interviewed – women who were selected by virtue of region, industry and growth rates to be prime candidates for equity – had obtained equity capital, and another 5% were seeking it. This leaves quite a large number of women business owners who perhaps should be considering equity capital but are not currently seeking it. As mentioned, most

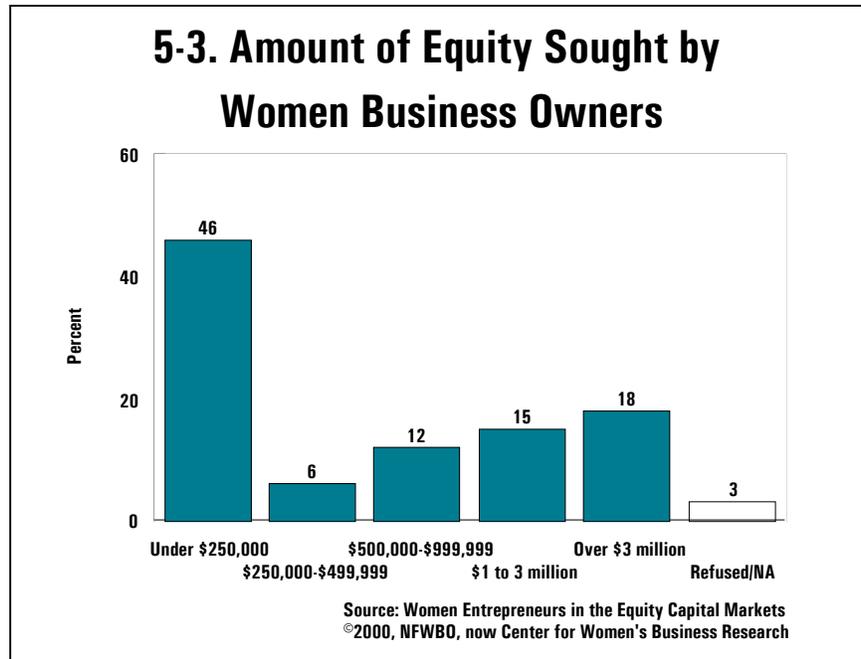


those who have raised equity from institutional sources have raised more money. Women entrepreneurs have raised an average of \$11.2 million dollars from venture capital firms, \$7.3 million from corporate investors or partners, \$1.2 million from individual investors, and \$1.0 million from informal investors.

The equity capital markets appear to be a new frontier for women entrepreneurs. Sixty-five percent (65%) of women entrepreneurs with equity capital first acquired it in the period 1996 through 1999. Twenty percent (20%) received their first equity capital investment from 1991

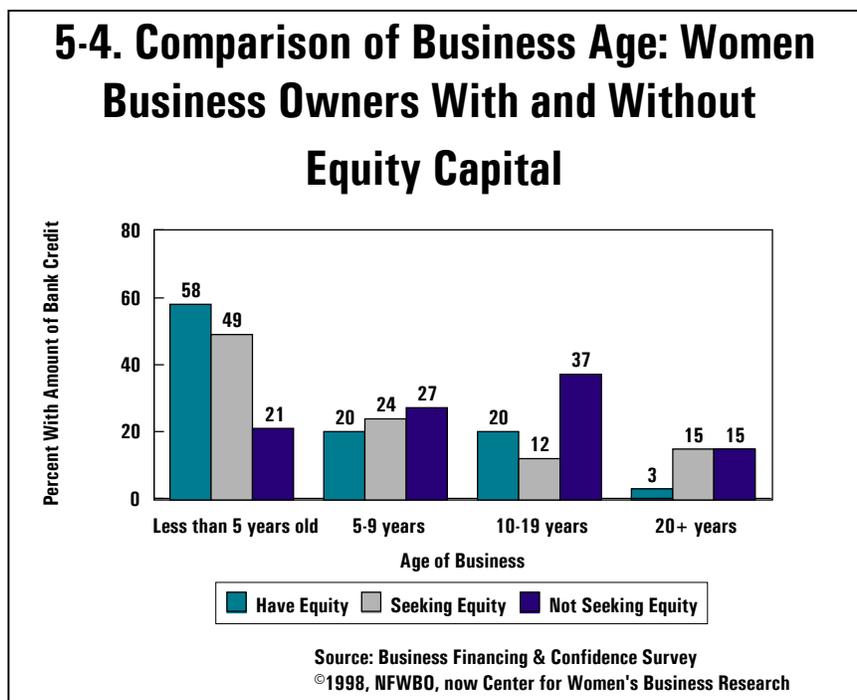
of the equity investments obtained by the women business owners interviewed came from individual angel investors, rather than from institutional equity capital sources.

Most institutional investors interviewed said they had considered investing in women-owned firms in the prior three years (72%), and a sizeable number (45%) said they had, in fact, made an investment. In the year just prior to the survey, 64% said they had considered investing in a woman-owned firm, and 38% had made an investment.



Nonetheless, women investors seem more likely to make deals with women-owned firms. Eighty-six percent (86%) of the women investors interviewed said that they had considered investing in women-owned firms in the past three

years, compared with 70% of the men investors. Sixty-seven percent (67%) of the women investors said that they had, in fact, made an investment in a woman-owned company in the past three years, compared with only 40% of the men investors.



Although the sample size is small,<sup>66</sup> this may point out that increased diversity on the investor side could lead to increased diversity in the investments made.

### **Personal and Business Characteristics**

Women with equity capital reflect a new class of entrepreneur. They own businesses that are newer than those of their counterparts. They are younger and more highly educated than other women business owners, and they bring more management experience to the table.

Nearly six in ten (58%) women entrepreneurs with equity capital own businesses that are less than five years old. In comparison, half (49%) of women business owners who have sought equity financing unsuccessfully and only one in five (21%) who have never sought equity capital own businesses under five years old. (See Table 5-3).

Fifty-five percent (55%) of the recipients of equity capital are under 45 years old, while only 42% of those seeking equity capital and just over one-third (36%) of those who have never sought it are under 45.

Half (51%) of the recipients have earned a master's degree or higher, compared with 42% of the seekers, and 19% of the non-seekers.

Women business owners with equity capital are also more likely to have had senior management positions prior to owning their businesses. Over half (53%) of them held senior management or executive positions just before becoming owners, compared with one-third (33%) of the seekers and 21% of the non-seekers.

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<sup>66</sup> There were 7 completed interviews with female institutional investors and 43 completed interviews with male institutional investors for the [Women Entrepreneurs in the Equity Capital Markets](#) study.

<b>Year of Funding</b>	<b>Companies with Women CEOs</b>		<b>Companies with Women in Management<sup>a</sup></b>		<b>Companies with Women Founders</b>	
	<b>% of VC-Backed Companies</b>	<b>% of Total Amount Raised by VC-Backed Companies</b>	<b>% of VC-Backed Companies</b>	<b>% of Total Amount Raised by VC-Backed Companies</b>	<b>% of VC-Backed Companies</b>	<b>% of Total Amount Raised by VC-Backed Companies</b>
<b>1st Half 2001</b>	5.1	3.3	38.9	41.9	8.5	7.8
<b>2000</b>	5.5	4.9	43.0	52.1	7.4	6.9
<b>1999</b>	5.1	5.3	47.0	54.8	6.4	5.6
<b>1998</b>	4.7	3.8	42.1	49.2	5.7	4.5
<b>1997</b>	4.1	4.0	37.1	39.2	3.6	2.8

Source: Proprietary research conducted by VentureOne.

<sup>a</sup> % of VC-Backed Companies with women in management indicates the percentage of companies with at least one woman in top management. It is not an indication of the total number of women in management in venture-backed companies.

<b>Equity Source</b>	<b>Total</b>	<b>Age of Business</b>	
		<b>Under 5</b>	<b>5+ Years</b>
<b>Informal Investors</b>	73%	78%	65%
<b>Individual Investors</b>	73	74	71
<b>Corporate Investor/Partner</b>	25	26	24
<b>Venture Capital Firms</b>	15	17	12

Source: *Women Entrepreneurs in the Equity Capital Markets*. (2000). NFWBO, now Center for Women's Business Research.

<b>Table 5-3. Age of Women-Owned Firms that Have or Are Seeking Equity</b>			
<b>Years in Business</b>	<b>Have Equity</b>	<b>Seeking/Sought Equity</b>	<b>Never Sought Equity</b>
<b>Less than 5 years</b>	58%	49%	21%
<b>5 to 9 years</b>	20	24	27
<b>10 to 19 years</b>	20	12	37
<b>20 years +</b>	3	15	15

Source: *Women Entrepreneurs in the Equity Capital Markets*. (2000). NFWBO, now Center for Women's Business Research.

## Chapter 6: Women-Owned Firms in Federal Procurement

The Federal government awarded \$171 billion in prime contracts and slightly less than \$72 billion in subcontracts in fiscal year (FY) 1997.<sup>67</sup> While that amount has continued declining in recent years, Federal procurement continues to offer many small businesses, including women-owned businesses, access to a vast market.

### Small Business' Share of Federal Procurement

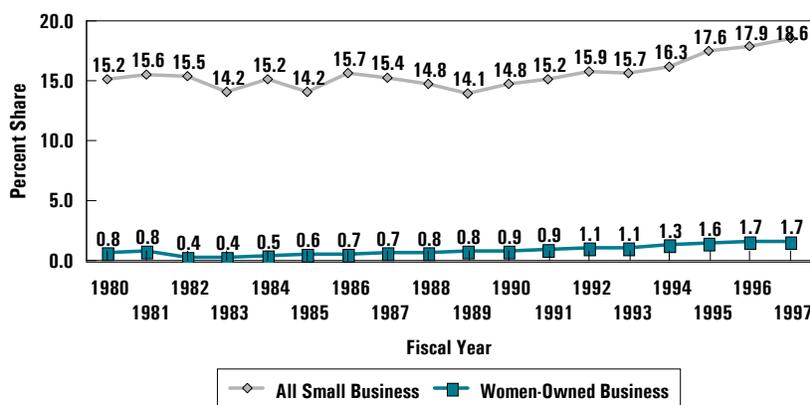
In fiscal year 1997, the small business share of Federal procurement prime contract dollars was 25%, or \$43 billion dollars and the share of subcontracts was 41%, an additional \$29 billion. Small business' share of Federal contract actions over \$25,000 (which are counted separately and for which more detailed reporting is used) was 19%, or \$33 billion of the \$178 billion total. This share grew steadily during the last decade.

### Women-Owned Business' Share of Federal Procurement

The Federal Acquisition Streamlining Act of 1994 (FASA) has benefited women-owned businesses by requiring no less than a 5% government-wide procurement goal for women-owned small businesses.<sup>68</sup> Women-owned small businesses have been specifically incorporated into the procurement preference goaling process and have been added as a class for subcontract goals.

Since fiscal year 1996, when the 5% goal became effective, Federal contracting with women-owned small businesses has increased more than 4 times as fast as Federal contracting with all private businesses. However, the share of prime contracts did not show an upward trend from FY 1996 through FY 1999 and the share of subcontracts showed only a modest upward trend.<sup>69</sup> Furthermore, the 5% goal has never been reached on a government-wide basis.

**6-1. Share of Federal Contract Actions Reported Individually: 1980 - 1997**



Source: SBA, Office of Advocacy

Note: Contract actions reported individually are those over \$25,000

<sup>67</sup> Unpublished data, U.S. Small Business Administration, Office of Government Contracting, as reported in *The State of Small Business: A Report of the President 1998*. (1999).

<sup>68</sup> *The Annual Report on Federal Procurement Preference Goals*. U.S. Small Business Administration, Office of Government Contracting and Minority Enterprise Development.

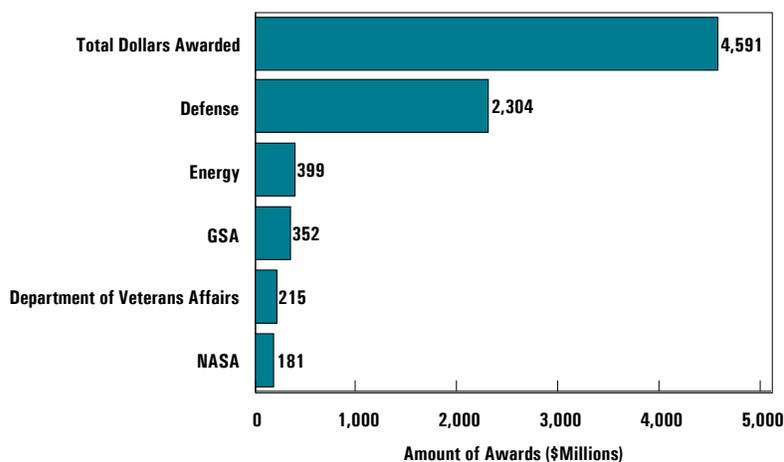
Women-owned firms' share of Federal prime contracts was 2.1%, or \$3.63 billion, in fiscal year 1997, well short of the 5% goal. (See Table 6-1). Their share of Federal subcontracts was 4.1%, or \$2.92 billion in FY 1997.

Women-owned firms' share of Federal contract actions over \$25,000 was 1.7% in FY 1997, or \$2.97 billion. (See Table 6-2). As with small businesses overall, this share, while still small, has grown steadily over the past decade.

The agencies with the highest share of contract dollars awarded to women-owned firms in 1999 are Housing and Urban Development (HUD) (15%), State (8%), Veterans Affairs (6%), and Commerce (5%). These are the only agencies to have awarded 5% or more of prime contracts to women-owned firms. (See Table 6-3).

In FY 1999, seven agencies met or exceeded their procurement goals to women: HUD (goal, 5%; actual, 15%), State (5%, 8%), Veterans Affairs (5%, 6%), Commerce (5%, 5%), Justice (3%, 3%),

### 6-2. Agencies Awarding the Most Contract Dollars to Women-Owned Businesses: FY 1999



Source: U.S. General Accounting Office

#### Agency Awards to Women-Owned Firms

The Department of Defense is the single greatest source of contract dollars awarded to women-owned firms. It reported awarding \$2.3 billion to women-owned firms in FY 1999, or 2% of the agency's total dollars awarded. This was 50% of the total value of prime contract awards to women-owned firms. The Department of Energy (\$399 million), the General Services Administration (GSA) (\$352 million), the Department of Veterans Affairs (\$215 million) and the National Aeronautics and Space Administration (NASA) (\$181 million) are the other top agencies in terms of dollars awarded to women-owned firms.

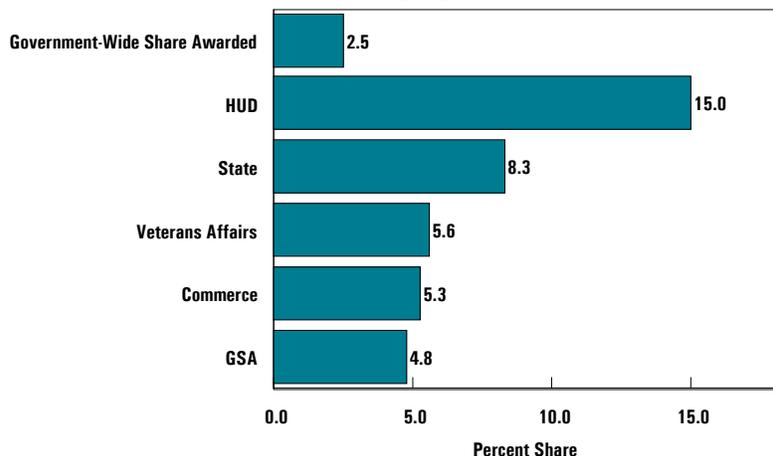
Energy (3%, 3%) and NASA (1%, 2%). The remaining thirteen agencies fell short of their procurement goals for women-owned firms. Only the Department of Veterans Affairs has exceeded their procurement goals for women-owned firms in fiscal years 1996 through 1999. The Department of State and NASA met or exceeded their women-owned procurement goals in three of the four specified years.

#### Report of Women-Owned Firms in Federal Procurement

In its 1998 annual report to Congress, the National Women's Business Council (NWBC) reported on a statistical study it had undertaken concerning woman-owned firms in Federal contracting. The NWBC obtained detailed information on many of

<sup>69</sup> Report to Congressional Committees: Federal Procurement: Trends and Challenges in Contracting with Women-Owned Small Businesses. (2001). U.S. General Accounting Office.

### 6-3. Agencies Awarding the Largest Share of Contract Dollars to Women-Owned Businesses: FY 1999



Source: U.S. General Accounting Office

the individual contract actions performed by women-owned firms in FY1997, including the amount of awards, the industry category of the awards, and the location of the business. This information was summarized in a database provided to the NWBC by Eagle Eye Publishers. The National Foundation for Women Business Owners (NFWBO), now Center for Women's Business Research, conducted a study for NWBC on the information contained in this database, including: a review of the characteristics of women-owned firms involved in Federal procurement and a comparison of these firms to all women-owned firms in the United States; a qualitative study among a select number of women business owners contained in the database; and a quantitative nationwide survey among the women business owners in the database.<sup>70</sup>

### Characteristics of Women-Owned Firms in Federal Procurement

Women-owned firms that were involved in Federal procurement in FY1997 had a similar age profile as all women-owned firms in the U.S., but were

substantially larger in terms of their number of employees and annual revenues.

One in five (20%) women-owned Federal contractors in FY1997 had been in business for 20 years or more, as had 19% of all women-owned firms.<sup>71</sup> In terms of size, women-owned Federal contractors tended to own much more substantial enterprises than the typical women-owned firm in the U.S. The average number of employees in women-owned Federal contractor firms was 52.2, compared with 2.3 among all women-owned firms in the U.S. The median annual revenue of women-owned Federal contractors was \$5.3 million, compared with just under \$300,000 for all women-owned businesses.

In FY1997, the largest Federal contract awards went to women-owned firms in the retail trade and non-durable manufacturing industries. Two-thirds of all Federal awards in FY1997 were made in the areas of durable manufactured goods, engineering/management services, and construction. As might be expected women Federal

<sup>70</sup> *Women-Owned Firms in Federal Procurement: A Summary Report*. (2000). NFWBO, now Center for Women's Business Research.

<sup>71</sup> Data on business characteristics among all women-owned businesses in the U.S. is derived from a nationally representative survey which was conducted by NFWBO, now Center for Women's Business Research, in the summer of 1998 among 800 women business owners.

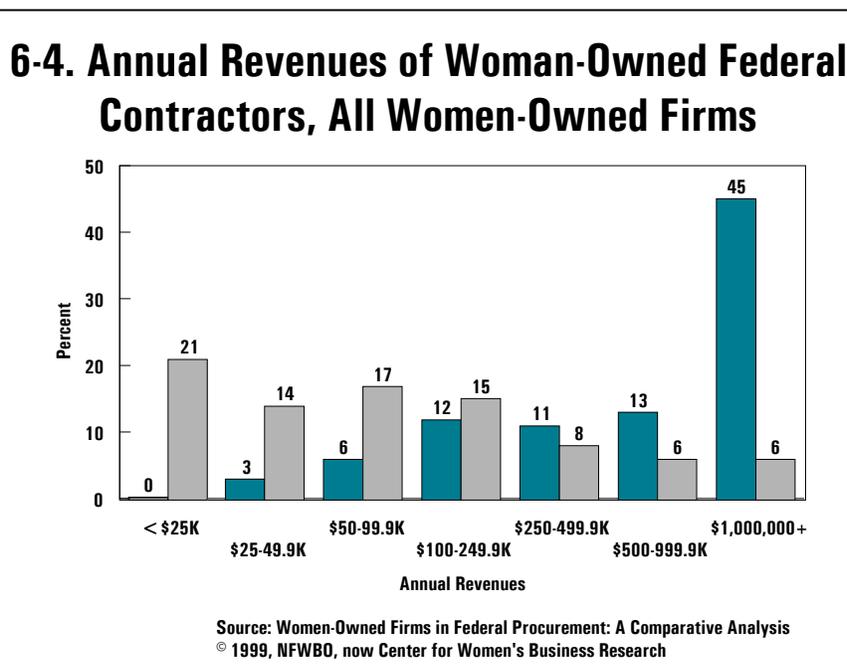


contract holders in FY1997 were more likely to be in these industries than women-owned firms in the general population.

The women business owners interviewed for the national survey became involved in the Federal procurement process proactively and early on in their business development. Almost three-quarters (72%) of the women who started their businesses themselves had their first Federal contract within three years. For the businesses that were not founded by the women business owners

women-owned businesses in the U.S., the following states were more likely to be home to women-owned Federal contractors:<sup>72</sup> District of Columbia, Maryland, Virginia, Alaska, and Wyoming. Conversely, these states were under-represented in terms of the share of women-owned Federal contractors compared with the distribution of all women-owned firms: Indiana, Maine, Michigan, Nebraska, and Vermont. (See Tables 6-4 and 6-5).

Contract dollars were flowing in a geographically disproportionate manner as well. Women-owned



interviewed, almost half (45%) were already involved in Federal procurement when they became the owner, and an additional 38% received their first Federal contract within three years of acquiring the business.

The women business owners interviewed received an average of just under half of their 1999 revenues from the Federal government. This percentage was up from an average of approximately 40% ten years ago, but remained the same for the most recent five years. Firms that were prime contractors had contracts with an average of 1.8 Federal agencies; firms that had subcontracts had them with an average of 1.2 Federal agencies.

When comparing the distribution of women-owned Federal contractors with the distribution of all

Federal contractors in the following states were awarded, on average, over \$1 million per firm in fiscal year 1997, well above the \$700,000 average contract award: Pennsylvania, Maryland, Alabama, Oklahoma, District of Columbia, Texas, and Virginia. The states with the lowest awards, receiving less than \$250,000, were: Vermont, Iowa, Rhode Island, Arkansas, Maine, West Virginia, and Washington.

There was a difference between women business owners who resided inside and outside of the Washington, DC area in both the use and evaluation of procurement-related Federal government

<sup>72</sup> It is important to note that the geographic distribution of Federal contractors refers to their headquarters' locations, not the states in which they won awards or performed services.

programs. Women with businesses geographically close to Washington, DC were more likely to use a greater number of the programs than women outside the area, suggesting that there would be a benefit in educating potential contractors and promoting these programs outside of the Washington, DC area.

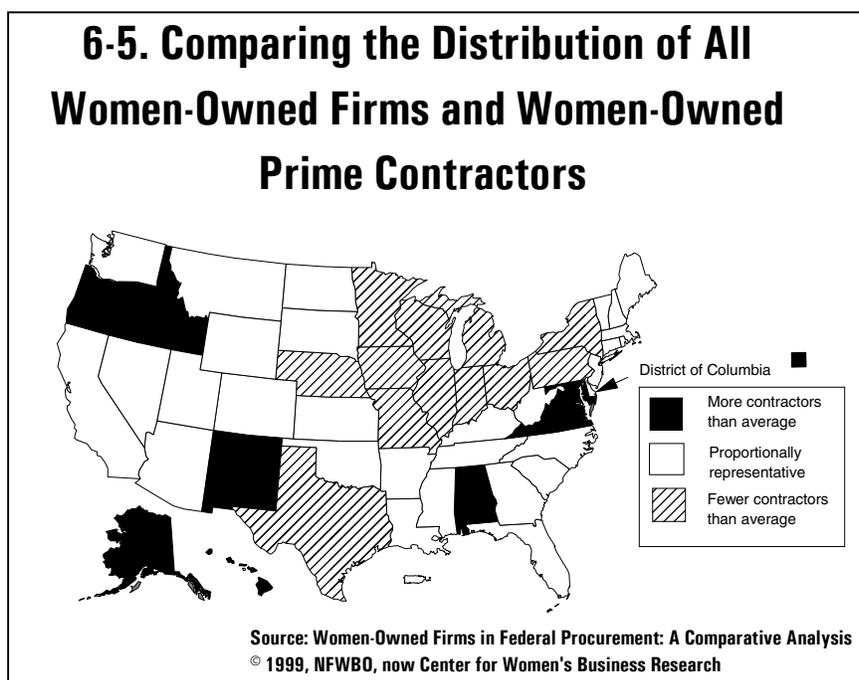
### Challenges and Trends of Women-Owned Firms in Federal Procurement

Competition was cited as the most important challenge facing women Federal contractors, and a majority of the contracts the women business owners received came through full and open competition. This may be the reason why a large majority of the women favored having women designated as a “presumed group” in the procurement process: presumed group status would

paperwork, understanding the process, and complying with requirements.

Women contractors view some recent trends in Federal procurement favorably, such as the electronic posting of bids and more prompt Federal payments (50% view each of these trends positively). There were also trends that were viewed negatively, such as the reduction in the number of contracting officers (COs) (45% view negatively) and the bundling of procurements (30% view negatively).

Perhaps in response to the trend toward bundling, some women business owners (36%) had participated in joint ventures, that is, they teamed up with other businesses to jointly bid on a Federal procurement opportunity.



effectively give them more of a competitive edge. Other challenges cited included managing relationships with procurement officials, keeping up with regulatory law changes, getting contracts, and getting paid on time.

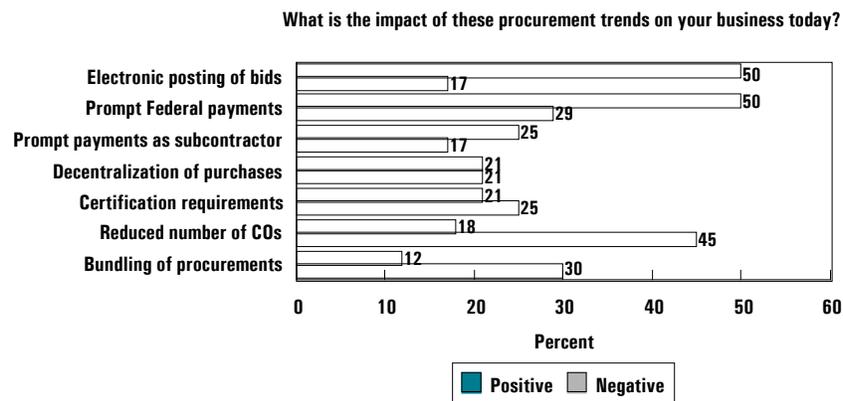
The most significant obstacles these women encountered when first becoming involved in Federal contracting were dealing with the

The women business owners interviewed were most likely to use the DOD's Central Contractor Registration System (58% used), perhaps because the majority of their contracts come from the Department of Defense. They also used or participated in online bid posting or matching systems (40%), procurement fairs or seminars (38%), and Electronic Commerce Resource Centers (35%).

The two programs that were judged by their users to be the most helpful were also the two least-utilized programs. They were the GSA SmartPay or other credit card for receiving agency payment (used by 18% of the women, rated as helpful by 90% of its users), and the mentor-protégée program (used by 5%, rated as helpful by 88% of its users).

By and large, the women business owners interviewed were satisfied with the Federal procurement process. Fully 90% of all the women interviewed planned to continue doing business with the Federal government, and of these, more than half expected to expand their businesses(54%).

## 6-6. Impact of Electronic Bids Is Positive, Bundling Is Negative



Women-Owned Firms in Federal Procurement  
©2000, NFWBO, now Center for Women's Business Research

	Agency Projections			Actual Awards		
	Total Dollars	WOSB Prime Contracts		Total Dollars	WOSB Prime Contracts	
		\$	%		\$	%
<b>Total</b>	\$170,916.0	\$7,869.5	4.6%	\$171,418.1	\$3,634.7	2.1%
<b>Agriculture</b>	2,599.0	130.0	5.0	3,268.6	80.9	2.5
<b>Commerce</b>	772.4	61.8	8.0	812.6	46.3	5.7
<b>Defense</b>	112,695.0	5,634.8	5.0	106,905.0	1,845.0	1.7
<b>Education</b>	465.0	23.3	5.0	591.6	7.2	1.2
<b>Energy</b>	15,000.0	450.0	3.0	15,160.3	320.9	2.1
<b>Health and Human Services</b>	3,016.6	149.0	5.0	3,258.8	151.1	5.0
<b>Housing and Urban Development</b>	769.6	46.2	6.0	374.7	6.2	1.7
<b>Interior</b>	877.6	42.1	4.8	1,112.4	53.8	4.8
<b>Justice</b>	2,050.0	102.5	5.0	2,456.6	47.8	2.0
<b>Labor</b>	883.8	52.0	5.9	1,017.1	14.9	1.5
<b>State</b>	630.0	31.5	5.0	559.0	43.8	8.0
<b>Transportation</b>	1,690.3	84.5	5.0	1,517.6	60.4	4.0
<b>Treasury</b>	1,103.6	55.2	5.0	1,248.3	83.0	6.7
<b>Veterans Affairs</b>	2,500.0	87.5	3.5	4,122.9	253.5	6.1
<b>Environmental Protection Agency</b>	1,200.0	36.0	3.5	914.1	20.0	2.2
<b>General Services Administration (Federal Supply Schedules)</b>	4,890.5	307.3	7.0	6,771.7	150.8	2.2
<b>General Services Administration (Non-Federal Supply Schedules)</b>	6,414.2	321.6	5.0	7,061.2	175.9	2.5
<b>National Aeronautics and Space Administration</b>	9,400.0	132.0	1.4	9,605.0	157.7	1.6
<b>Social Security Administration</b>	383.5	19.2	5.0	188.2	9.8	5.2
<b>Tennessee Valley Authority</b>	2,180.6	41.2	1.9	2,717.0	39.9	1.5
<b>U.S. Agency for International Development</b>	455.6	22.7	5.0	743.3	22.2	3.0
<b>All Other Agencies</b>	938.7	39.1	4.3	1,012.1	43.6	4.3

Source: Unpublished data, as reported in *The State of Small Business: A Report of the President 1998*, Table 11. U.S. Small Business Administration, Office of Government Contracting. Dollar or percentage figures may vary slightly because of rounding or necessary corrections of figures submitted. Where no figures are shown, the agency either did not set a goal in this category or did not submit an achievement report, or both.

<b>Year</b>	<b>Value of All Contract Awards Over \$25,000 (\$000)</b>	<b>Value of Awards to Women-Owned Businesses (\$000)</b>	<b>Percent of Contract \$ Awarded to Women-Owned Businesses</b>	<b>Percent Change in Awards to Women-Owned Businesses from Prior Year</b>
1997	178,068,039	2,968,462	1.67	8.4
1996	178,607,943	2,737,889	1.53	-2.9
1995	180,851,975	2,820,248	1.56	22.0
1994	174,687,951	2,311,548	1.32	12.8
1993	178,336,979	2,048,720	1.15	2.8
1992	177,786,381	1,992,565	1.12	12.9
1991	189,602,220	1,765,166	0.93	19.4
1990	171,300,890	1,477,894	0.86	5.3
1989	168,694,981	1,402,939	0.83	5.7
1988	174,097,585	1,327,724	0.76	6.0
1987	181,538,592	1,252,885	0.69	4.7
1986	183,650,227	1,196,851	0.65	9.4
1985	187,985,466	1,094,208	0.58	27.8
1984	167,933,486	856,131	0.51	40.0
1983	155,588,106	611,376	0.39	11.0
1982	152,397,884	550,601	0.36	-49.3
1981	128,864,744	1,085,373	0.84	37.8
1980	100,893,385	787,529	0.78	-

Source: "Special Report S89522C". (1989). Federal Procurement Data System, prepared for the U.S. Small Business Administration, Office of Advocacy and idem, Federal Procurement Report. (July 10, 1990, March 13, 1991, February 3, 1994, and January 13, 1997), as reported in The State of Small Business: A Report of the President 1998.

Federal Agency	FY 1999		FY 1998		FY 1997		FY 1996	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Department of Agriculture	5.0	3.8	5.0	3.1	5.0	2.5	3.5	2.8
Department of Commerce	5.0	5.3	8.0	5.0	8.0	5.7	7.0	7.6
Department of Defense	5.0	1.9	5.0	1.8	5.0	1.7	5.0	1.8
Department of Education	5.0	0.9	4.0	1.2	5.0	1.2	5.0	1.8
Department of Energy	2.6	2.6	3.0	2.9	3.0	2.1	3.1	2.7
Department of Health and Human Services	4.6	3.3	5.3	3.4	5.0	5.0	5.0	5.6
Department of Housing and Urban Development	5.0	15.0	5.0	2.5	6.0	1.7	8.8	10.3
Department of the Interior	4.7	4.5	5.1	4.1	4.8	4.8	4.5	5.1
Department of Justice	3.0	3.3	3.0	2.9	5.0	2.0	5.0	2.6
Department of Labor	5.5	3.1	5.6	1.4	5.9	1.5	5.5	2.0
Department of State	5.0	8.3	5.0	6.0	5.0	8.0	5.1	5.0
Department of Transportation	5.0	4.1	5.0	3.7	5.0	4.0	5.0	2.4
Department of the Treasury	5.0	4.7	5.0	3.7	5.0	6.7	5.0	5.2
Department of Veterans Affairs	5.0	5.6	4.0	5.4	3.5	6.1	4.0	5.8
Environmental Protection Agency	5.0	3.0	3.5	2.6	3.5	2.2	2.5	2.1
General Services Administration	5.0	4.8	5.0	3.3	5.0	2.5	5.0	3.3
National Aeronautics and Space Administration	1.4	1.6	1.3	1.4	1.4	1.6	2.0	1.6

Federal Agency	FY 1999		FY 1998		FY 1997		FY 1996	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
<b>Social Security Administration</b>	5.0	3.8	5.0	4.4	5.0	5.2	5.0	2.4
<b>Tennessee Valley Authority</b>	3.5	1.6	1.9	1.0	1.9	1.5	1.8	1.6
<b>U.S. Agency for International Development</b>	5.0	4.4	5.0	4.5	5.0	3.0	5.0	3.7

Source: Federal Procurement: Trends and Challenges in Contracting with Women-Owned Small Businesses. (2001). Small Business Administration, as reported in Report to Congressional Committees, U.S. General Accounting Office.

<b>State</b>	<b>State Share of Women-Owned Firms Receiving Prime Federal Contracts</b>	<b>State Share of Women-Owned Businesses</b>	<b>Index: Share of Women-Owned Firms Receiving Contracts to Presence of Women-Owned Firms</b>
Alabama	2.27%	1.23%	184
Alaska	1.06%	0.32%	327
Arizona	1.50%	1.63%	92
Arkansas	0.85%	0.85%	100
California	13.39%	13.61%	98
Colorado	2.31%	2.02%	115
Connecticut	0.90%	1.30%	69
Delaware	0.15%	0.26%	56
District of Columbia	1.94%	0.24%	809
Florida	6.06%	6.25%	97
Georgia	2.81%	2.56%	110
Hawaii	1.04%	0.50%	210
Idaho	1.04%	0.53%	196
Illinois	2.81%	4.23%	66
Indiana	0.81%	2.10%	39
Iowa	0.65%	1.16%	55
Kansas	1.02%	1.05%	97
Kentucky	0.94%	1.24%	75
Louisiana	1.12%	1.28%	88
Maine	0.23%	0.61%	38
Maryland	7.45%	2.10%	354
Massachusetts	2.08%	2.42%	86
Michigan	1.21%	3.31%	37
Minnesota	1.12%	2.09%	54
Mississippi	0.90%	0.69%	130
Missouri	1.37%	1.94%	71

<b>Table 6-4. Index of State Share of Women-Owned Contracts to State Share of Distribution of Women-Owned Businesses</b>			
<b>State</b>	<b>State Share of Women-Owned Firms Receiving Prime Federal Contracts</b>	<b>State Share of Women-Owned Businesses</b>	<b>Index: Share of Women-Owned Firms Receiving Contracts to Presence of Women-Owned Firms</b>
Montana	0.77%	0.43%	180
Nebraska	0.15%	0.72%	20
Nevada	0.58%	0.59%	98
New Hampshire	0.46%	0.53%	87
New Jersey	2.54%	2.77%	92
New Mexico	1.33%	0.72%	184
New York	3.52%	6.63%	53
North Carolina	2.19%	2.49%	88
North Dakota	0.21%	0.24%	87
Ohio	2.58%	3.85%	67
Oklahoma	1.35%	1.34%	101
Oregon	2.10%	1.52%	138
Pennsylvania	2.58%	3.77%	68
Rhode Island	0.42%	0.37%	113
South Carolina	0.96%	1.13%	85
South Dakota	0.40%	0.30%	131
Tennessee	1.64%	1.75%	94
Texas	6.10%	6.94%	88
Utah	0.83%	0.80%	104
Vermont	0.06%	0.37%	17
Virginia	7.93%	2.38%	334
Washington	2.50%	2.37%	105
West Virginia	0.44%	0.51%	86
Wisconsin	0.79%	1.69%	47
Wyoming	0.54%	0.24%	224

Source: *Women-Owned Firms in Federal Procurement: A Comparative Analysis*. (1999). NFWBO, now Center for Women's Business Research, and the National Women's Business Council.

**Table 6-5. States With The Highest/Lowest Index: Share of Women-Owned Prime Federal Contracts to Distribution of Women-Owned Businesses: 1997**

State	Index
<b>The Top Five</b>	
<b>District of Columbia</b>	809
<b>Maryland</b>	354
<b>Virginia</b>	334
<b>Alaska</b>	327
<b>Wyoming</b>	224
<b>The Bottom Five</b>	
<b>Indiana</b>	39
<b>Maine</b>	38
<b>Michigan</b>	37
<b>Nebraska</b>	20
<b>Vermont</b>	17

Source: *Women-Owned Firms in Federal Procurement: A Comparative Analysis*. (1999). NFWBO, now Center for Women's Business Research, and the National Women's Business Council.

## Chapter 7: Women-Owned Firms in International Trade

Firms with fewer than 500 employees represented 96% of exporters of goods and services contributed to almost 30% of the value of exported goods in 1992. Overall, however, only 1.8% of all firms (excluding C corporations) exported goods or services.<sup>73</sup>

Among U.S. women-owned firms in 1992, 1.2% exported goods or services, and for 30% of those that exported, exports represented 50% or more of total sales. In comparison, 2.2% of firms owned by men were exporters; for 22% of men-owned firms that exported, exports represented 50% or more of total sales. Among the firms that exported, exports accounted for 10% or more of total sales in 50% of women-owned firms and 39% of men-owned firms. Thus, women-owned firms were less likely than men-owned firms to export, but women-owned firms' exporting activities were more intensive. (See Table 7-1).

A more recent study published in 1995 by the National Foundation for Women Business Owners (NFWBO), now Center for Women's Business Research, also examined the number and characteristics of women-owned businesses involved in international trade.<sup>74</sup> This study showed that women-owned firms are just as likely to be involved in international trade as other firms. In 1987, when 7% of U.S. firms were involved in the export of manufactured products, so were 7% of the women-owned firms in the U.S. By 1992, 10% of women-owned firms were involved in exporting, and 13% of women-owned firms were involved in international trade, either exporting or importing goods and services.

Women-owned businesses involved in international trade have a higher growth path than women-owned firms not in the global marketplace. A larger share of women business owners involved in international trade developed a new product or

service line during 1992 and expanded into new U.S. markets during the year.

While access to capital is an important issue for all women-owned businesses, it is a greater challenge for those involved in international trade. Nearly 4 in 10 women business owners in general (39%) say that access to capital is a barrier to their business growth, while nearly half (46%) of women business owners in the global marketplace cite access to capital as a serious barrier to business growth.

A 1998 analysis of a number of research studies conducted by NFWBO, now Center for Women's Business Research, in five countries compares the demographic characteristics, attitudes and behavior of business owners who are involved in international trade and those who are not.<sup>75</sup> The analysis found that while women entrepreneurs who are involved in international trade are more likely than average to be in a goods-producing or wholesale/retail trade, there are a good number of service-based women business owners who are involved in the global marketplace.

These internationally-focused businesses are more growth-oriented than their domestically-focused counterparts. Between two-thirds and three-quarters of the women who own firms involved in international trade say that their primary business goal is expansion, compared with one-half to two-thirds of those not involved in international trade. Revenues are also significantly higher among those women entrepreneurs involved in international trade. The share of firms that had revenues in excess of \$500,000 (US dollars) in 1997 is from one-third to 11 times higher among those women involved in international trade than those owned by women who are not involved. (See Table 7-2).

Firms that do business internationally are not more established in terms of business age. Thus, the myth that a firm must first establish itself domestically before taking the plunge into international markets no longer holds true. The average number of years in business for a firm that is involved in

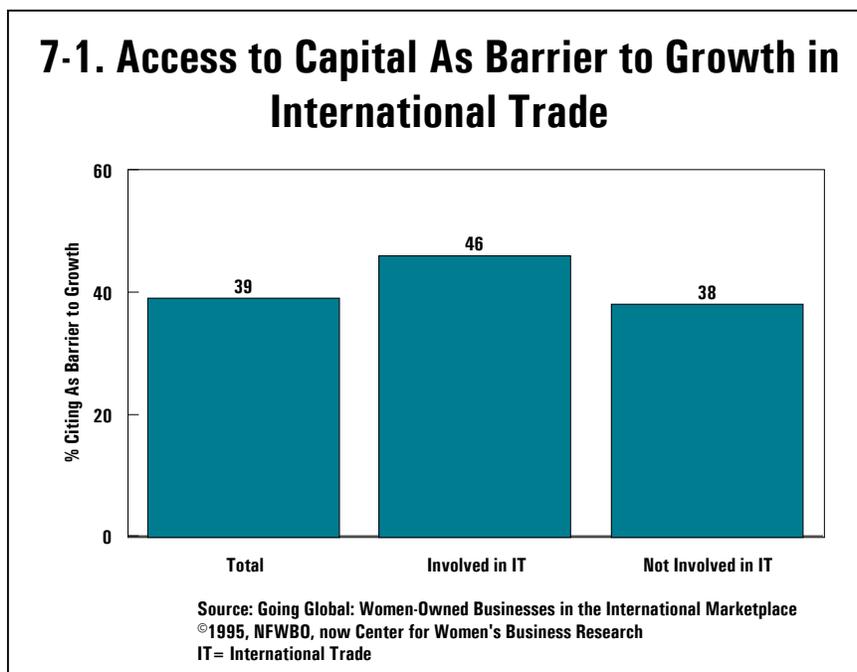
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<sup>73</sup> *Exporting by Small Firms*. (1998). U.S. SBA Office of Advocacy.

<sup>74</sup> *Going Global: Women-Owned Businesses in the International Marketplace*. (1995). NFWBO, now Center for Women's Business Research. Respondents were members of the National Association of Women Business Owners.

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<sup>75</sup> "International Trade Opens New Doors for Women Entrepreneurs". *Economic Reform Today* (1999). Weeks, J.



international trade is not significantly different from the average age of domestic firms.

A recent study on American women business owners and international trade funded by the U.S. Small Business Administration supports the finding that exporting is profitable for women-owned firms and is associated with successful women-owned firms.<sup>76</sup> More than 50% of the women exporters surveyed have annual sales over \$1 million and almost 15% have annual sales over \$5 million. Nearly half of the women who provided information about the profitability of exporting reported that exporting was profitable for their firm on the first transaction and more than 93% reported profitability on the first or second transaction.

Over 42% of the women reported that they chose to export in order to increase sales and 26% indicated that they exported because their established customers and buyers requested that they do so. Exporting is also viewed by these women as a means of countering competition (11%), as a response to losing domestic market share (7%) and as a means of connecting with countries with which they have heritage ties (5%).

<sup>76</sup> [A Snapshot of Selected U.S. Women-Owned Exporting Firms](#) (1999). U.S. Small Business Administration.

In addition, the SBA survey found that one-third (33%) of firms reported that they first exported in the first or second year of operations, supporting NFWBO's finding that firms need not be established domestically to participate internationally.

Almost half (47%) of the women reported that Canada was one of the first countries to which they exported.

More than half (54%) of the respondents said that they rely on their direct business partners for export advice. Twenty-eight percent (28%) obtain export advice from their customers and clients, 13% from suppliers and 13% from their agents or distributors.

Two-thirds (68%) of the exporting women surveyed tended to rely on internal, rather than external, sources of capital. Nearly half (45%) of the respondents used retained earnings, 19% used personal sources of capital and 4% relied on the use of credit cards to fund export transactions.

In terms of obstacles to exporting, a lack of connections was cited most often by respondent firms. Lack of exporting know-how, foreign regulatory compliance, lack of export financing, tariff and non-tariff barriers, U.S. regulatory

compliance and physical safety were also named as obstacles.

As would be expected, then, contact was most often cited by respondents as the factor most important for successful exporting. Innovative products, access to market information, professional export advice and financing were among other factors named.

	Number of Firms	Exporting Firms		Share of Exporting Firms by Percent of Sales That Were Exports			
		Number	Percent	< 1%	1 to 9%	10 to 49%	50+%
<b>Total</b>	17,253,143	318,117	1.8	35.3	23.5	17.6	23.5
<b>Female</b>	5,888,883	64,784	1.1	30.0	20.0	20.0	30.0
<b>Male</b>	11,364,260	253,332	2.2	36.6	24.4	17.0	21.9

Source: *Characteristics of Business Owners*. (1992). U.S. Small Business Administration, Office of Advocacy, from data provided by the Bureau of the Census, as reported in *Exporting by Small Firms*. (1998). U.S. Small Business Administration, Office of Advocacy. Excludes C Corporations.

<b>Country</b>	<b>Involved in International Trade</b>	<b>Not Involved in International Trade</b>
<b>Brazil<sup>a</sup></b>	30%	5%
<b>Canada</b>	31%	19%
<b>Ireland<sup>b</sup></b>	15%	7%
<b>México<sup>c</sup></b>	11%	1%
<b>United States</b>	51%	39%

Source: *International Trade Opens New Doors for Women Entrepreneurs*. Weeks, J.

<sup>a</sup>Brazil refers to just metropolitan São Paulo. <sup>b</sup>• 500. <sup>c</sup>México refers to just metropolitan Mexico City.

## Chapter 8: Strategic Recommendations

Despite the continued growth of women-owned businesses and the additional availability of statistics, the gaps in information and policy that existed when Center for Women's Business Research, founded as NFWBO, compiled our first compendium in 1994 remain much the same today. For that reason, our recommendations for action also remain much the same:

1. Encourage states to collect data and information on women-owned businesses at the state level and to collaborate in developing regional data. While national data can be extremely powerful in bringing recognition to the economic force of women business owners, state level data is vital for developing programs and infrastructure which will have the most immediate and measurable impact on individual women business owners.
2. Improve the quality of national economic statistics on women-owned businesses throughout the Federal government.
  - Require that all business statistics collected by the Federal government include gender of owner(s) so that comparisons between women- and men-owned businesses can be made.
  - Develop a consistent definition of women-owned business which is used by all parts of the Federal government.
  - Increase the comprehensiveness of data collected on women-owned businesses by including plurality-owned women-led firms, as well as publicly-traded corporations, in the Economic Census.
3. Encourage the study of understudied groups to ensure that we “count the uncounted.” These groups include:
  - Publicly-held women-owned companies;
  - Larger women-owned businesses;
  - Minority and other understudied populations, including rural, inner-city, youth; and
  - Plurality- and equally-owned women-led firms.
4. Encourage public/private partnerships to address data collection and research on women business owners. Areas to be studied should include:
  - Economic contributions made by women businesses in job creation and revenues;
  - Characteristics of and barriers to growth, including:
    - access to technical expertise, for start-ups as well as growing and “second-stage” companies;
    - access to capital, including both debt and equity; and
    - access to markets, including Federal and state procurement and private-sector procurement.
  - Social impact of women-owned businesses and leadership on employees and the community; and
  - Innovation, quality and productivity in women-owned businesses.
5. Integrate available research to allow easier access to information and easier identification of research gaps.
6. Disseminate information to the constituencies that can make a difference:
  - Government policy-makers
  - Financial institutions
  - Educators
  - Corporations
  - Women business owners
7. Continue a strong voice for women-owned businesses in government to ensure:
  - Economic policy-makers take into consideration the needs and contributions of women-owned businesses in establishing policy and legislation;
  - Collaboration and consistency among research and data collection activities on women business owners; and
  - Continuing recognition by government policy-makers, corporate leaders and financial decision-makers of the significance of women-owned businesses.

8. Enhance participation of women business owners in Federal procurement by implementing policy changes such as:
  - designating women business owners as a presumed group;
  - increasing set-asides;
  - enforcing procurement goals; and
  - reducing bundling.

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