



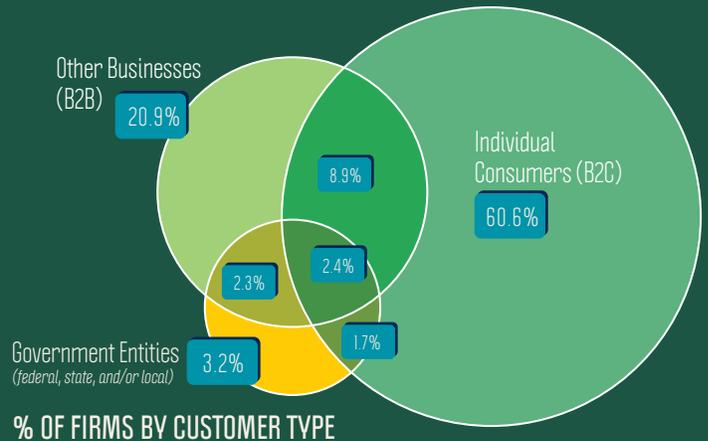
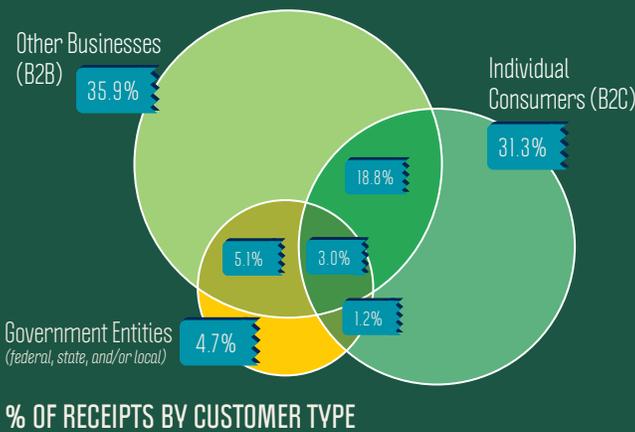
ADVISORS TO THE PRESIDENT,
 CONGRESS, AND THE SBA

WOMEN-OWNED BUSINESSES & THE PRIVATE SUPPLY CHAIN

Women-owned businesses (WOBs) with business-to-business (B2B) sales tend to have higher revenue and better access to capital. This infographic examines descriptive statistics on women-owned businesses in the B2B market, and offers a look at the story of one woman who grew her company's revenue into the millions by starting with sales to regional and gourmet food stores.

Some Background Information

WOMEN-OWNED BUSINESSES WITH B2B SALES HAVE A DISPROPORTIONATELY LARGE SHARE OF RECEIPTS COMPARED TO THOSE WITH ONLY BUSINESS-TO-CONSUMER (B2C) SALES.



COMPANY & ENTREPRENEUR PROFILE



B2B SALES IN ACTION: HOW STACY MADISON TURNED PITA CHIPS INTO A MULTI-MILLION DOLLAR PRODUCT

Stacy Madison started Stacy's Pita Chip Company in 1997 with the goal of making a living by doing what she enjoyed every day, and ended up running a multi-million dollar company.

She originally started making pita chips with leftover bread in order to keep customers happy as they waited in line at her pita sandwich cart in downtown Boston. People loved the chips, so she started selling them as a standalone product. Since cold New England winters make food carts a seasonal business, Stacy decided to sell her chips to stores that winter. Her original plan was to be a regional company, like Cape Cod Potato Chips.



Selling the chips to regional and gourmet food stores helped the company set itself up for success.

First she went online, figured out how to get a nutrition label, and sent chips into a lab for nutritional analysis.

Then she went to trade shows, called and networked, attended fundraisers and office parties. Used these as an opportunity to get feedback on chips and packaging.





In less than a decade, the company reached an annual revenue of over \$60 million.

To put that in perspective, 6% of firms—and only 3% of young firms—earn more than \$5 million annually.

Words of Wisdom:

"Ask for outside help and accept it when offered from family and friends."

"Stacy had to be open-minded and flexible regarding growth. The company first sold its chips in regional food stores and did not plan on expanding nationally. Once they began shipping chips regionally, Stacy realized that they might as well ship them across the country. Before long, Stacy's became a national brand."



LANDED HER FIRST COMMERCIAL CUSTOMER

Regional Food Stores

Went to regional New England food store Bread and Circus, now owned by Whole Foods. Asked for the manager, and offered sample of pita chips. He showed them to corporate and they were approved for all stores.

INITIAL SUCCESS

Gourmet Food Stores

Transitioned from gourmet food stores to natural channel and changed from manual to automated packaging machine.

EXPANDED CUSTOMER BASE

Natural Food Stores

Customers recognized chips as a mainstream product, not just a gourmet product. The company abandoned their regional strategy and grew innately within the natural food channel.

STACY'S BUSINESS DECISIONS & GROWTH

Although she didn't set out to start a pita chip empire, Stacy Madison made some important decisions that ultimately resulted in a multi-million dollar company.

As the chips began appearing in gourmet food stores, Stacy was also trying to turn her pita cart brick-and-mortar. However, obtaining a lease proved to be a lengthy process, therefore Stacy decided to pursue growing the chips nationally.

#1

Stacy built a manufacturing facility and started making her own bread, thereby controlling the quality of her most important raw ingredient.

#2

She switched to using custom-built ovens in order to increase production and maintain product integrity.

#3

As demand increased, Stacy purchased a mattress factory to make room for more ovens.

"Network day and night!"

"Have faith in your product and do not sacrifice what makes your product unique."

"Managing growth can be one of the hardest parts. You don't want to grow yourself out of business."

"Investing in equipment is a tremendous financial commitment and represents one of risks of being an entrepreneur."



GREW BEYOND ORIGINAL PLANS

Food Clubs

Demand increased beyond expectations. Started selling pita chips at clubs (e.g. Sam's Club/Costco).

MARKETING

More Natural Food Stores

The chips were sold only in a few flavors at clubs in a large bag; marketed other flavors on the backs of bags. Customers wanted to try other flavors; this drove more traffic to natural food stores and independent markets. Sample as often as possible.

WIDESPREAD APPEARANCE IN GROCERY STORES

Grocery Stores

As customer demand increased, grocery stores contacted Stacy's, instead of vice versa.

ACCESS TO CAPITAL & BENEFITS FROM HAVING COMMERCIAL CUSTOMERS

The purchase of expensive equipment and assets such as commercial ovens and a mattress factory can present a financial challenge for a business.

Fortunately, having commercial customers can offer benefits regarding access to capital. For Stacy's company, these included:

1. SOLID CASH FLOW

The larger accounts and truckload-sized orders helped. Some customers took 2% net 10 day terms, meaning that they would pay their balances within 10 days for a 2% discount.

2. LARGER CUSTOMERS

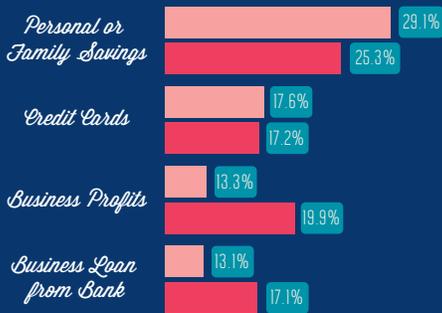
These customers helped build brand, recognition, and visibility.

3. APPEAL TO BANKS

The company became more viable to banks regarding leases, loans, or other lines of credits. The company went from having difficulty getting money at the beginning to the flip side where many financial institutions and investors were courting the company to give them money.

FINANCING GROWTH AT WOBs

■ PERCENT OF FIRMS WITHOUT B2B SALES
■ PERCENT OF FIRMS WITH B2B SALES



The Role of Industry in Having B2B Sales

LIKELIHOOD OF HAVING B2B SALES VARIES BY INDUSTRY.

■ % OF NON-WOBs WITH B2B SALES ■ % OF WOBs WITH B2B SALES

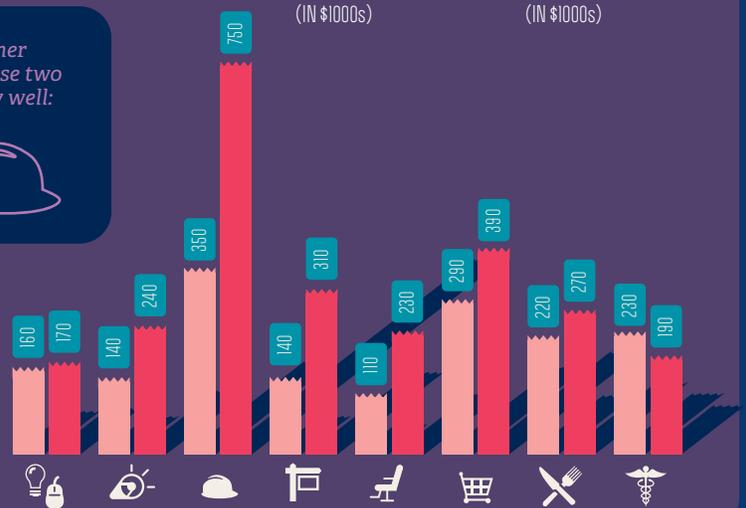


In comparison to other businesses, WOBs in these two industries do especially well:



FIRMS WITH B2B SALES TEND TO HAVE HIGHER RECEIPTS THAN OTHER FIRMS.

■ MEDIAN RECEIPTS AT WJOBs WITHOUT B2B SALES (IN \$1000s)
■ MEDIAN RECEIPTS AT WJOBs WITH B2B SALES (IN \$1000s)



Professional, Scientific, and Technical Services
 Admin., Support, Waste Mgmt., and Remediation
 Construction
 Real Estate and Rental and Leasing
 Retail Trade
 Accommodation and Food Services
 Health Care and Social Assistance
 Personal, Household, and Repair Services

METHODOLOGY NOTES

All data is from the 2007 Survey of Business Owners public use microdata set, via the US Census Bureau. Sample consists of all privately-owned employer firms that are at least 51% owned by women, except where only specific industries are shown. "Employer" is defined according to the US Census Bureau. Industries included on page 4 are the eight most common industries for women-owned employer firms, and represent about 80% of these firms. Data on average receipts reflects median receipts. All differences presented are statistically significant except where indicated by asterisk (*). B2B sales are defined as having at least 10% of sales from another business. See www.nwbc.gov for more information.

