

Women-owned firms with gross receipts of \$1 million or more accounted for 53.1 percent of the total gross receipts but only 0.8 percent of the total number of firms. Thirty-nine percent of the firms had gross receipts of less than \$5 thousand.

### \* WOMEN-OWNED FIRMS COMPARED TO ALL FIRMS

Women-owned firms accounted for 30 percent of all firms in the United States and 13.9 percent of gross receipts. The largest portion of firms owned by women was in services, with 38.2 percent of all firms and 14.7 percent

of gross receipts. Women are particularly concentrated in social services, where they own 83.3 percent of all firms and account for 55.7 percent of gross receipts and educational services with 61.3 percent of all firms and 35.3 percent of gross receipts.

The percentage of all firms owned by women is directly related to the receipts size of the firm. For example, women owned 40.9 percent of the firms with receipts less than \$5,000, but only 13.5 percent of the firms with receipts of \$1 million or more. Women owned 34.3 percent of the firms with no paid employees but only 14.3 percent of the firms with 100 employees or more.

**Table 1. Statistics for Women-Owned Firms by Major Industry Group: 1987 and 1982**

[This table is based on the 1972 SIC system. For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A]

SIC code	Major industry group	1987						1982					
		All firms		Firms with paid employees				All firms		Firms with paid employees			
		Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)
	<b>All industries</b>	4 114 787	278 138 117	818 108	234 006 218	3 162 085	48 064 633	2 612 621	68 261 613	311 683	66 347 448	1 364 888	11 188 388
	<b>Agricultural services, forestry, and fishing</b>	47 978	1 982 818	9 377	1 291 282	34 688	297 919	16 497	686 728	2 843	488 288	9 988	77 475
07	Agricultural services	40 808	1 731 303	8 951	1 283 111	23 588	281 178	15 922	682 030	2 487	365 288	7 988	67 187
08	Forestry	1 800	82 085	188	37 088	623	7 268	787	31 348	140	17 082	483	4 134
09	Fishing, hunting, and trapping	5 973	148 420	630	50 473	830	9 478	3 408	82 352	216	35 085	645	6 284
	<b>Mining</b>	26 488	1 683 622	1 942	1 488 188	11 682	271 848	19 882	2 239 848	1 386	1 283 488	11 688	288 977
10	Metal mining	200	14 801	38	10 778	183	2 088	262	17 088	39	12 487	242	3 187
11	Anthracite mining	27	5 088	6	1 170	28	388	131	28 222	39	14 278	914	2 488
12	Schistoseous coal and lignite mining	188	213 888	117	284 732	2 184	44 844	107	148 882	89	148 218	1 488	28 847
13	Oil and gas extraction	25 448	1 328 428	1 818	888 982	8 388	145 388	18 778	1 818 888	1 021	1 028 714	8 222	181 844
14	Nonmetallic minerals, except fuels	688	372 845	218	388 800	3 288	78 884	684	108 848	188	84 787	1 388	21 884
	<b>Construction</b>	94 388	28 382 124	38 178	17 882 488	188 388	3 088 288	88 981	4 684 914	13 281	3 284 878	88 211	688 821
15	General building contractors	21 388	7 624 784	10 227	6 847 848	48 711	881 913	11 088	1 483 088	3 282	1 127 748	15 217	187 234
16	Heavy construction contractors	2 488	2 322 828	1 387	2 272 888	18 883	491 184	1 084	248 187	715	288 284	3 840	78 821
17	Special trade contractors	67 188	9 182 017	23 738	8 388 738	118 442	2 448 848	44 883	2 888 888	8 881	1 812 288	38 485	622 381
8552	Subdividers and developers	3 487	1 282 415	701	873 845	3 622	71 813	1 188	235 738	188	88 822	628	6 875
	<b>Manufacturing</b>	68 888	28 814 888	28 888	28 832 878	288 888	6 348 883	44 888	5 382 877	18 288	4 738 288	88 478	1 128 127
30	Food and kindred products	4 282	4 218 128	1 448	4 184 488	31 888	888 838	888	747 738	588	718 788	8 888	101 844
21	Tobacco manufactures	4	(C)	4	(C)	(C)	(C)	2	(C)	2	(C)	(C)	(C)
22	Textile mill products	2 431	1 234 828	878	1 214 842	17 488	288 874	884	87 234	188	88 117	1 888	24 888
23	Apparel and other textile products	17 827	2 848 887	4 118	2 382 282	84 825	848 882	4 718	825 788	1 247	481 888	21 825	188 288
24	Lumber and wood products	6 888	2 434 888	2 188	2 348 844	28 728	484 800	2 683	388 884	888	288 148	6 288	77 888
25	Furniture and fixtures	2 788	888 888	818	827 121	14 883	251 487	888	83 047	288	82 018	2 128	18 882
26	Paper and allied products	784	1 014 488	288	1 008 121	10 888	218 288	88	82 738	78	84 888	1 284	18 882
27	Printing and publishing	19 781	3 888 887	8 288	3 778 744	33 371	1 084 887	12 888	848 738	2 888	887 148	14 888	177 884
28	Chemical and allied products	678	1 248 288	288	1 228 448	8 121	288 838	248	188 738	188	182 888	1 047	18 883
29	Petroleum and coal products	85	(C)	43	(C)	(C)	(C)	21	(C)	21	(C)	(C)	(C)
30	Rubber and miscellaneous plastics products	1 681	1 488 818	888	1 451 818	18 887	867 774	228	151 128	188	148 277	2 888	37 872
31	Shoe and leather products	1 187	228 738	211	228 184	2 488	48 888	218	27 748	77	34 182	873	7 181
32	Stone, clay, and glass products	8 782	1 148 883	1 288	1 078 888	16 218	228 872	7 788	228 872	888	178 817	2 818	38 888
33	Primary metal industries	4 881	748 045	1 888	738 184	7 888	157 881	274	87 842	118	63 121	1 288	18 881
34	Fabricated metal products	4 214	2 798 338	1 688	2 687 888	28 871	878 248	1 047	483 488	888	488 718	7 348	118 288
35	Machinery, except electrical	3 848	2 813 800	2 222	2 281 874	27 840	784 488	1 284	472 848	841	481 887	7 843	141 888
36	Electric and electronic equipment	3 283	1 814 183	783	1 178 784	18 881	284 821	848	134 888	218	188 288	2 178	28 772
37	Transportation equipment	882	884 885	445	878 844	18 884	218 782	822	138 188	184	134 288	1 888	38 885
38	Instrument and related products	815	438 182	288	427 888	8 288	128 838	182	81 188	188	48 848	788	18 888
39	Miscellaneous manufacturing industries	18 447	1 863 324	2 410	1 408 888	15 888	284 223	8 822	621 888	1 218	381 241	7 184	77 788
	<b>Transportation and public utilities</b>	78 788	18 838 278	19 888	9 488 217	188 288	1 788 272	88 844	3 228 883	8 431	2 888 811	28 888	484 212
41	Local and interurban passenger transit	8 270	471 187	1 623	358 110	12 888	124 828	8 283	155 774	822	114 878	8 188	37 812
42	Trucking and warehousing	27 418	4 684 288	8 813	3 818 888	48 885	883 488	18 187	1 341 877	3 878	828 122	18 888	218 818
44	Water transportation	1 628	(C)	848	888 888	4 025	72 883	788	(C)	284	(C)	(C)	(C)
45	Transportation by air	1 564	248 881	257	211 142	2 587	84 878	782	88 881	188	74 218	1 075	18 882
46	Pipe lines, except natural gas	2	(C)	-	-	-	-	4	(C)	2	(C)	(C)	(C)
47	Transportation services	30 488	3 888 288	8 458	3 868 247	24 888	267 833	13 738	1 881 848	2 813	1 188 123	10 188	118 888
48	Communication	7 888	888 238	1 888	788 388	10 817	181 788	1 282	144 887	284	122 883	8 782	42 487
49	Electric, gas, and sanitary services	2 881	388 711	474	388 811	2 178	42 882	2 888	88 888	488	88 888	1 884	14 882
	<b>Wholesale trade</b>	82 818	42 884 888	22 881	48 224 888	187 883	4 888 824	28 888	8 188 834	8 784	8 241 442	48 873	688 248
50	Wholesale trade—durable goods	42 888	18 788 738	12 827	17 848 888	83 878	2 128 834	11 488	3 882 852	4 888	3 547 127	24 783	372 888
51	Wholesale trade—nondurable goods	38 814	24 087 823	10 184	22 778 282	84 284	1 888 288	28 888	5 288 872	4 184	4 884 288	24 888	318 147
	<b>Retail trade</b>	788 888	88 417 823	188 282	74 424 887	1 888 887	9 784 481	881 288	38 881 488	118 483	28 788 888	541 483	8 288 813
52	Building materials and garden supplies	11 287	4 088 334	5 888	3 888 888	23 238	518 022	8 837	1 188 484	3 284	888 818	12 278	128 875
53	General merchandise stores	10 184	1 187 788	3 888	1 022 475	13 881	134 838	6 282	1 181 818	1 784	1 088 888	8 218	488 788
54	Furniture stores	48 488	14 427 787	22 814	12 878 888	148 847	1 222 222	28 774	8 048 887	13 847	4 888 818	88 888	418 138
55	Automotive dealers and service stations	88 842	28 223 842	18 888	18 388 731	88 844	1 818 275	14 888	4 732 873	8 288	4 018 448	27 888	288 788
56	Apparel and accessory stores	48 582	5 215 885	19 882	4 848 278	71 838	588 737	27 883	2 448 888	11 488	1 882 883	38 887	288 488
57	Furniture and home furnishings stores	38 837	4 888 748	11 888	4 342 227	43 222	688 288	18 188	1 488 284	4 875	1 188 281	18 137	144 188
58	Eating and drinking places	88 848	14 187 028	68 888	13 188 217	887 454	3 214 048	88 182	6 884 283	28 888	5 788 821	284 884	1 288 717
59	Miscellaneous retail	648 353	21 188 451	88 887	15 148 444	188 851	1 878 885	484 784	12 087 848	48 171	7 141 443	188 727	688 788
	<b>Finance, insurance, and real estate</b>	437 888	17 822 482	26 741	8 288 881	188 212	1 888 878	248 483	8 288 832	18 483	2 888 331	48 128	888 282
60	Banking	278	182 821	288	182 447	2 088	41 282	2 078	288 884	248	174 188	2 887	48 885
61	Credit agencies other than banks	747	283 881	838	318 017	4 888	88 481	348	88 713	178	88 788	1 287	17 888
62	Security, commodity brokers and services	7 823	882 911	888	412 488	3 288	101 284	1 288	288 088	224	122 818	1 281	88 888
63	Insurance carriers	884	118 887	274	88 188	1 488	28 884	181	18 248	88	13 288	257	8 873
64	Insurance agents, brokers, and service	88 884	2 388 728	8 448	1 888 818	20 741	388 874	28 184	881 832	3 888	488 838	8 281	181 182
65 pt.	Real estate	288 428	12 841 887	24 088	5 887 283	88 248	1 018 288	211 885	4 732 788	11 488	1 888 885	34 278	388 788
66	Confirmed real estate, insurance, etc.	88 833	888 422	1 812	1 888 214	1 887	38 888	835	28 155	188	28 888	481	4 787
67 pt.	Holding and other investment offices	847	781 485	144	734 183	8 157	148 848	888	84 878	188	28 283	313	4 738
	<b>Services</b>	2 288 888	81 122 488	288 278	28 878 288	1 818 871	11 834 738	1 284 887	28 277 781	122 883	14 148 174	488 744	3 884 288
70	Hotels and other lodging places	82 211	3 281 428	8 442	2 832 214	78 478	714 838	17 487	1 878 748	8 718	1 881 828	45 812	312 714
72	Personal services	881 888</											

**Table 1. Statistics for Women-Owned Firms by Major Industry Group: 1987 and 1982—Con.**

This table is based on the 1972 SIC system. For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A

SIC code	Major industry group	1987						1982					
		All firms		Firms with paid employees				All firms		Firms with paid employees			
		Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)
<b>Services—Con.</b>													
78	Motion pictures	7 863	722 178	1 307	578 791	7 773	125 956	8 827	215 285	819	188 891	4 380	20 882
79	Amusement and recreation services	89 504	3 089 788	8 541	2 054 342	41 791	817 618	44 861	1 132 088	3 578	688 851	21 200	161 216
80	Health services	236 316	8 418 438	27 819	6 261 882	181 138	1 818 888	123 111	3 888 388	18 888	2 280 888	78 888	882 788
81	Legal services	41 826	2 218 741	8 518	1 574 881	18 558	388 485	23 333	888 388	4 888	845 818	8 178	118 888
82	Educational services	104 187	1 186 884	4 634	573 184	16 885	182 788	82 812	888 483	3 847	217 483	12 023	88 288
83	Social services	289 187	3 047 448	21 208	1 383 888	70 536	888 181	2 330	228 034	2 188	225 241	14 881	83 714
84	Museums, botanical, zoological gardens	13	2 888	13	2 888	49	884	5	831	5	331	8	137
88	Miscellaneous services	188 023	5 088 817	10 778	2 878 117	82 283	887 887	2	2	20 534	2 022 288	86 888	440 888
	Industries not classified	184 788	4 940 871	12 818	1 288 237	11 627	382 888	285 848	4 888 488	8 881	1 888 888	14 878	188 878

\*Excludes 8852 which is included in construction industries.  
 \*Excludes 673 (Trusts) and 678 (Miscellaneous investing).

**Table 2. Statistics for Women-Owned Firms by State: 1987 and 1982**

[For meaning of abbreviations and symbols, see introductory text. For explanation of terms, see appendix A]

Geographic area	1987						1982					
	All firms		Firms with paid employees				All firms		Firms with paid employees			
	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Firms (number)	Sales and receipts (\$1,000)	Em- ployees (number)	Annual payroll (\$1,000)
<b>United States</b>	<b>4 114 787</b>	<b>278 138 117</b>	<b>618 188</b>	<b>224 888 218</b>	<b>3 188 888</b>	<b>40 888 888</b>	<b>2 812 881</b>	<b>98 391 618</b>	<b>311 888</b>	<b>65 847 448</b>	<b>1 284 888</b>	<b>11 188 388</b>
Alabama	48 818	3 884 388	8 184	3 037 188	43 141	888 817	38 888	1 887 821	4 821	841 888	17 737	188 888
Alaska	13 878	888 888	1 828	817 878	7 288	188 888	8 488	878 888	3 788	888 888	3 888	48 888
Arizona	80 387	2 818 888	8 847	2 188 888	37 881	488 888	38 888	1 887 888	3 778	888 888	18 888	188 888
Arkansas	38 488	2 887 888	8 415	1 887 884	28 888	281 888	34 483	1 888 343	3 888	788 888	14 818	188 888
California	558 821	31 088 884	73 184	21 887 487	311 873	4 188 887	384 882	18 822 888	35 881	7 888 278	188 388	1 288 488
Colorado	88 411	4 288 847	18 850	3 277 813	83 788	888 882	87 378	1 888 488	8 118	1 188 878	27 887	228 778
Connecticut	80 884	5 318 718	8 287	4 237 344	81 488	888 888	38 488	1 401 288	4 488	887 812	28 188	178 884
Delaware	8 727	783 288	1 782	888 887	8 817	118 888	5 782	188 838	881	188 887	8 177	23 788
District of Columbia	10 887	774 818	1 230	884 888	8 343	188 781	8 882	353 841	788	281 884	4 888	48 418
Florida	221 381	18 838 084	38 488	13 882 438	188 446	2 438 238	182 888	4 788 748	18 788	3 188 484	73 884	878 848
Georgia	88 888	5 873 882	14 488	4 884 187	87 748	838 127	83 254	1 847 888	8 821	1 188 443	24 712	188 287
Hawaii	21 888	888 888	2 404	848 887	8 848	188 425	14 415	388 488	1 248	888 881	8 888	38 888
Idaho	18 873	813 843	3 078	838 782	18 448	188 778	13 433	427 487	1 887	284 878	8 888	48 218
Illinois	177 287	13 884 278	25 484	11 887 788	148 184	2 137 882	112 878	4 888 884	13 388	8 888 284	82 888	888 288
Indiana	88 848	8 812 422	18 571	8 088 788	115 173	1 387 888	68 018	3 181 878	8 218	2 888 782	62 884	484 148
Iowa	83 882	2 824 811	8 800	2 488 473	41 837	443 888	38 887	1 138 884	4 784	788 482	17 881	118 288
Kansas	63 888	2 888 783	7 182	2 184 888	31 818	382 878	38 778	1 234 888	4 881	888 888	18 488	188 888
Kentucky	63 484	3 288 188	8 585	2 848 483	48 787	484 837	38 888	1 882 834	4 888	1 118 778	18 888	188 844
Louisiana	88 882	2 881 788	8 388	2 288 888	38 388	418 388	38 318	2 288 878	8 227	1 881 888	28 438	271 148
Maine	23 822	1 834 638	4 083	1 388 888	28 711	387 888	14 473	430 481	1 888	287 188	5 888	41 882
Maryland	81 881	5 888 887	10 288	4 418 888	81 888	848 788	48 371	1 888 882	4 787	1 818 288	21 381	178 784
Massachusetts	111 378	11 138 818	13 885	8 488 887	187 888	1 888 181	88 188	1 777 882	6 488	1 888 888	28 284	217 888
Michigan	133 888	7 888 112	18 888	6 378 274	88 882	1 187 841	87 138	3 788 882	10 881	1 873 887	48 788	388 881
Minnesota	88 127	4 881 888	12 388	4 878 888	88 884	788 812	38 318	1 788 887	8 887	1 888 884	28 788	228 288
Mississippi	28 878	2 082 087	8 188	1 885 148	34 278	387 888	28 211	884 838	3 887	388 737	12 487	83 881
Missouri	87 888	5 348 138	13 488	4 482 888	84 483	778 381	84 888	1 888 488	8 888	1 282 888	38 118	221 843
Montana	17 747	888 377	3 238	784 388	12 888	117 888	12 782	488 188	1 888	388 281	7 388	88 488
Nebraska	13 288	1 848 048	6 488	1 381 888	21 442	234 814	22 748	718 882	2 888	388 288	11 884	78 127
Nevada	18 831	1 418 888	2 888	1 147 722	17 848	228 428	11 878	488 174	1 221	211 234	7 144	88 288
New Hampshire	22 713	1 857 788	3 885	1 544 887	28 038	282 184	11 812	381 718	1 383	348 782	6 371	48 848
New Jersey	117 373	13 583 517	18 388	11 478 778	124 885	2 128 388	88 243	3 873 048	8 887	2 881 288	48 881	388 288
New Mexico	28 287	1 188 312	4 182	987 812	18 882	188 838	18 287	878 888	2 283	377 788	8 888	88 848
New York	284 812	28 888 822	43 723	25 172 731	288 878	4 818 254	178 483	8 232 484	21 888	6 887 844	184 774	1 888 888
North Carolina	83 832	8 818 188	15 188	5 888 488	88 825	1 087 188	87 374	1 888 888	7 481	1 287 741	27 487	288 888
North Dakota	12 888	871 781	2 288	878 712	8 888	82 087	8 778	348 881	1 288	282 384	4 888	88 848
Ohio	184 884	8 872 188	22 087	7 828 878	118 788	1 378 888	102 518	3 818 888	18 188	8 847 888	88 448	481 188
Oklahoma	48 882	2 847 888	8 888	2 288 814	38 818	387 181	48 182	2 128 812	5 888	1 288 884	28 887	184 287
Oregon	58 841	4 278 187	8 328	3 837 288	48 322	878 838	48 478	1 887 284	5 111	1 288 888	21 888	188 188
Pennsylvania	187 382	13 338 231	25 831	11 887 283	147 188	1 888 427	188 158	4 188 428	18 882	2 818 234	81 878	488 412
Rhode Island	14 817	1 348 182	2 488	1 123 388	15 887	227 064	8 832	878 337	1 831	184 288	4 882	28 134
South Carolina	42 884	2 848 555	7 524	2 288 888	37 834	488 081	27 885	883 238	3 788	844 788	12 888	88 118
South Dakota	13 374	728 847	2 233	818 281	8 888	88 082	8 887	288 044	1 248	271 884	4 888	28 728
Tennessee	87 448	4 228 288	11 188	3 378 838	51 253	614 443	44 843	1 787 481	6 254	1 138 888	22 841	171 288
Texas	288 138	13 284 858	40 421	9 718 787	143 881	1 783 084	188 768	8 874 348	21 888	6 888 288	88 878	888 748
Utah	28 818	1 382 428	3 885	1 083 788	18 478	212 827	18 872	884 887	1 884	488 888	8 138	74 888
Vermont	13 882	788 882	2 888	818 488	18 277	112 848	8 844	288 788	1 882	188 282	3 887	28 177
Virginia	84 418	6 051 818	13 755	4 783 818	72 888	827 888	58 882	1 783 387	8 338	1 288 878	28 887	288 212
Washington	88 285	4 888 048	13 218	3 723 784	86 888	788 888	88 288	1 888 888	8 488	1 028 888	24 318	188 884
West Virginia	22 548	1 114 228	3 688	888 778	14 567	148 088	16 738	618 881	2 887	441 278	8 888	88 188
Wisconsin	88 185	4 887 028	12 182	3 888 151	82 418	718 182	44 413	1 882 888	8 788	1 188 418	28 888	288 827
Wyoming	10 788	523 888	1 883	422 874	7 181	78 882	8 383	312 488	1 227	218 873	4 728	38 884



**National Women's  
Business Council**

**1992 Annual Report to  
The President and Congress**

**EXECUTIVE  
SUMMARY**

*This summary includes the complete text of the 1992 recommendations to the President and Congress which have resulted from the Council's investigations. The implementation of these recommendations is a top priority of the National Women's Business Council, its supporters, and its constituency of women business owners.*

*The remainder of the report has been summarized. The complete annual report, as well as copies of all hearing transcripts and survey data, is available at the Washington office of the Council. For information on how these may be obtained, contact:*

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**C**

**B**

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## ***CAPITAL—THE KEY TO GROWTH***

Three years of Council investigations into the status of women-owned businesses left no doubt that the foremost barrier women perceived was that of access to capital. At every level—from the small, home-based business operating on creativity and sheer nerve to the expanding corporation preparing to go public—lack of access to adequate funding was the constant concern and the overwhelming reason cited for failures.

The seriousness of this concern led the Council to focus this year on the problem of access to capital, and the search for remedies to the problem. The results of our investigations led us to change the colors of our logo to the colors of U.S. currency: It is that important.

### **THE PROBLEM THAT EXISTS AT EVERY LEVEL**

Three levels of women-owned businesses come under Council scrutiny:

- **The start-up business or small home-based or service business that is still struggling to establish a foothold in the marketplace.**
- **The "mezzanine" business, established and running well, but needing capital for growth. Recent studies have shown that the number of woman-owned businesses in this phase is increasing at a far greater rate than businesses in general.**
- **The established larger businesses, many of which are capital-intensive, seeking major expansion funding. The number of women-owned firms in capital-intensive sectors grew dramatically in the 1980's, and should continue to expand rapidly if sources of capital increase.**

The list of concerns and barriers at all three levels is strikingly similar. We therefore request that the Congress and the new administration give this common problem—access to capital—their immediate and most serious attention.

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# **1992 RECOMMENDATIONS**

As a result of our investigations over a three year period, an analysis of the information that has been gathered, and our search for viable methods of removing the greatest barriers to women business owners, the National Women's Business Council requests that the President and Congress act immediately upon the recommendations that follow. The Council has focused on specific areas which we have concluded will be most beneficial to the largest number of women business owners at all three levels: start-up, mezzanine and investment-level.

## **DEFINITION**

It is ironic that one of the barriers to development of programs facilitating access to capital for women business owners and the inclusion of women-owned businesses in currently recognized special categories is the lack of agreement on what constitutes "woman-owned." There is currently no agreed-upon definition in general usage across all government agencies, even at the federal level. The collection of accurate data concerning women-owned businesses has been virtually impossible.

The Council, in response to expressions of concern from public as well as private sources, has studied the varying definitions of women-owned businesses, and has concluded that the definition outlined in Recommendation #1 best meets the needs of both government agencies and the businesses affected.

## **BANKING**

The recommended legislation dealing with banking practices outlined in Recommendation #2 is presented as a response to the recommendations of the experts involved in the Access to Capital Symposium as well as the testimony gathered at NWBC hearings. It will affect all women-owned businesses, but is particularly focused on the mezzanine level businesses seeking capital.

## **INVESTMENT**

The larger woman-owned firm is often seeking the level of capitalization generally not available through a standard bank loan, and may not currently have access to the type of venture capital required. Recommendation #3 deals with this problem, and is a direct result of testimony at hearings and expert recommendations from the Symposium.

## **PROCUREMENT**

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, only 1.5% of all federal procurement dollars are awarded to woman-owned businesses. The elimination of this dramatic inequity is addressed in Recommendation #4.

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## **RECOMMENDATION #1**

### ***A Standard Definition of "Woman-Owned" Business***

There is currently no standard definition of "woman-owned" business for federal government usage. The NWBC recommends the following wording for all federal government purposes. (Please note that the SBA is currently promulgating regulations along these lines.)

#### **DEFINITION**

**A woman-owned business is a business concern with at least 51 percent unconditional ownership and control by a woman or women. Such unconditional ownership must be reflected in the concern's ownership agreement; and the woman, or women, must manage and operate the business on a daily basis.**

#### **JOINT VENTURE AGREEMENTS**

**A woman-owned business must control the performance of the contract awarded to the joint venture for the venture to qualify as a woman-owned business.**

#### **SUBCONTRACTING**

**A business concern shall not be qualified as a woman-owned business unless it meets the criteria mentioned above and it controls a significant portion of its contract with its own facilities and personnel.**

#### **CONTROL AND MANAGEMENT**

**An applicant concern's management and daily business operations must be controlled by a woman or women. An applicant concern must be managed on a full-time basis by one or more women. The U.S. Small Business Administration will consider, on a case-by-case basis, the actual management involvement of women in the applicant concern. A woman must hold the highest ranking in the organization.**

**The woman or women shall control the Board of Directors of the applicant concern, either in actual numbers of voting directors or through weighted voting. Men may be involved in the management of an applicant concern, and may be stockholders, partners, officers, and/or directors of such concern. However, these men may not exercise actual control or have the power to control the applicant concern.**

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## FRANCHISE AND LICENSE AGREEMENTS

**In determining whether the franchisor controls, or has the power to control, the restraints relating to standardized quality, advertising, accounting format and other provisions, imposed on a franchisee by its franchise agreement shall generally not be considered, provided that the franchisee has the right to profit from its efforts and bears the risk of loss commensurate with ownership. Even though a franchisee may not be controlled by the franchisor by virtue of such provisions in the franchise agreement, control could arise through other means, such as common ownership, common management or excessive restrictions upon the sale of the franchise interest.**

### *RATIONALE*

The late Gillian Rudd, in introducing the National Foundation for Women Business Owners/Cognetics study of women owned businesses, stated

**"The 1992 Presidential initiative to improve this country's economic statistics omits any mention of one of the fastest growing segments of the economy, women business owners. Federal economic statistics are numbers that move the economy nationally and internationally. It is vital to policy makers, the business community and researchers that these statistics be of the highest quality and provide a true reflection of today's economy. To ignore women-owned businesses is to neglect one of the decade's major social and economic changes."**

**Current data from a variety of sources indicates that an astounding growth is taking place in women-owned businesses—that they are a far larger factor in our economy than is generally realized, anywhere from thirty to forty per cent of all businesses in this country. Yet there cannot be an accurate count without a generally accepted definition of what constitutes a woman-owned business.**

**At both the Denver hearing on telecommunications and the Arlington, Texas hearing on high technology, women business owners talked of their frustration in identifying and qualifying for government set-asides and incentives to small and disadvantaged businesses. Even federal agencies are not consistent in their definitions, and each state develops its own guidelines. The federal government can and must set a standard for both data collection and procurement purposes.**

**The Missouri Pilot Study which the Council commissioned was designed to assess the possibility of complete and accurate data collection regarding women-owned businesses. This study did indeed provide a useful model for such studies which can produce accurate data on a national level, data eagerly sought by both government and private entities. In order to complete this study, a specific definition of "woman-owned" had to be devised. That definition is reflected in this recommendation, and in the regulations currently being promulgated by the U.S. Small Business Administration.**

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## **RECOMMENDATION #2**

### ***Stimulating Bank Lending***

In recognition of the critical role played by small businesses in the economic structure, and the increasing importance of women-owned small businesses in that structure, we urge the President and Congress to act to stimulate bank lending as follows:

- A. The National Women's Business Council recommends that the banking regulators revise the FIRREA regulations to provide preferential risk weighting for those portfolio loans provided to women-owned (as defined in Recommendation #1) or minority businesses whose borrowings are greater than the Small Business Administration's qualified loan limits and less than the sum of \$5 million.
- B. The National Women's Business Council recommends that Congress enact the necessary legislation to facilitate the creation and operation of a secondary market for securitized "small" business loans with consideration for enhanced guarantees on loans to women and minority owned businesses.

### **RATIONALE**

The resounding unanimity of feedback with which the National Women's Business Council was met during the Federal Reserve-hosted Access to Capital Symposium in Washington, D.C. in September, 1992 confirmed that the greatest barrier to woman-owned small business growth and development is lack of access to capital. This barrier is most severe for those women business owners who have established and grown their enterprises to reasonable proportions. They find themselves beyond the size at which the U.S. Small Business Administration programs are appropriate and below the size at which venture capitalists become interested. Specifically, these are businesses whose needs for additional capital range from \$1 million to \$5 million.

Lending in these ranges is clearly the domain of the banking industry. It is the position of the National Women's Business Council that bank lending should reflect prudent practice, unencumbered by legal regulatory constraints whose definition or administration make unattractive the inclusion of viable small business loans in the bank's lending portfolio.

*A November, 1992 study of small and mid-sized businesses sponsored by Arthur Andersen's Enterprise Group and National Small Business United reported that a total of 24 percent cited "cutting regulations" as the number one task for the new administration and Congress, and almost half of these named easing of bank regulations to improve access to credit as their top priority.*

#### **FIRREA AS A DETERRENT TO LENDING**

A critical deterrent to bank lending for emerging businesses is represented in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) legislation which defines the financial health of banking institutions in terms of risk rated capital ratios. Specifically, banks must allocate valuable capital to portions of their lending portfolios based upon the perceived risk these loans represent as defined by the regulatory community.

At the NWBC's Symposium on Access to Capital, bankers testified to the dampening effect of the FIRREA regulations on their ability to grant small business loans, particularly to women and minorities. Changes in these regulations were cited universally as a necessary step in making capital available to these groups.

The major recommendation to come out of this symposium involved allowing banks to price for risk so that they can make loans to women-owned businesses which often do not fit the standard profile for traditional funding sources. (A more complete review of the results of the Access to Capital Symposium is included in this annual report.)

One area banker's comment was telling:

" . . . and we don't need more regulation, for god's sake. We're regulated to death. And if we continue to get regulation, we're not going to have any latitude in making independent decisions on these loan requests."

His remarks were backed up by another panelist, who cited banking industry estimates that it spends more than \$10 billion annually on regulatory compliance—59 percent of the profits of the entire banking system in 1991!

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## SECURITIZATION AS AN INCENTIVE TO LENDING

One of the three key problems in obtaining capital for women-owned businesses cited by the experts at the Symposium was the lack of availability of loan sources in mid-range, between the very small loans and the level of venture capital. Because women business owners tend to be concentrated in small businesses with relatively low funding needs and in industries lacking traditional collateral (See report on the Missouri Pilot Study, Page 20) they tend to be unattractive to lenders.

**Funding the development of these and other small businesses would be greatly facilitated through the provision of a secondary market, making capital available through a national reservoir. As banks attempt to meet the lending needs in their individual communities, they will be better able to provide long term commitments to developing businesses through the securitization of small business loans whose subsequent sale to institutional investors will free bank capital and make additional funds available for investment in local communities.**

Allowing financial institutions to operate as conduits delivering available funding to small businesses, without having to portfolio these loans, will not only bring more capital to developing businesses but will mitigate the risk to the banking industry associated with non-diversified portfolios.

### **RECOMMENDATION #3**

#### ***Securitization of Small Business Loans***

The small business growth cycle includes a third and final stage in which the business has evolved to the point at which its requirements for capital are insufficient to attract the attention of venture capitalists, but beyond the level at which community banks can address these funding needs.

**The National Women's Business Council recommends that in enacting the previously recommended legislation to facilitate the creation and operation of a secondary market for the securitization of small loans, the parameters established for defining these loans be sufficiently broad so as to include those businesses whose asset values may be as high as \$18 million and whose annual net income may be as high as \$6 million.**

## ***RATIONALE***

Venture capital specialists who have participated in the Council's recent hearings and in the Symposium on Access to Capital have been blunt. Women-owned businesses, even those few seeking capital at the level which might interest venture capital sources, rarely fit the profile of the few ventures funded each year. For the larger woman-owned business, alternative financing options must be sought.

### **GENDER BASED DIFFICULTIES—NON-GENDER SPECIFIC NEEDS**

Women in both high technology industries and telecommunications who actually had found funding in the \$6 to \$18 million range told of difficulties which seemed far beyond what should be expected for companies with records of successful and profitable operation. At this top level of small business as well as the start-up level, women do not fit traditional, comfortable profiles, and compete less successfully for scarce expansion dollars. Those who have succeeded demonstrate remarkable tenacity as well as top level professionalism.

At earlier stages in the business growth cycle women tend to seek and achieve lower levels of funding, and appear to succeed with less start-up and expansion money. (See the report on the Missouri Pilot Study, Page 20, and the results of the Special Focus Groups, Page 28.) At this stage, however, that is not possible. Financing needs of the mid-sized business seeking capital are not gender-based—a woman-owned firm cannot get by with less.

### **BROADER BENEFITS**

Providing funding to these businesses, whether woman-owned or not, can be a complex process. A secondary market for loans granted to businesses in this category will provide the essential momentum for the businesses to grow to the point of recognition in the venture capital, regional banking and national banking arenas. This was also a recommendation of both the 1980 and 1986 White House Conference on Small Business. The benefits of small business loan securitization will accrue to all small businesses, and thus to the economy as a whole.

### ***RECOMMENDATION #4***

#### ***Federal Procurement Standards***

- A. The National Women's Business Council strongly urges that Congress mandate action by all federal agencies to set prime and sub contracting goals for women-owned businesses.**

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**B. The National Women's Business Council strongly urges Congress to expand the current Department of Defense section 1207 set-aside authority to the civilian agencies that have been required by law to increase their contracts to women-owned businesses.**

### *RATIONALE*

Today, the U.S. Small Business Administration estimates that over one-third of all U.S. businesses are woman-owned. Despite this, only 1.5% of all federal procurement dollars are awarded to woman-owned businesses. This dramatic inequity is perpetuated by the lack of legislative mandates that specifically target women-owned businesses for assistance in entering the federal procurement system. The U.S. Small Business Administration has taken the lead in interpreting the Congressional data collection requirements as a basis for requesting goals from all federal agencies for prime and sub contracts awarded to women-owned businesses.

The Department of Transportation was until recently the only federal agency which designated women as disadvantaged business owners on a par with minorities for purposes of their state grant programs. In addition, Congress recently passed laws with language specifically including women-owned businesses in the targets they set for small and disadvantaged business participation. Specifically, the Department of Energy, NASA and EPA have all received these directions, but without the tools to target women-owned businesses. In other words, the language did not clearly include set-aside authority for women-owned businesses; the set-aside authority these agencies have to meet these new goals is primarily under the 8(a) program—where women are not a designated group.

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## **1992 - A YEAR OF ACHIEVEMENT**

This year's recommendations to the President and Congress were based on a full program of hearings and data collection, as summarized in the following brief report.

### **THE SYMPOSIUM ON ACCESS TO CAPITAL— SEPTEMBER, 1992**

The investigations of the NWBC over the past four years have indicated that the most pervasive barrier to success for women business owners is lack of access to capital; the Council decided to take a hard look at the realities of the capitalization picture for women-owned businesses today and in the future and at the same time stimulate creative thinking by the experts on solutions to the problem.

The Access to Capital Symposium brought together experts in banking, venture capital, microloan programs, and government and private programs with Council members, SBA representatives and selected women business owners in a discussion designed to develop proposals for ensuring access to capital for women business owners.

#### **RESULTS**

Symposium participants identified three specific solutions to the problem of access to capital which they proposed for government and private sector action:

1. Changes in banking practices including more unsecured credit, allowing banks to price for risk so they can make some of these loans, better use of contract financing and accounts receivable funding.
2. Increase the number and types of lending pools/funds, including public/private partnerships and joint ventures.
3. Allow banks special categories for small business loans (or high risk small businesses).

In addition, it was proposed that the Federal Reserve hold regional symposia on access to capital in each of their regions. The Board of Governors of the Federal Reserve have agreed to host such programs, and they are expected to commence in the third quarter of 1993.

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## **THE MISSOURI PILOT STUDY**

The NWBC mandate includes the review of data collection procedures and the availability of data on women owned businesses. The lack of accurate and complete data of this type led the Council to select as one of its major projects the completion of a research pilot which would provide guidance to public and private sector organizations in selecting a methodology for collecting demographic and attitudinal information on United States women business owners.

The state of Missouri was selected by the NWBC and the SBA's Office of Economic Research for use in this pilot test. The premise of the proposal was that creation of a reliable sample in a typical state could then be used as a model for a national sample of women-owned businesses.

### ***END PRODUCT/CONCLUSIONS***

Two reports were produced from this investigation; a methodology report and a set of tabulations that describe the demographic characteristics and financial history of the study participants. The final product of the methodology portion is a manual which gives a complete picture of how the experiment was done, along with the implications for a national study. This manual could be handed to a statistician as established guidelines for creating an accurate sample and estimating the cost of creating such a sample.

### ***FINDINGS***

The findings of the study are cited in detail in the Annual Report, and in depth in the Pilot Study Report, available in the NWBC office.

The results of the State of Missouri pilot project lead the Council to place a high priority on the following future activities:

1. That the National Women's Business Council work with the appropriate public and private sector organizations to implement ongoing national survey research on women business owners at regular intervals.
2. That the methodology handbook created by the National Women's Business Council pilot study be given wide distribution in the public and private sectors to assist in the creation of a reliable sample for national survey research.
3. That focus group, executive interviews and experimental research be considered to further explore certain findings of both the National Women's Business Council pilot and focus group projects, e.g., length of time in business, gender differences, access to capital and related funding issues.

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## SPECIAL FOCUS GROUP STUDIES

When the Council accepted the challenge of developing a model for accurately surveying women-owned businesses, they recognized that no matter how complete a pilot study they commissioned, there would be areas which could not be tested through ordinary survey research. Examination can be done, however, through the use of focus groups which, although they do not produce scientifically provable data, offer good insights into the range of responses accessible through research, and can be invaluable both in analyzing data from broader studies and in planning future narrower-based studies.

Women business owners are no more a homogenous group than men business owners, but in addition to specific industry, the Council finds there is one clear method of logically categorizing them--into start-ups (less than five years old), mezzanine or mid-range businesses looking for growth capital and opportunities, and successful, well-financed enterprises.

Businesses in the first category, start-ups, are rarely measured by the usual survey methods--partly because they are harder to find. Some research is available on start-ups in general, but there is no gender-specific data available, making this an ideal topic for focus group exploration.

The four focus groups were held in St. Louis and Springfield, Missouri in September, 1992. Participants were women from a broad range of home-based, retail, wholesale, service and agricultural businesses. Most had been in business from one to three years.

### *RESULTS*

If the Missouri focus groups present an accurate picture, the average woman at this stage in her business thinks of herself as a risk-taker, regrets not having done more market research, likes the freedom and sense of self-respect she has achieved, didn't go into this to get rich, is concerned about financing growth and thinks the SBA has very little to offer. She sees traditional male operating styles as the barrier to progress in the workplace, and attracting, recruiting and keeping reliable employees as the biggest problem in running her business.

Previous studies of women-owned businesses appear to show women starting with much lower levels of funding and expanding more slowly. Obviously lack of access to capital is the primary reason for this, but in this focus group as well as in other investigations there appears to be a difference not in attitude toward business or ambition, but in terms of expectations. Women entrepreneurs appear to set lower goals, and have lower income expectations and lower estimations of funding needed for start-up or expansion. Further study should be done to assess this pattern.

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## **DIRECTORY OF STATE PROGRAMS TO ASSIST WOMEN BUSINESS OWNERS**

Although the Office of Women's Business Ownership at SBA and the National Association of Women's Business Advocates (NAWBA) had gathered some information, there had never been a complete directory of state programs, set-asides and services for women business owners. The Council completed the research for such a directory, the first edition of which was published in 1992 with the cooperation of NAWBA and Entrepreneur Magazine.

To obtain copies of or information concerning the directory, contact:

Melody Borchers, President  
National Association of Women's Business Advocates  
c/o Ohio Department of Development  
777 South High Street  
Columbus, Ohio 43266-0101

### **WOMEN ENTREPRENEURS IN TELECOMMUNICATIONS— DENVER, MARCH, 1992**

The Council met in Denver on March 16, 1992 to explore opportunities for women in the telecommunications industry. They heard testimony from business owners, financial experts, government officials, academics and others involved in the telecommunications industry. The following is a brief summary of the testimony.

Telecommunications offers women the opportunity to participate as equals in an integrated industry: Unlike traditional male-dominated sectors of the economy, this rapidly expanding industry offers abundant opportunity for anyone with the ideas, products and skills to build a business. Many women are bypassing the management "glass ceiling" by moving directly into ownership in one of the many telecommunications fields.

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### ***IMPEDIMENTS TO WOMEN IN TELECOMMUNICATIONS***

While increasing numbers of women continue to enter the telecommunications industry, there is still a marked lack of women with the technical and managerial expertise--plus length of experience--to start a successful telecommunications business. Second, there appears to be no information networks currently established for women entrepreneurs which can provide advice and support from other women. Third, access to capital is extremely difficult. This is a capital-intensive industry, generally requiring a substantial start-up investment. Sources of capital are limited, partially due to the risk factors involved, and women business owners are less likely to know where to look for of capital.

### ***THE EXPERT ROUNDTABLE***

The Denver hearing was followed by an expert roundtable discussion on prospects for women business owners in the telecommunications industry in which twenty-nine men and women participated.

In addition to the members of the National Women's Business Council, they represented government, academia, banking, venture capital firms, the media and a variety of large and small telecommunications firms. Several were women business owners.

Discussion centered on two topics: 1) defining tomorrow's telecommunications marketplace, and 2) pre-planning to allow women equal access to this marketplace.

The expert group's recommendations were as follows:

1. Promote the formation of entrepreneurial development funds with tax breaks similar to those of foundations, as well as grant programs and joint ventures in which large companies nurture small and emerging businesses.
2. Generate public policy initiatives encouraging corporate incubation of small businesses for the purposes of training, support and mentoring.
3. Develop networks and associations that bring together women involved in telecommunications for the purpose of exchanging ideas and information about their experiences in telecommunications. Through these networks a program of technical assistance partnerships can be developed.

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## ***A PLAN FOR THE FUTURE***

1993 will be a year of change and a year of growth for women-owned businesses as the economy improves and sources of capital open up for women as well as business in general. Barriers to progress still exist, however, and many of the changes required to remove those barriers have not taken place.

1993 will be the final year of the Council's original five-year mandate. In addition to further development of the Council's studies and programs on the issue of access to capital, and a continuing focus on improved access for women to the government procurement process, the Council will look beyond our borders at opportunities for U.S. women business owners in the global economy.

The goals of the Council's mandate will not all be achieved by the end of 1993. The following activities may not all be completed within that time frame, but are priorities on the Council agenda.

- A hearing on opportunities for women in trade with Latin America and the Pacific Rim, to be held in March, 1993.
- Regional Symposia on Access to Capital under the sponsorship of the Federal Reserve.
- A Women's Economic Summit, tentatively scheduled for September, 1993.
- Efforts to ensure maintenance and expansion of the National Directory of State Programs for Women Business Owners.
- Development of a joint strategic plan with the members of the Interagency Committee on Women's Business Enterprise, which we hope will be reactivated under President Clinton.
- Follow-up on the further studies suggested by the results of the Missouri Pilot Study and focus groups.



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**THE 1991 ANNUAL REPORT**  
**TO THE PRESIDENT AND CONGRESS**  
**of the**  
**NATIONAL WOMEN'S BUSINESS COUNCIL**

## **Little Rock, Arkansas: A Clear Message**

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On April 30, 1991, the National Women's Business Council held a hearing in Little Rock, Arkansas featuring testimony from women business owners, advocates and corporate representatives.

The same clear thread ran through every witness' testimony: that access to capital has been and continues to be the biggest problem women business owners must face. Whether it is due to actual discrimination against women, the hesitancy of banks to make small loans, or simply the lack of information on available resources and how to tap them, the result is the same. Women's businesses start with less funding, are frequently self-funded, and tend to remain underfinanced even after they have been proven viable.

Several programs designed to give women access to capital and a more equal share of business opportunities were reported. The state of Louisiana, for instance, has a state funded statutorily mandated office for women entrepreneurs, The Division of Minority and Women Business Enterprise, which educates women about the services available to them. Louisiana also offers a procurement participation program with a one per cent set-aside, and a loan program for women offering small business loans at below-market rates.

In Arkansas, Arkansas Power and Light offers leadership training and matching grants programs, and has agreed to help develop a database of woman-owned businesses in the state. For rural low-income women, the Good Faith Fund provides funds for women entrepreneurs who wish to start their own small businesses in order to raise themselves and their families out of poverty.

Suggestions to solve the problem of poor access to capital included:

1. Management training and technical assistance programs to

teach women the skills needed in running a business.

2. More small business incubator programs to encourage and assist start-up businesses.
3. Federal/state cost-sharing programs to boost limited local resources.
4. Information programs to inform women about the resources currently available through federal and state government agencies.
5. More small loan programs designed to assist women.

The stories of actual discrimination against women seeking business loans are heard time and time again despite the legal prohibitions against such bias already in place. Without adequate capital, the woman-owned businesses which represent an increasingly large sector of U.S. small business will not grow, and the entire economy will suffer.

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*"Women business owners can be the new American dream. Come share those dreams with us and let's prosper together."*

*Mary Ann Campbell  
Member, NWBC*

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