



## Report to Congress

July 2010

# WOMEN'S BUSINESSES STRUGGLE FOR MARKET SHARE

**During a decade of strong growth in the number of women-owned firms, market share shrinks significantly**

---

**U.S. Women's Chamber  
of Commerce**  
1200 G Street, NW  
Suite 800  
Washington, DC 20005  
888-41-USWCC  
[www.uswcc.org](http://www.uswcc.org)



The U.S. Women's Chamber of Commerce™ unifies the collective strength of women and small businesses to leverage our position as the most influential economic force in America. With over 500,000 members, the USWCC advances economic opportunities for women across America.

---

---

# Contents

---

Letter	Page 3
--------	--------

---

Introduction	Page 4
--------------	--------

---

Situation Analysis	Page 5
--------------------	--------

---

Growth Failure's Negative Impact	Page 9
----------------------------------	--------

---

Failure to Access Capital	Page 10
---------------------------	---------

---

Failure to Access Markets	Page 12
---------------------------	---------

---

Failure to Mainstream	Page 14
-----------------------	---------

---

Recommendations	Page 15
-----------------	---------

**U.S. Women's Chamber of  
Commerce**

1200 G Street, NW, Suite 800  
Washington, DC 20005

July 19, 2010

The Honorable Nancy Pelosi  
Speaker  
US House of Representatives  
Washington, DC 20515

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

The U.S. Women's Chamber of Commerce delivers this report to Congress with a great sense of urgency. Representing our over 500,000 members (over three-quarters of whom are small business owners), we call upon Congress to take swift and strong action to support the revenue and market share growth of women-owned firms.

Newly released data from the ***Preliminary Estimates of Business Ownership by Gender, Ethnicity, Race and Veteran Status: 2007***, from the ***U.S. Census Bureau's 2007 Survey of Business Owners*** alarmingly finds that, even though the number of women's business grew 44% between 1997 and 2007, our already small revenues-based **market share declined over 10%** – dropping from 4.41% in 1997 to 3.95% in 2007.

**Women own over 7.8M firms, (28.75% of all firms in the U.S.) but secure only 3.95% of all revenues.** The opportunity loss and unrewarded risk, loss of job creation, market demand, tax revenues, and potential retirement assets will greatly impact America's financial future.

The media hype (including the misleading statistics promoted by the U.S. Census Bureau) continues to emphasize the number of women-owned firms, rather than the grossly stunted financial success. This report highlights the growth challenges of women business owners and the opportunity loss our country has experienced as we have failed to support women as entrepreneurs and business leaders.

Failure to access affordable capital, failure to access markets, and segregation from mainstream business development and leadership have contributed to the failure of women's businesses to achieve market share growth (commensurate with their growth in numbers) and has contributed to America's economic decline.

I ask you to step up now and take the actions detailed at the end of this report to bring about increased revenue growth opportunities for women-owned firms. Revenues from our firms feed families, support communities, and provide tax revenues to support our great country. By providing increased access to capital, markets and mainstream business support and channels, you will bring about a wealth of positive outcomes for our country.

Respectfully,



Margot Dorfman, CEO  
U.S. Women's Chamber of Commerce

---

# Introduction

## The positive reports about women's business growth have been grossly overstated

The U.S. Women's Chamber of Commerce is the leading voice in support of the economic growth and security of American women - both through fostering opportunities for financial advancement and through protecting quality of life for women and families where economics play a significant role.

This report pushes aside the marketing driven media-hype that falsely paints a rosy picture of women in business to bring clarity to the growth challenges of women business owners and the opportunity loss our country has experienced as we have failed to support women as entrepreneurs and business leaders.

Between 1997 and 2007 millions of women left the workforce to pursue greater financial opportunities, flexibility, and leadership through business ownership – but found their access to opportunity and financial growth greatly limited by powerful market forces.

Failure to access affordable capital, failure to access markets, and segregation from mainstream business development and leadership have contributed to the failure of women's businesses to achieve market share growth and contributed to America's economic decline.

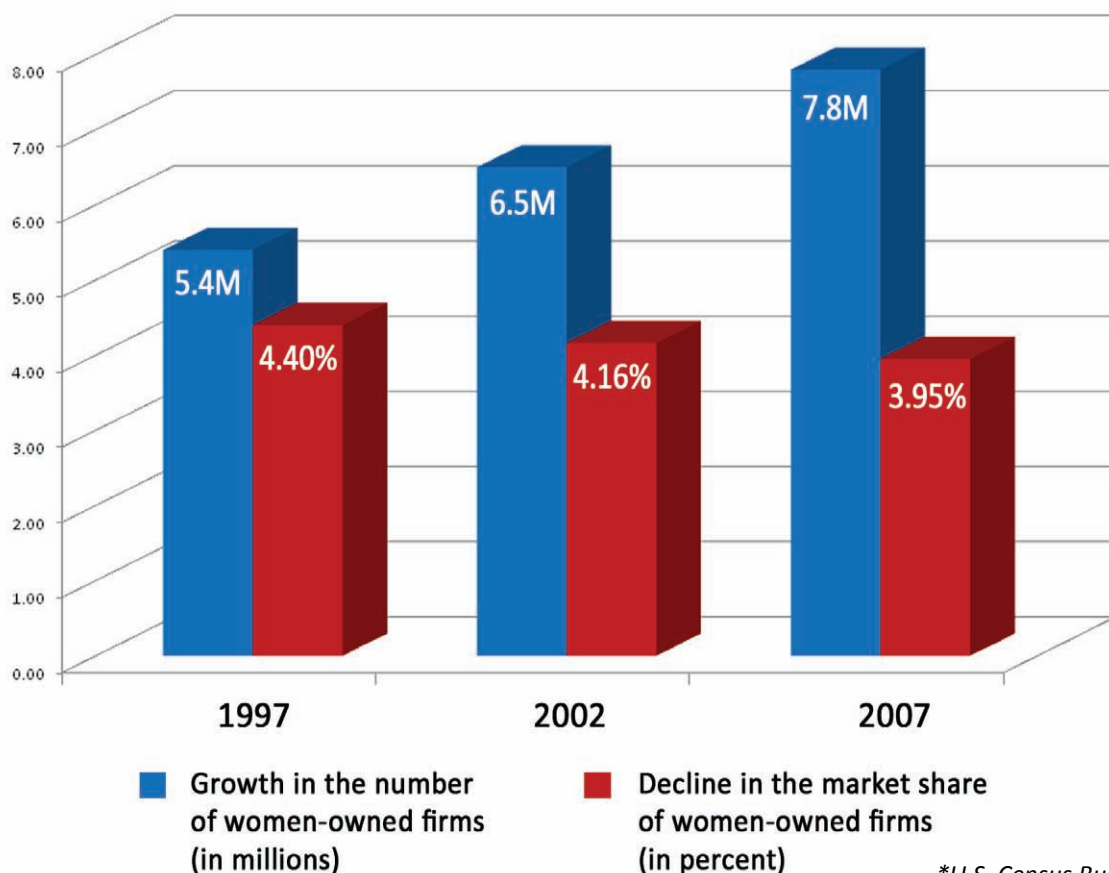
*Generating revenue and market share growth for women-owned firms is vital to the economic well-being of women, families, our communities, and America's future.*

# Situation Analysis

The explosion of women into business ownership has not been matched by revenue growth or market share expansion

*Between 1997 and 2007, the market share for women-owned firms DECLINED over 10% dropping from a paltry 4.4% to 3.95% while the total percentage of women-owned firms grew to 28.75%.*

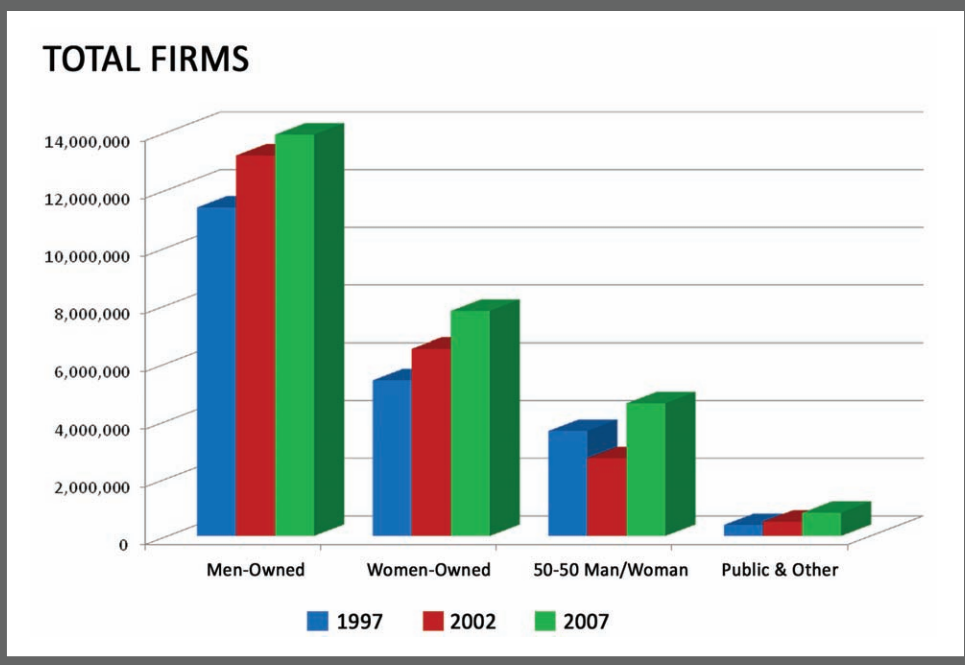
Comparison of growth in number of firms vs. market share shrinkage



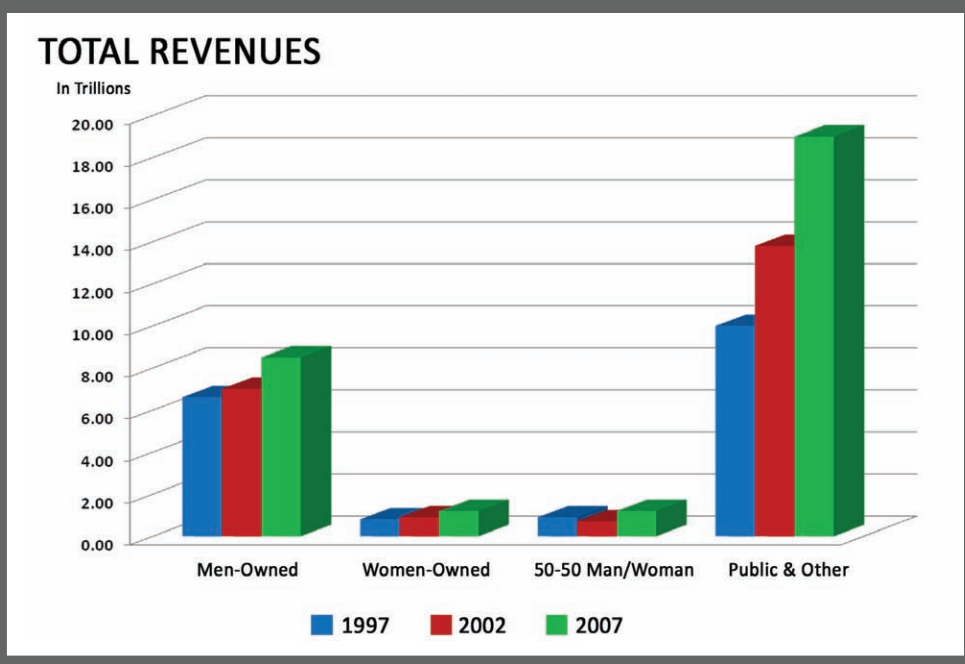
*\*U.S. Census Bureau Data*

Women's businesses are struggling for revenues advancement resulting in lost opportunities for asset growth and job creation

Comparison of total firms by owner type



Comparison of revenues by owner type



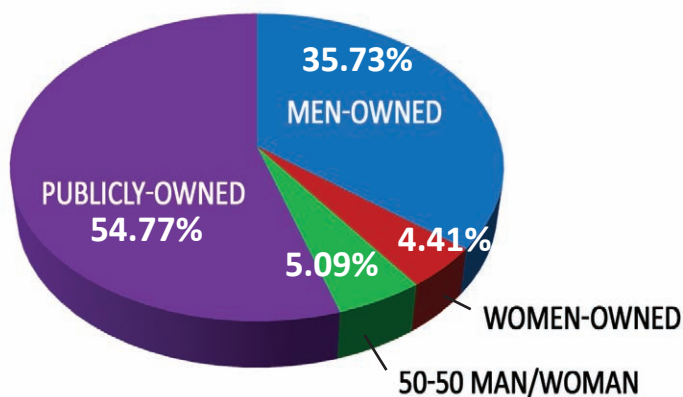
\*U.S. Census Bureau Data

## Between 1997 and 2007, publicly held firms dramatically grew market share while other business types lost ground

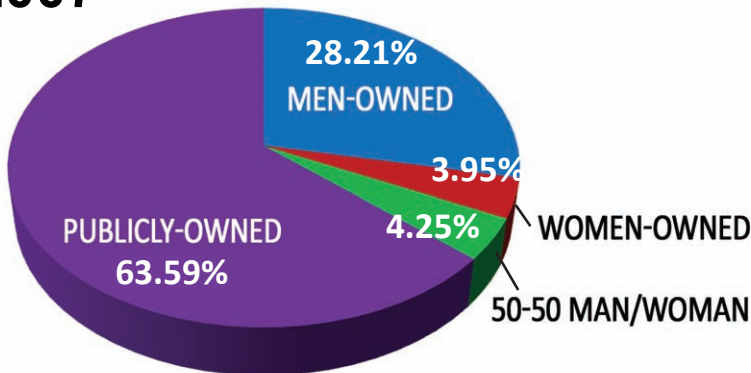
The largest growth in market share between 1997 and 2007 was secured by publicly held firms.\* Remarkably, publicly held firms increased market share by sixteen percent of new market share while men-owned, women-owned, and 50/50 man/woman-owned firms all declined.

### Comparison of market share by owner type

**1997**



**2007**



*Between 1997 and 2007, women-owned firms lost 10% of their market share and men-owned firms lost 20% of their market share.*

*During this same time period, publicly-owned firms increased market share by 16%.\**

\*Based on total revenues. Census Bureau data. Publicly held includes foreign-owned and non-profits.

# Revenue disparity places women business owners and their families at significant risk

**Of all the profound advancements women have achieved over the last century, business ownership holds the greatest opportunity for new levels of financial gain.**

Business ownership builds a new type of asset ownership for women – the ownership of an enterprise that produces day to day economic benefits for the owner and employees, and concurrently builds an independent, transferable asset for the owner(s).

Whereas an employee receives income for her work, she receives no separate, personally owned, marketable asset that reflects the value she helped to create within a business enterprise. However, business asset ownership, like a home or other financial investment, may develop economic gains over time delivering long lasting benefits for the owner(s).

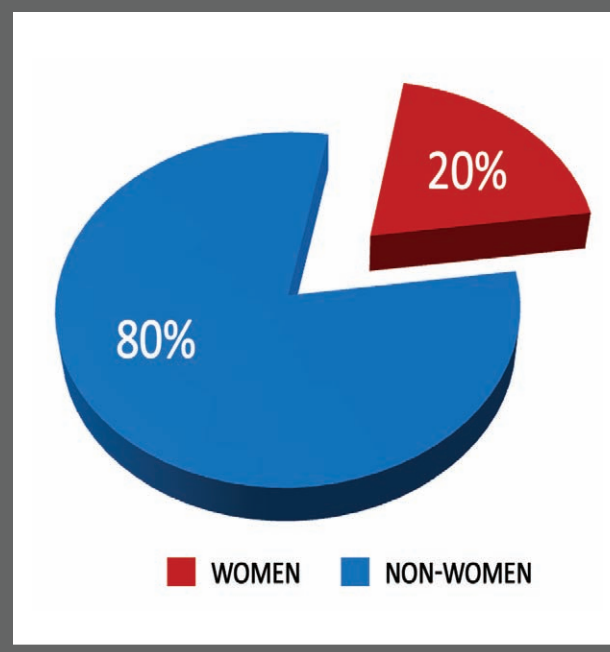
## Increased Risk

While business ownership creates the opportunity for increased asset creation for women, it also brings a new set of risks. Women starting businesses often leverage personal assets (such as home equity and retirement savings) to capitalize their businesses. Many women leave jobs with healthcare and retirement benefits, and sacrifice relatively guaranteed earnings for the potential of greater reward, control, and freedom.

Under producing women-owned firms result in lost opportunity for asset growth, increased risk for women business owners their families and communities, and loss of opportunity for influence over our world.

**OPPORTUNITY LOSS:**  
*Women-Owned firms only generate revenues equal to 14% of what men-owned firms secure*

**Only one in five firms with \$1M in revenues is women-owned**



*\*U.S. Census Bureau Data*

The risks women take in starting businesses may impact their entire household (and our world) as health insurance, paid sick days, leave and vacation may be lost, and there may be an interruption of accumulation or loss of retirement assets. If women-owned firms do not achieve strong revenue growth, women's financial condition may continue to falter impacting families, communities, the vitality and competitiveness of our business marketplace, and society as a whole.



---

# Growth Failure's Negative Impact on America's Economic Future

## Lost Innovation and Job Creation

Small businesses are frequently referenced as the engine of job creation in our country. However, if American women are starting businesses but cannot secure the access to capital, markets, influencers, technology, and technical assistance needed to grow their businesses – all American's lose through the loss of innovation and job creation.

---

## Lost Market Demand and Tax Revenues

When women-owned firms fail to grow and achieve an adequate amount of market share, America loses through the loss of market demand as businesses cannot invest in supplies, raw materials, and personnel. America also loses potential tax revenues that are greatly needed to pay down our deficits.

---

## Retirement Income Shortfalls and Government Assistance

Women's average earnings at age 65 (retirement) are \$14,429. Men's are \$25,344.\* Millions of women have left benefit programs offered by large corporate employers – and many have used their retirement savings and home equity loans to secure the capital to start their businesses and stay afloat.

If women-owned firms cannot grow to a viable level of profitability, women will be unable to build up assets causing women's retirement earnings to decline further leaving the potential for millions of women to require greater government assistance today and during their retirement years.

---

*\*Society of Actuaries. Key Findings and Issues: The Impact of Retirement Risk on Women. (2006)*

# Failure to Access Capital

The inability to access the right type of affordable capital leaves many women-owned firms unable to grow

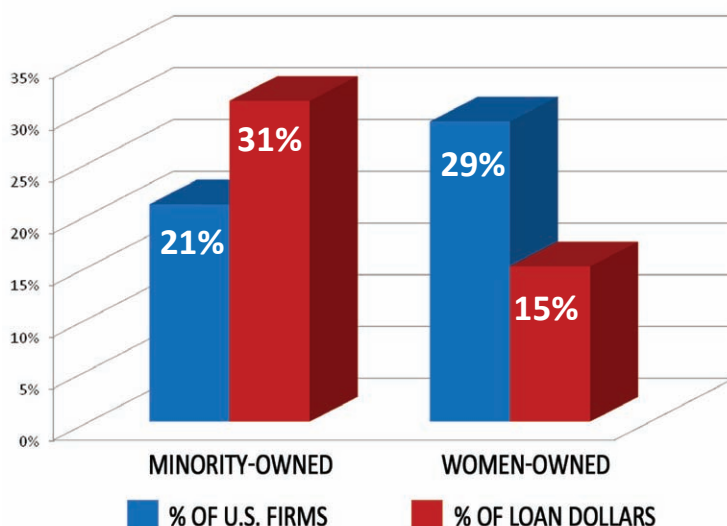
Small Business Administration lending is intended to support businesses that are unable to secure business loans without the security backing of the SBA. Clearly, the underpinning purpose of the SBA lending programs is to assure that ***all types of America's small businesses*** are able to access the capital they need to grow and become strong participants in our free enterprise economy.

However, the SBA has never provided SBA backed loan funding to women-owned firms in parity to the percentage of our firms. The SBA has been able to achieve and exceed parity in lending with minority-owned firms – but not women-owned. This disparity leaves women tax payers at a significant disadvantage – paying taxes annually towards the funding of the SBA while not receiving parity in small business funding through the SBA backed lending program.

***Minority-Owned firms represent 21% of all firms in the U.S. and receive 31% of all SBA backed loan dollars.***

***Women-Owned firms represent 29% of all firms in the U.S. and receive only 15% of all SBA backed loan dollars.***

2009 SBA 7(a) loan dollars compared with the number of minority- and women-owned firms in the U.S.



*\*U.S. Census Bureau Data and SBA loan data provided to National Association of Government Guaranteed Lenders*

## Women's businesses are pushed into expensive credit card debt

Another key purpose of SBA lending is to help businesses that are having trouble securing affordable capital through traditional lending markets to get the right type of loan. The right type of loan matches the type of business need (start-up, growth, acquisition, equipment, cash-flow) with the right term and interest rate.

Since the SBA has not effectively supported women-owned businesses to secure access to affordable capital, women are being pushed into bad financial decisions. Often this means using credit cards instead of a well-structured loan. This may have a dramatic affect on the future financial and credit needs of women's businesses leaving them unable to position themselves to take advantage of business growth opportunities.

*On average, interest rates for small-business credit cards were 13.7% higher in April 2010 than last October 2009, while rates for consumer cards, on average, were just 2.4% higher.*

USA Today reports, "sharply increased rates for small-business credit cards." "Over the past six months, American Express, Bank of America, Capital One, Citi and Wells Fargo have raised interest rates for new smallbusiness credit cards offered on the Internet roughly six times faster than rate increases on consumer credit card offers. On average, interest rates for small-business cards were 13.7% higher in April than last October, while rates for consumer cards, on average, were just 2.4% higher.

---

## Target marketing of women-owned firms by credit card companies has reached into SBA (taxpayer) funded programs

While the SBA has not brought parity to affordable, well-structured small business lending to women-owned firms, it has endorsed, funded and promoted non-profit partnerships that take advantage of SBA marketing and taxpayer funded web-sites to promote credit card (and other large) companies.

At this important time, when women-owned firms greatly need the SBA to promote the right

type of business capital and credit, and when the SBA needs to do more to bring parity to their guaranteed lending programs, the SBA is misdirecting businesses by promoting credit card companies through special marketing relationships with non-profits that are predominantly funded by large corporations seeking to market to small and women-owned firms. In short, SBA (taxpayer) funded non-profits (such as SCORE and Women's Business Centers) have become marketing channels for big businesses.

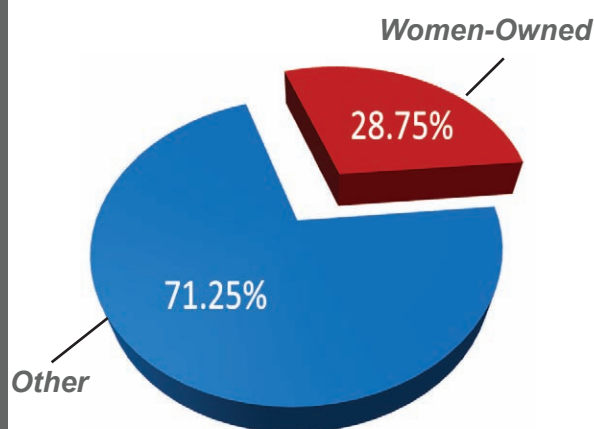
# Failure to Access Markets

Women-Owned businesses have been shut out of government and large corporate supplier marketplaces

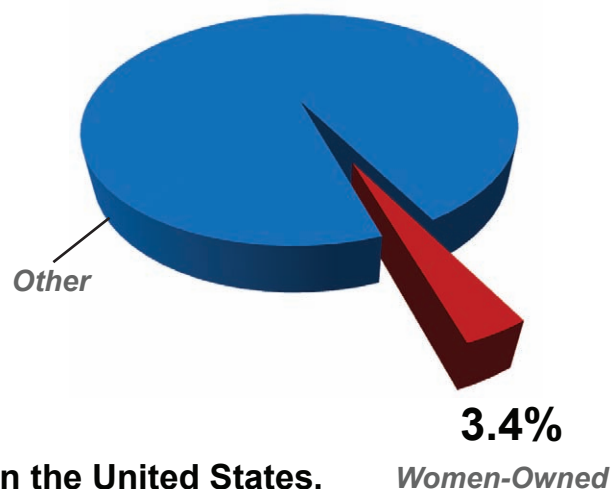
As women have entered the business marketplace, risking their homes, retirements, and financial security, two key markets for business growth opportunity have been blocked from appropriate access: (1) access to federal (and other government) contracts and; (2) access to large corporate supply chain participation.

*Large corporations target women business owners with special contracting related activities to improve their corporate or political image and increase penetration in diversity markets without ever providing the commensurate access to contracts women's firms need for growth*

## Disparity between women's business ownership and access to federal contracts



*Non-women-owned firms secure 96.6% of all federal contracting dollars*



**Women own 28.75% of all businesses in the United States, but secure only 3.4% of all federal contracting dollars.**

*\*U.S. Census Bureau Data and SBA FY2008 Official Goaling Report*

# Federal Government Failure to Provide Fair Access to Contracts

Even though, women own 28.75% of all firms in the U.S., they secure only 3.4% of federal contracting dollars (we believe this figure is actually much lower as the Inspector General found that the SBA has not accurately verified federal contracting data). In 1994, Congress established a paltry five-percent goal for contracting with women-owned firms – and after fifteen years, has still never met this goal.

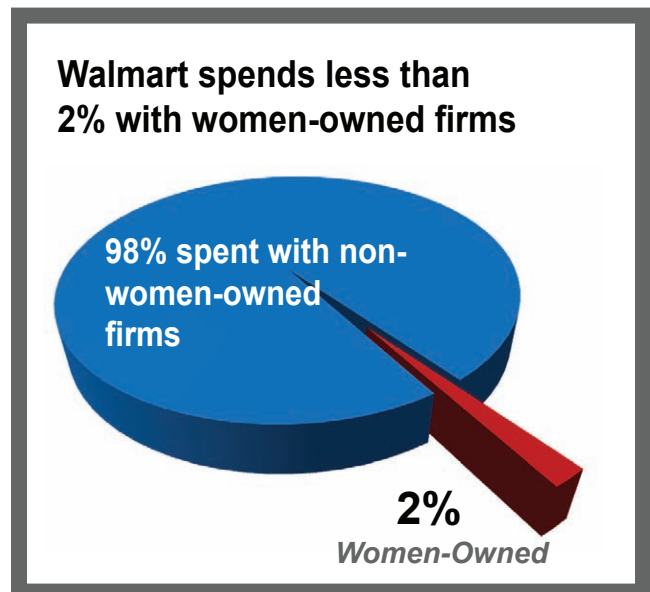
In 2000, Congress created a set-aside program for women-owned firms specifically to address this disparity. However, after more than ten years, this important program has still not been implemented. For women business owners, their employees, and their communities, the failure of the federal government to provide fair access to contracts costs women entrepreneurs billions of dollars every year.

## America's big business dominated supply chain has shut out women-owned firms

For more than a decade the nation's largest corporations have acted together to control access of women and minority firms access to the large corporate supply chain marketplace.

By coordinating their activities and uniformly pushing women- and minority-owned firms to secure certifications of their status and work through "supplier diversity" departments (instead of mainstream supplier connections), America's largest firms have worked in lock step to control entrance into supply chain channels. By requiring a certification from the non-profits they control (through extensive funding and control of the board of directors), these large businesses control entrance to the supply chain while securing very detailed business and financial information on individual women-owned firms – potentially securing information that could be used to achieve unfair competitive advantage.

The large firms that control these markets give themselves awards and praise for supplier diversity purchasing while masking the amount they are actually spending with women-owned firms. While these large corporations (many of which



are publicly traded) work together to coordinate their activities, they consistently promote press releases and other marketing about their supplier diversity successes without being required to fully disclose to their women-owned firms, customers and shareholders the real percentage of their purchasing from women-owned firms.

*\*Walmart press release May 26, 2010 and Walmart Consolidated Statements of Income 2008*

---

# Failure to Mainstream

Primary government programs aimed at assisting women business owners end up segregating women away from mainstream business connections, knowledge, and influence

Two of the best, most successful and relevant government supported programs available are not promoted by the SBA as the most important and best suited to assist women business owners.

## **Small Business Development Centers**

Small Business Development Centers (SBDC) are the oldest, strongest, broadest, most robust and successful government-supported small business assistance programs in America. Business owners taking part in SBDC related activities receive the benefit of a long history of quality assistance – and the long term, extensive, deep and well regarded connections to regional spheres of influence acquired by SBDC staff.

Instead, the SBA promotes (and Congress funds) Women's Business Centers. While many of these centers may provide quality education, they do not match the long history, experience, and connections of the SBDC network. Further, women seeking assistance from Women's Business Centers do not have the opportunity to network with the broader set of business owners who are achieving a better track record of growth than women.

This isolation keeps women (who are not achieving business growth comparable to their male counterparts) away from the very connections, experience and insights from successful entrepreneurs who could help them break out and achieve greater business growth.

Outreach and inclusionary practices within SBDC network could be funded and enhanced folding the support of women entrepreneurs into the oldest, strongest, broadest and most robust small business assistance organization in America – the Small Business Development Centers.

*Women business owners need to make connections in the mainstream business marketplace, and learn from the experiences, connections and insights of successful business owners*

## **Procurement Technical Assistance Centers**

There are ninety-four Procurement Technical Assistance Centers (PTACs) - with over 300 regional offices - forming a nationwide network of well trained procurement professionals working to support small business secure contracts with America's Armed Forces and other government agencies. By far, PTACs are the very best government supported program aimed at assisting small businesses to secure government contracts.

Instead of outreaching to women business owners to take advantage of the regional PTACs, the SBA promotes Women's Business Centers. Women's Business Centers are no match for the experience, connections, knowledge, and resources of the government-supported PTACs – but the SBA pushes women into the segregated, less prepared and experienced Women's Business Centers anyway.

While Women's Business Centers were built on good intentions, they are dwarfed by the capabilities, connections influence and access to the mainstream market delivered through SBDCs and PTACs and have become targets for corporate and credit card marketing.



---

# Recommendations

## The status quo must end before real progress begins

### Access to Capital

Act aggressively now to align the forces of the SBA and Small Business Development Center experts, community, bank, and non-bank lenders in a focused effort to make a real difference. Increase the capacity and lending ability of community development corporations. Stop using SBA-backed funding and programs to promote credit card companies instead of the right types of business loan with appropriate terms and interest rates. And, in light of today's poor lending climate, establish the infrastructure to provide direct lending from the SBA (then sell packaged loan to the secondary market). The status quo must end so that real progress can begin.

---

### Access to Markets

**Federal Contracting:** Implement the ten year old women's set-aside program as soon as possible. Raise the goal for contracting with women-owned firms to ten-percent (women own nearly thirty-percent of all firms in the U.S.). Energize and promote the over 300 PTAC regional offices to assist women to secure government contracts. Be very careful to avoid letting America's largest corporations control women's business certification for government contracts – acting as gatekeepers to restrict trade rather than enhancing opportunities.

**Large Corporate:** Investigate the coordinated activities of the large corporations that push women-owned firms out of mainstream opportunities, restrict access to the supply chain, and force women to provide detailed financial and competitive information on their firms.

---

### Push Women's Businesses into the Mainstream

Stop segregating women business owners away from the mainstream and start pushing them towards the programs and business owners who are achieving success.

Push women towards Small Business Development Centers – the oldest, strongest, broadest, most robust and successful government-supported small business assistance program in America.

Push women towards Procurement Technical Assistance Centers – the very best government supported program aimed at assisting small businesses to secure government contracts.

---

# U.S. Women's Chamber of Commerce

The U.S. Women's Chamber of Commerce™ unifies the collective strength of women and small businesses to leverage our position as the most influential economic force in America. With over 500,000 members, the USWCC advances economic opportunities for women across America.



## **U.S. Women's Chamber of Commerce**

1200 G Street, NW, Suite 800  
Washington, DC 20005  
888-41-USWCC  
[www.uswcc.org](http://www.uswcc.org)

---