

Changing the Face of the Economy:

THE Partnership



The Annual Report to the President and the Congress
by the
National Women's Business Council

1995

THE Partnership

Changing the Face of the American Economy

The Annual Report to the President and the Congress
by the
National Women's Business Council



1995

To the President, Members of Congress and Women Entrepreneurs:

My colleagues and I are pleased to have worked closely this past year with the Interagency Committee on Women's Business Enterprise. The partnership which the National Women's Business Council has enjoyed with our Administration colleagues on the Interagency Committee on Women's Business Enterprise is the foundation for the greater involvement that we envision for women entrepreneurs in setting the economic agenda for the nation.



Our economy has been revitalized in good measure because of the participation and contributions of women business owners. The new Census data describe an inexorable wave of women entrepreneurs that are changing the face of the economy.

In starting and growing our businesses we are not only adding significantly to the GDP. Women have fashioned a business model that is flexible, streamlined, and "friendly." This model is shaping the character of the new economy, as well as the changing workforce. Our challenges now include making financial institutions, policy makers, and others who hold the keys to opportunity, aware of the enormous contribution women-owned businesses make to the economy. We must also make women aware of the opportunities available through business ownership — and assist women in gaining the knowledge and skills necessary to grow their businesses successfully.

The report describes partnerships that have already been forged and points the way to future collaborations. The efforts of women business owners can be greatly leveraged by those in government who shape economic policy.

It is an honor to serve and work with the Interagency Committee on Women's Business Enterprise. We look forward to working with the Administration and the Congress to transform the good ideas and progress reflected in this report into new opportunities for women entrepreneurs.

Faithfully,

A handwritten signature in cursive script that reads "Lillian Vernon". The signature is written in dark ink on a white background.

Lillian Vernon
Chair, National Women's Business Council
Chairman and Chief Executive Officer,
Lillian Vernon Corporation



Table of Contents

Introduction from the Chair,
Lillian Vernon, Chairman and CEO, Lillian Vernon Corporation

Introduction	vii
I. Women's Business Enterprise: Changing the Face of the Economy	1
■ Highlights of the 1992 Economic Census	2
■ Women's Business Enterprise: Economic Impact	5
■ Business' Face of the Future	7
II. The Partnership	11
■ Creating Strategic Alliances	16
■ Intrapreneurship	22
III. Review of Federal Programs	25
■ Access to Financial Resources	26
■ Training and Technical Assistance	35
■ Expanding Market Opportunities	42
■ Expanding the Knowledge Base	52
IV. Partners for the Future	57
■ Goals of the Partnership for 1996 and Beyond	59



Introduction

“Never before have American women had so many options — or been asked to make such difficult choices. It’s time not only to make women full partners in government, but to make government work for women.”

President Bill Clinton, *Putting People First*

Changing the Face of the American Economy is a report of the National Women's Business Council, a bi-partisan advisory panel of the federal government. The Council, authorized by Congress on October 22, 1994 [Public Law 103-403], was created to serve as an independent source of advice and counsel to the President, the Congress and the *Interagency Committee on Women’s Business Enterprise*, on matters of importance to women business owners and the effectiveness of programs and policies designed to support women business owners. The Interagency Committee, chaired by President Clinton’s National Economic Advisor, Dr. Laura D’Andrea Tyson, provided much of the background materials for this report.

This report includes a wealth of information on the federal government’s initiatives to promote business development and capital formation — initiatives that already have changed the fortunes of women entrepreneurs who are starting or growing businesses. These initiatives reflect the federal government’s aggressive advocacy on behalf of U.S. businesses — large, small and micro — and its strong commitment to the diverse interests of our citizenry. The members of the Council are privileged to support the “inexorable wave” of women choosing to seek financial independence through their own enterprises.

Beyond information gathering, the National Women’s Business Council has set a challenging objective for this report. Through this report, the Council hopes to lay groundwork that will:

- **free the entrepreneurial energy** of one of the fastest growing sectors of the U.S. small business community — women-owned businesses;
- **create essential tools and the necessary infrastructure** to increase opportunities for women-owned businesses;
- **ensure open and competitive market opportunities** for women entrepreneurs, in turn benefiting all businesses; and
- **reflect the lives, perspectives and full participation of all women** in promoting new business growth and development.

Women entrepreneurs are an increasingly potent force for change in business, in the economy, and in the halls of government. This report provides new U.S. Census data that illustrates the power of this economic force. As full partners in government, in policy, and in the economy, women confront many challenges. This report chronicles their many opportunities.

To understand the importance of the women-owned business sector to the country’s economic well-being, one must first understand and appreciate (1) the critical mass that women business owners have gained in terms of size and reach in the economy, (2) where that growth in woman-owned businesses fits in the larger context of the economic recovery, and (3) how the economy is evolving.

It is to this analysis that we first turn.



I. Women's Business Enterprise: Changing the Face of the Economy

In 1988, the U.S. House of Representatives Committee on Small Business issued a report entitled "New Economic Realities: Women Entrepreneurs." The information available at the time gave little indication of how prescient the report's title and recommendations would prove to be. Today, women's business ownership is in fact an economic reality.

With little fanfare, women entrepreneurs are changing the face of the American economy at a speed that is stunning to those minding the demographics of American business.

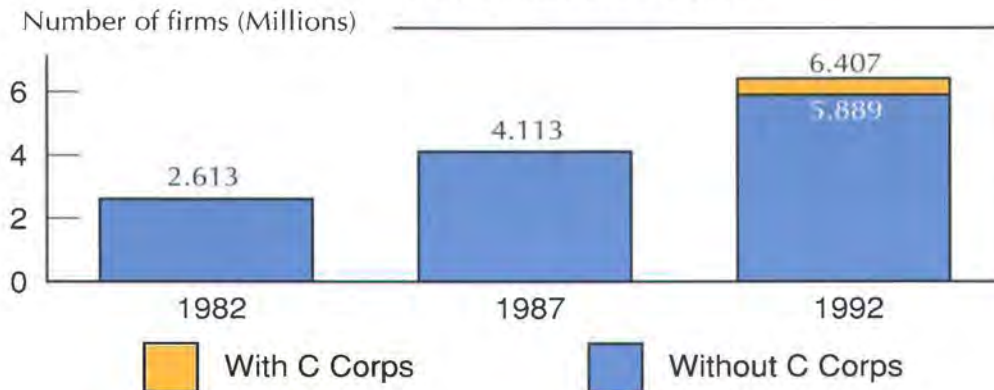
The newest figures on women's business ownership from the U.S. Bureau of the Census are impressive and we are pleased to be able to include them in this report because they illustrate the depth and breadth of women-owned businesses throughout the U.S. economy.

For the first time, the largest women-owned corporations, C-corporations, are included in the tabulations, offering the most complete picture ever of the women's business sector.

These new statistics confirm that the women-owned business sector is not merely a phenomenon, but rather an economic reality. If there is a phenomenon associated with this sector, it is that so few people are aware of it.

Highlights of the 1992 Economic Census: Women-Owned Businesses

The Number of Women-Owned Firms Has Increased by 43% Over the Past Five Years*

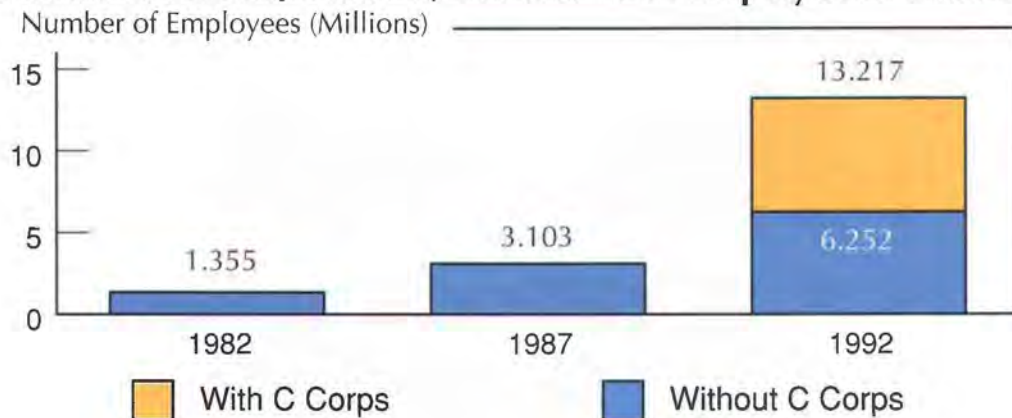


* This figure does not include C Corps
Data Source: U.S. Bureau of Census

- In 1992 when the survey was conducted, 6.4 million women-owned firms were counted. This represents almost double the rate of growth since 1987 of all firms during that period.

Employment by Women-Owned Firms Has Doubled In Each of the Last Five Years

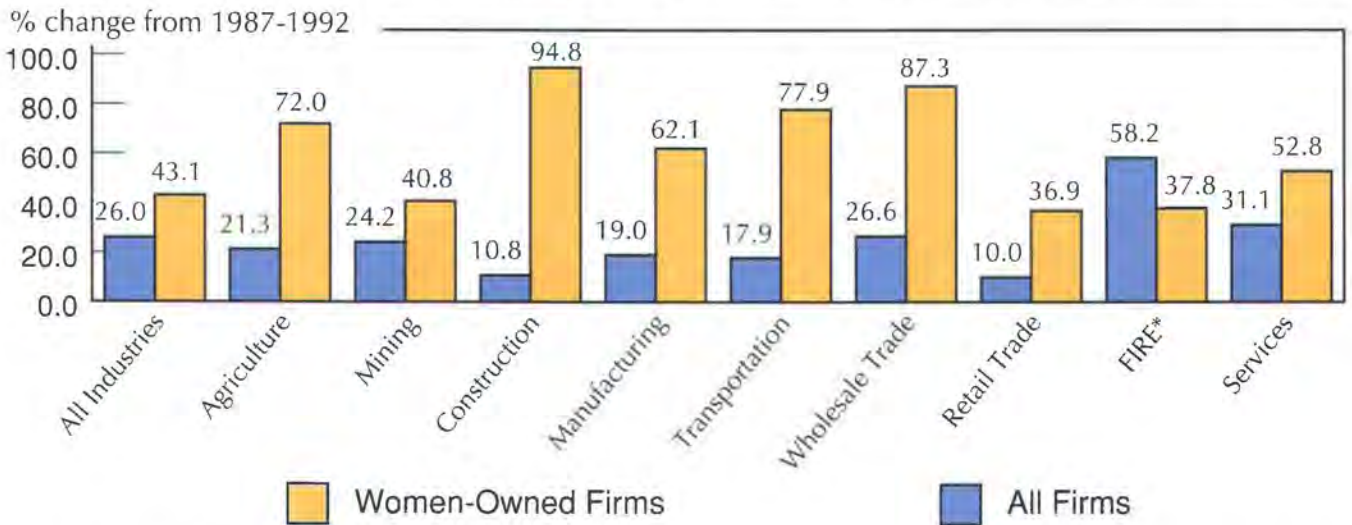
Inclusion of C Corporations, Doubles 1992 Employment Numbers



Data Source: U.S. Bureau of Census

- Between 1987 and 1992, employment by women-owned firms rose more than 100%, excluding C Corps, in a period in our history noted for recession, unemployment and corporate streamlining and downsizing.

Growth in Number of Women-Owned Firms Exceeds National Average in Every State and in Nearly Every Industry



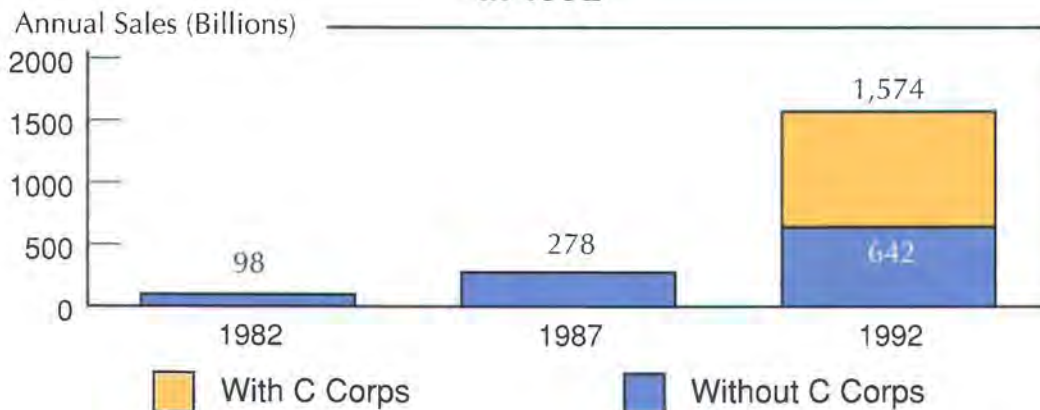
Data Source: U.S. Bureau of Census

* Finance, Insurance and Real Estate

Includes only sole proprietorships, partnerships and subchapter S corporations.

- The number of women-owned firms has grown in traditional and non-traditional industries alike. While women's firms still are predominately in the service and retail sector, the greatest growth in the number of women-owned businesses has been in construction, wholesale trade, transportation, and agriculture.

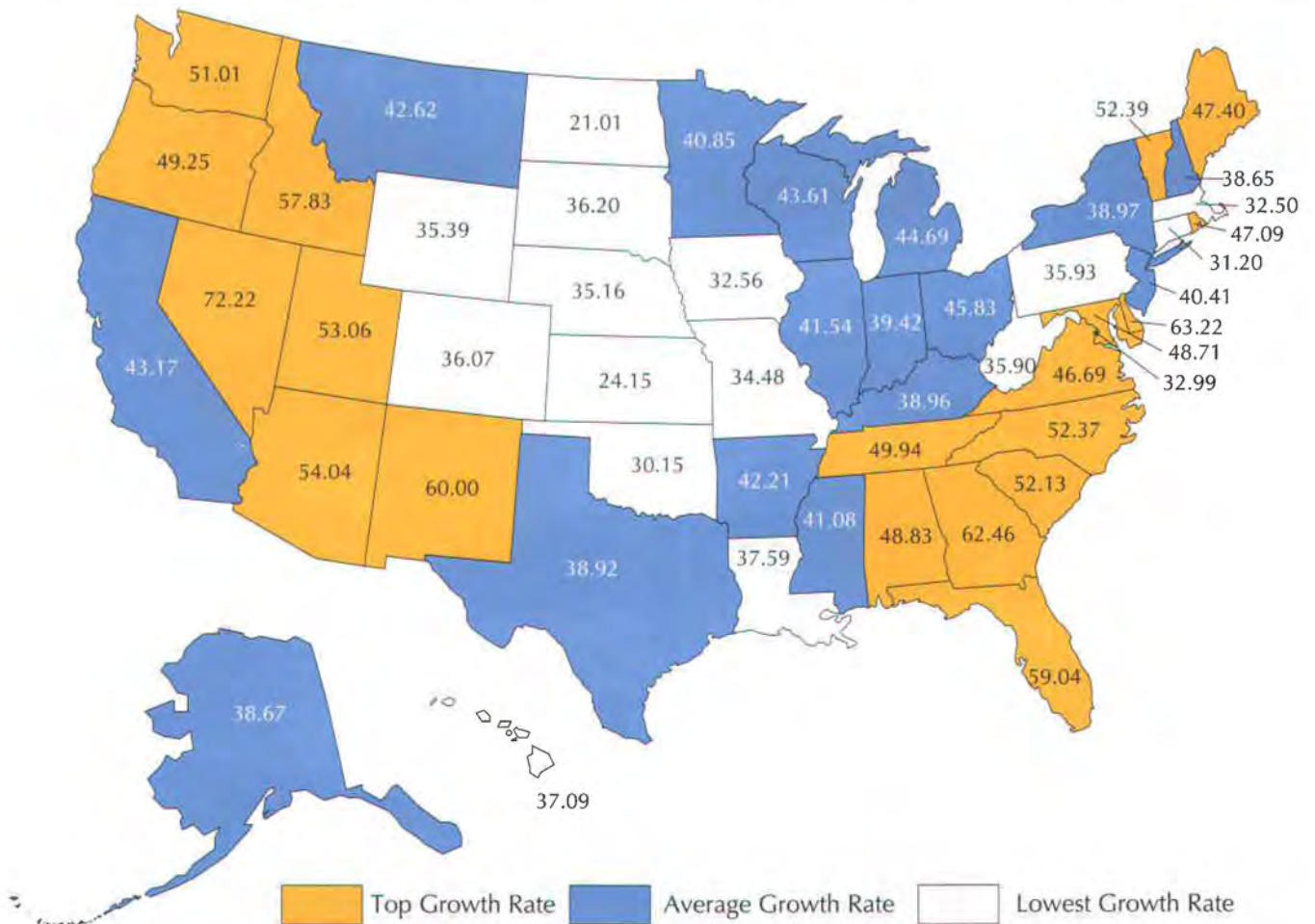
Women-Owned Firms Generated Nearly \$1.6 Trillion in Sales in 1992



Data Source: U.S. Bureau of Census

- Between 1987 and 1992, sales and receipts of women-owned companies increased by 131% to nearly **\$1.6 trillion**, exceeding all forecasts for this sector.

Percent Growth of Women-Owned Businesses by State 1987 to 1992



Nevada	72.22%
Delaware	63.22%
Georgia	62.46%
New Mexico	60.00%
Florida	59.04%

California	801,487
Texas	414,179
New York	395,944
Florida	352,048
Illinois	250,613

Data Source: U.S. Bureau of Census

- In each of the 50 states, the growth in women-owned businesses exceeded the growth of all businesses. In nine states, the percent growth of women-owned firms was double that of all firms in each of those states.

Women's Business Enterprise: Economic Impact

Women-owned businesses are among the leaders of this country's economic recovery. In all major indicators of the health of the economy — business start-ups, survivability, and employment — the performance of women-owned businesses outstrips the performance of businesses generally. And businesses generally are enjoying the recovery.

According to the President's National Economic Advisor, Dr. Laura D'Andrea Tyson, the American economy has experienced a broad-based investment-led expansion over the past two and a half years. Economic growth has averaged over 3% during the Clinton Presidency, more than twice the growth rate of the previous four years. Robust growth, in turn, has fueled strong job growth, business investment, and consumer spending. The economy has created over eight million new jobs, 2.5 million new homeowners and 2.5 million new small businesses.

Small businesses today employ almost three-fifths of the work force and create two out of every three new jobs, according to Philip Lader, Administrator of the U.S. Small Business Administration. They account for the majority of all sales of goods and services, and contribute 40% of the gross domestic product. Small firms produce twice as many innovations per employee as do large firms. And small businesses are increasing in number at a rate faster than the growth in the U.S. population.

There is an entrepreneurial explosion igniting the economy with energy and vitality.



“The economic statistics Commerce generates are the basis of billions of dollars in business and marketing decisions every year.”

The Honorable Ronald H. Brown, U.S. Secretary of Commerce

The Administration has pledged to foster the growth of small businesses as President Clinton explained to the 2000 delegates to the 1995 White House Conference on Small Business:



“Our economy has been revitalized in good measure because of the contributions of women. We are witnessing the first generation of women to accumulate capital and pursue the profit motive in numbers amounting to a critical mass”



Margaret Smith, NWBC Member and President of the National Association of Women Business Owners

*“My job as President is to do everything I can to see that our people and our businesses have the tools they need to meet the demands of the present age and seize the opportunities. **We know that small business is the engine that will drive us into the 21st century.**”*

Close examination of the individual small businesses behind these trends reveals that now, more than ever before, the current revitalization is due in good measure to the participation and contributions of women’s enterprises. Women’s enterprises are 34% of the 22 million small businesses in the United States.

While the financial media continues to focus attention on the Fortune 500, the reality is that the direction and vigor of the economy is being influenced by the small business sector and increasingly by women entrepreneurs who, in the process, are redefining *how* business is conducted.

Business' Face of the Future

The new American economy is entrepreneurial and heavily service-oriented and that is exactly where women are asserting business leadership. Furthermore, while half of all women-owned businesses are concentrated in the service sector, the growth of women-owned businesses in non-traditional sectors such as construction, transportation, wholesale trade, and agriculture has been impressive.

Women business owners are the “star fleet commanders” of this generation. They typically do not inherit family businesses or buy established concerns. Rather they start their own businesses out of personal necessity, lack of opportunity, or inflexibility in the traditional job market.

In many cases, women start businesses to solve problems that the marketplace has failed to address in areas like health, child care, training and education, and transportation. Women are creating enterprises that according to Joline Godfrey, author and CEO of *An Income of Her Own*, “make money, have fun, and do good.”

While women-owned businesses embody the characteristics of the new business model — smaller, sleeker, friendlier and keen on strategic alliances — they also are more ergonomically sound. Studies show that they are more likely to offer flex-time, tuition reimbursement, and job-sharing than U.S. businesses generally. Women are creating the role models they never had.



Ella Williams, NWBC Member and President and CEO of California-based Aegir Systems and founder of the inner-city enterprise Ella's World Class Cheese-cakes, Bread and Muffins, observes that "the most important thing I see about women's business ownership is that women not only improve their lives when they create an enterprise, but they change their communities as well."



When an issuer or institutional investor involves Muriel Siebert & Co. in the underwriting or purchase of a new issue security, half of Siebert's commission revenue is donated to charity. Through the Siebert Entrepreneurial Philanthropic Plan, "Mickie" has contributed millions of dollars and changed lives. "I have always felt that with success comes obligation. I see it as my way of giving back a meaningful portion of what I earn by virtue of being a woman in business."



Ella Williams addressing the February 1995 Meeting of the National Women's Business Council in the U.S. House Committee on Small Business Committee Room with Muriel Siebert.



Raydean Acevedo, NWBC Member and Founder and CEO of RMCI, with offices in California, Colorado, Georgia and Virginia, \$26 million in sales and 300 employees, most of them women, has invested heavily in her employees' education and skills development. "Giving back is as much a part of business as looking at cash flow projections."



Establishing an on-site day care center at our Kansas City headquarters was a smart business decision," said Cheryl Womack, NWBC Member and CEO of VCW, Inc. "Our day care center has paid for itself many times over, in reduced absenteeism, better employee morale and peace of mind. I am walking, talking proof that a small business can afford to provide this benefit and that businesses cannot afford not to do it."

The growth of women-owned businesses reflects a conscious decision by millions of American women to create an income of their own. Rather than limiting their choices to existing employment opportunities, women are opting for self-employment. A study conducted by the National Association of Female Executives shows that 64 % of women between 18 and 34 have given serious consideration to starting their own businesses. Perhaps the most revealing statistic is that 24% of the women surveyed who are currently employed full time already have started businesses on the side. That number was only 9% in 1992.

Noting the opportunity that women's business ownership offers both the economy and women, Harvard Business School Professor Rosabeth Moss Kanter noted, *"We cannot talk about an enterprise culture in the United States, or about job creation, or about economic development, without including women."*

Increasingly, the path to women's economic self-sufficiency and success is through small business formation. Smaller, newer, more entrepreneurial companies provide more opportunities for women to exercise significant leadership that they generally have not had in large corporations.



A series of focus groups involving women across the country commissioned by the Center for Policy Alternatives, as part of their on-going campaign, *"Women's Voices For The Economy,"* indicated that "there is an inexorable wave of entrepreneurs in the making. Younger women and their older sisters focus on the respect and independence of building their own businesses. Women are looking for the flexibility to blend family and work, to allow for their own creativity and to have some control over their own lives."

With the Labor Department estimating that the U.S. workforce will be comprised of 62% women and minorities by the year 2005, women business owners are creating jobs for women. *"The work force in a woman-owned company is typically two-thirds female,"* according to David Silver, author of *Enterprising Women*. *"Women-owned businesses become training grounds for female employees to leave and launch their own businesses, which creates an ever-widening circle of women hiring women to solve problems that affect women."*

As women choose entrepreneurship and as women feed economic growth, women increasingly have recognized the need to participate in economic policy-making as well. Having earned their seats at the table, women have seized the policy-making opportunities Congress and the President are providing them.



PART II: THE PARTNERSHIP

"I write to express my commitment to, and enlist your support for, a bold federal initiative to promote the role of women business owners nation-wide . . . Businesses owned by women constitute one of the fastest growing sectors of the economy . . . federal agencies should be committed to the advancement of economic opportunities for women. I look forward to working with you as we move ahead with this challenging task."

With these words by President Clinton, a new partnership between the private and public sectors was launched. Months before, Congress had authorized the establishment of an Interagency Committee and the reorganization of the National Women's Business Council.

The public-private partnership embodied by the Council and the Interagency Committee reflects a bipartisan recognition by Congress and the Administration of the significant contribution that women business owners make to the economy in terms of jobs, revenue, and innovations. The contribution is forcefully demonstrated by the new U.S. Census figures described in Section I.

Women business owners and their advocates have demonstrated that effective economic policy making requires leveraging all of our entrepreneurial resources, if we are to achieve our greatest economic potential. Members of Congress, such as Congresswoman Jan Meyers, current chair of the House Small Business Committee, and Congressman John LaFalce, the former chair and now ranking member of the Committee, have compiled an outstanding record of support for women business owners. With their leadership, and that of their House colleagues and counterparts in the U.S. Senate, legislation establishing a strong voice for women business owners within the federal government was enacted. The increasingly powerful role business and professional women and their networks play in advancing the status of women nationwide is evident in the passage of this legislation.

With the National Women’s Business Council, President Clinton sought to establish a direct channel for communication and advice from the experts — the business owners and advocates themselves. President Clinton appointed as Chair one of the most successful self-made women business owners in the country, Lillian Vernon, Chairman and CEO of the Lillian Vernon Corporation.

Philip Lader, Administrator of the U.S. Small Business Administration, met his obligation to appoint the remaining members of the Council by choosing four other prominent businesswomen and five leaders of national women’s business organizations. Together, the Council represents the voices of several million women entrepreneurs to the economic policy makers of this country.



“Programs like the National Women’s Business Council . . . modest in scope, but breathtaking in the possibilities they hold out to those willing to work hard, have the potential to turn America around.”

U.S. Senator Kay Bailey Hutchison.

The Interagency Committee offered the Administration an opportunity by which advocacy for women-owned businesses could become part of the federal government infrastructure that sets policy and fosters business growth and development in the United States.

In the Clinton Administration, women have for the first time taken the helm of many cabinet level positions. In establishing the Interagency Committee, President Clinton committed his highest level officials, both women and men, to ensure that women's economic development is promoted in the policies and initiatives of every federal agency. President Clinton appointed as Chair his National Economic Advisor, Dr. Laura D'Andrea Tyson. In addition, senior-level officials representing the Departments of Commerce, Defense, Health and Human Services, Labor, Transportation, and Treasury, as well as the General Services Administration, the Small Business Administration, the Federal Reserve, and the Executive Office of the President were also appointed.

The innovative partnership of the Interagency Committee and the Council has resulted in a new energy, new vision, and new understanding of the importance of including women's voices in the policy arena shaping the economy for the 21st century.



Members of the Interagency Committee on Women's Business Enterprise

Dr. Laura D'Andrea Tyson, Chair of the Interagency Committee
Assistant to the President
National Economic Advisor

Sherrye Henry, Vice Chair of the Interagency Committee
Director, Office of Women's Business Ownership
U.S. Small Business Administration

The Honorable Donna Shalala
Secretary
Department of Health and Human Services

The Honorable Sheila Widnall
Secretary
Department of the Air Force

Janet Yellen
Governor
Federal Reserve

Jolene Molitoris
Administrator
Federal Railroad Administration

Darcy Bradbury
Assistant Secretary for Financial Markets
Department of the Treasury

Karen Nussbaum
Director, Women's Bureau
Department of Labor

Barbara Silby
Chief of Staff
General Services Administration

Joan Fonseca
Director, Minority Business Development Agency
Department of Commerce

Alexis Herman
Assistant to the President
Director, White House Office of Public Liaison

Betsy Myers
Deputy Assistant to the President
Director of Women's Initiatives & Outreach

Members of the National Women's Business Council

Lillian Vernon, Chair, NWBC
Chairman and CEO
Lillian Vernon Corporation

Raydean Acevedo
President
RMCI

Muriel Siebert
President
Muriel Siebert & Company

Ella Williams
President and CEO
Aegir Systems

Cheryl Womack
President
VCW, Inc.

Kathy Keeley
Board Chair
Association for Enterprise Opportunity

Rebecca Darwin
Executive Vice President and COO
National Association for Female Executives

Margaret Smith
President
National Association of Women Business Owners

Brenda Girton
Associate Executive Director
National Council of Negro Women

Hedy Ratner
Co-Director
Women's Business Development Center

Amy Millman, Executive Director
Juliette Tracey, Deputy Director
Gilda Presley, Administrative Officer

Creating Strategic Alliances



In February 23-24, 1995, the National Women’s Business Council and Interagency Committee on Women’s Business Enterprise held their first joint meeting.

The Council hosted on Capitol Hill, a plenary session of women’s business organizations to set priorities and to identify initiatives that could be executed through the new public/private partnership.

The members of each organization agreed to use their resources and expertise to accomplish four objectives with the ultimate goal of improving the fortunes of women and thereby growing the economy:

- Expand and ensure access to financial resources;
- Improve networking, technical assistance, and training and the infrastructure that supports them;
- Expand competition by opening public and private market opportunities; and
- Create a comprehensive profile of the women-owned business sector through research and data collection.



“This is not about the distribution of resources, it is about improving the resources to society by mobilizing and energizing the skills and talents of the women in this room.”

Dr. Laura D’Andrea Tyson addressing the joint meeting of the Interagency Committee and the Council in February 1995



In addition, Interagency Committee members pledged to use the federal government's infrastructure and resources to address women's economic concerns for expanded opportunities and economic security.

The Council and the Interagency Committee adopted a two-pronged approach to achieving their objectives. First, the Interagency Committee forged a new network throughout the federal government to assist them in their work.

- The White House Office of Women's Initiatives and Outreach is one of President Clinton's most substantial efforts toward ensuring federal agencies are advocates for women. Betsy Myers was appointed Director and Deputy Assistant to the President. As a former business owner and, most recently, the director of the SBA Office of Women's Business Ownership, Ms. Myers is committed to promoting women's economic security.



"Women's issues are economic issues. When we improve women's overall economic security, we improve women's lives."



Betsy Myers, Deputy Assistant to the President, Director for the White House Office of Women's Initiatives and Outreach.

- The Small Business Administration’s new entrepreneurial, customer-driven approach to small business advocacy has worked to the advantage of women business owners. The SBA’s **Office of Women’s Business Ownership** is the only office in the federal government directed by statute to advocate for women business owners. Its mission is to help women establish economic independence and become full partners in economic development. Its programs support the growth of women entrepreneurs from start-up to expansion.

The Women’s Office offers access to a variety of services and resources, including technical, financial and management information, and training conferences on access to capital and selling to the federal government. Through the national network of SBA Women’s Business Ownership representatives, the growing number of new women business owners readily can find valuable information and skill building opportunities designed for them, as well as many programs available to all small businesses.

The Women’s Office’s cornerstone programs are the Women’s Demonstration Program, which provides targeted technical assistance and training; the Women’s Network for Entrepreneurial Training (WNET), a popular mentoring program; and the Women’s Prequalification Pilot Loan Program. These programs focus on local economic development strategies that have been proven to build businesses and assist communities.



“The federal government can provide the bridge between an entrepreneur’s dream and reality.”

Ellen Thrasher, Deputy Assistant Administrator, Office of Women’s Business Ownership, U.S. Small Business Administration

The Office of Women's Business Ownership is an advocate for established and potential women business owners, coordinating interest groups and associations and providing information to government and the private sector on women's business ownership issues. Through partnerships with other federal departments and agencies, the Women's Office is working to eliminate barriers to competitiveness to develop new initiatives and formulate policies to enhance women's economic enterprise throughout the federal government.

In addition, the SBA's Office of Advocacy, which has assumed responsibility for guiding implementation of the recommendations made by the delegates to the White House Conference on Small Business through legislative, regulatory, and executive actions, conducts and disseminates research on women's business enterprise.



- The Department of Labor's **Women's Bureau** kicked-off its Working Women Count! initiative in May 1994 with a nationwide survey. The survey asked women about their jobs and about the changes that would most improve their working lives. In only four months, more than a quarter of a million women responded to this unprecedented questionnaire. Survey participants showed a consensus for change, agreeing that pay and benefits should provide economic security; the workplace culture should support and respect families and the value of women's work should reflect training and

career advancement. The Working Women Count Report to the Nation and a series of policy recommendations, based on the survey findings, were presented to President Clinton on October 1994 and April 1995, respectively.

The Women's Bureau celebrated its 75th Anniversary in 1995 with a conference and the Labor Day launching of the Working Women Count Honor Roll — a nationwide initiative to encourage businesses and others to make work better for women. Through its national and 10 regional offices, the Women's Bureau carries out its initiatives and provides extensive networking and connections to training opportunities.



"Having a voice at the table matters and creates a relationship that gives us the ability to empower our workers, our businesses and our communities with the tools they need to create economic opportunity for themselves."



Karen Nussbaum, Interagency Committee Member and Director, Women's Bureau, Department of Labor

- The Department of Commerce's **Minority Business Development Agency** (MBDA) promotes national economic growth by fostering minority entrepreneurship in the United States.

Under the direction of its first woman director, Joan Parrott-Fonseca, MBDA has adopted a new strategy to include all women-owned businesses as clients for MBDA services. In 1994, minority women comprised 26% of clients served (14,000). Many women are in MBDA leadership, with 13 Minority Business Development Centers headed by women.



"Our continued activism and advocacy on behalf of the businesswomen of today and of tomorrow is invaluable if they are to achieve success in their enterprises."

- The Front Line - An **Office of Small and Disadvantaged Business Utilization** (OSDBU) or

Joan Parrott-Fonseca, Director of the Minority Business Development Agency,

an **Office of Enterprise Development** has been established in each federal agency to serve as an advocate for small business access to contracting opportunities and information about federal programs. They are the first point of contact within each agency for small business owners and for years have promoted qualified women business owners for contracting opportunities within the federal government. A list of OSDBUs is included in this report.



Intrapreneurship

In addition to ensuring communication and coordination among existing federal advocacy offices for women's business ownership, the Interagency Committee created four issue task forces to review the existing federal policies and programs in each agency. The task forces enjoyed active support

from the members of the Committee as well as that of many career federal officials. In addition to the Outreach Task Force, the Task Forces addressed four key areas identified in the enacting legislation: access to capital, technical assistance and training, access to federal procurement opportunities, and research and data collection.



"We need to get the word out to women entrepreneurs that their government is offering them a seat at the table."

Lillian Vernon, NWBC Chair and President and CEO of the Lillian Vernon Corporation

With the advice of the Council, the Task Forces reviewed the record of new and existing federal government policies and programs that affect, or have the potential to affect, women's economic self-sufficiency and identified the most successful initiatives for helping to foster this sector of the economy. The results of this review were revealed at the second joint meeting in August 1995.

What the review shows is that where there is commitment from the top, a strong focus, accountability for performance, and clear recognition of the customer-based principles of reinventing government, positive results ensue.

The task force review is detailed in Section III of this report.

One of the most successful initiatives to foster coordination and communication among these federal advocates and with women business owners has been the establishment of a Task Force on Outreach and Marketing. By recognizing the many valuable programs and policies these advocates provide as well as the information women business owners can provide federal advocates, the Outreach Task Force, led by Federal Railroad Administrator Jolene Molitoris, has provided a communications link.

This task force developed the following products:

- The Partnership newsletter for the Interagency Committee and the Council, designed and written in the manner of a corporate marketing piece, is a first step toward meaningful outreach to women business owners and effective marketing of available programs. The Partnership details how to take advantage of federal programs, offers profiles of important policy-makers, provides recent data and key phone numbers, and catalogues up-coming events and resources.
- On-Line Access to opportunities for women business owners via the Internet and the World Wide Web became a reality when the SBA Office of Women's Business Ownership created its homepage. The homepage provides up-to-the-minute access to information from the SBA, the Interagency Committee, the Council, and the White House Office of Women's Initiatives and Outreach.



- A 10,000 person database of individuals and organizations that assist women entrepreneurs provides a vehicle for meaningful communications to the entire women's entrepreneurial constituency. "The Partnership" is sent to each of these individuals and organizations and they will be kept apprised of information and asked for their input.
- Collecting and sharing the success stories of women business owners who have done business with the federal government, whether as a contractor, loan guarantee recipient, or simply by using the information resources recognizes deserving women business owners and serves to inspire future women business owners.

In convening the joint Outreach and Marketing Task Force, Chair Jolene Molitoris emphasized that, *"No government initiative, no matter how well intentioned, will be successful if women business owners do not know about it or have no opportunity to contribute their expertise to it. We'd like to ensure that women business owners have not just a voice, but an effective voice, in policy making on their issues. Outreach is critical for that."*

These communications efforts will deliver the message across the country that women business owners are a powerful force in the economy and guide women in taking advantage of federal programs and resources to help their businesses grow and prosper.



Part III: REVIEW OF FEDERAL PROGRAMS

From May until August 1995, the Interagency Committee on Women's Business Enterprise, with support from the National Women's Business Council, asked member Federal agencies to report on programs and policies that foster women's business ownership. Based on each agency's contributions, the following section is intended to serve as an introduction to the many initiatives throughout the Federal government that support and promote this important business sector. The highlighted programs generally fall within three of the areas Congress indicated as the most critical for ensuring the success of women-owned businesses in the future. These include:

- access to financial resources, addressing women-owned businesses' need for credit and capital;
- training and technical assistance, addressing women's need for information on how to establish and grow a business; and
- expanding market opportunities within the Federal Government, ensuring women-owned businesses' access to the Federal marketplace.



Access to Financial Resources

The delegates to the 1995 White House Conference on Small Business identified capital and credit availability as the number one challenge for small business. This conclusion holds particularly true for women-owned businesses. The National Foundation for Women Business Owners in cooperation with Dun & Bradstreet recently published a study entitled "Toward Equal Access: The Fiscal Strength and Creditworthiness of Women-Owned Businesses." The study found that although women-owned firms are at a

lower risk of delinquency than firms in general, women encounter significant difficulties in securing credit.



"Government's primary role is to ensure fair lending and equal credit opportunity for women who are working to build their businesses and improve their lives."

Darcy Bradbury, Assistant Secretary for Financial Markets, Department of the Treasury

Two factors contribute to this problem. First, women-owned businesses are growing fastest in areas such as retail trade and personal services which historically have little or no collateral available with which to obtain traditional credit. Second, most women-owned businesses are small in size, also limiting access to traditional credit. The most recent (1993) National Survey of Small Business Finances, conducted by the Federal Reserve, found that

42% of women-owned businesses surveyed had assets of less than \$25,000, and approximately 20% had annual sales of less than \$25,000. As a result, the Federal programs outlined below may be the most critical in fostering women-owned businesses' growth and success.

Success Story

Toba Marks and the Small Business Administration Backing up Bank Loans

Toba Marks would seem to personify what a “Kids Time” franchise owner should be. Married with a six year old daughter, Ms. Marks has a masters degree in Special Education, with a concentration in deafness. She has taught pre-school and middle school, been an interpreter for the deaf, and taught time management and business skills in seminars for the private sector. But this Illinoisan could not get a bank loan to start her business no matter how much she tried. For a year and a half, banks in and around the Chicago area turned her down or would not see her at all. Things seemed to be looking up when Ms. Marks went to see Linda Darraugh at the Women's Business Development Center (WBDC) in Chicago. Partially funded by the Small Business Administration, the WBDC helps women like Ms. Marks prepare business plans and revenue projections.

With the WBDC's training and guidance and the opportunity to take advantage of a new Small Business Administration financing initiative, Ms. Marks' luck began to change. The SBA, recognizing the hesitation banks feel when presented with unconventional applicants, established the Women's Pre-Qualification Loan Program. Tipped off to the new program by WBDC, Ms. Marks applied for and received SBA pre-qualification for a business loan. With an SBA commitment letter in hand, Ms. Marks received a loan from the Commerica Bank of Chicago that allowed her to open her business in February 1995. Since then she has expanded from a sole proprietorship to having eight employees. While every day is a challenge, Ms. Marks loves owning her own business. “This has always been a goal of mine and now I've accomplished it! It's just a wonderful sense of achievement and I would not be in business today without the SBA and the Pre-Qual program. Thanks!” The Pre-Qual program is currently a demonstration program available in approximately 16 states.



Programs

The *Women's Prequalification Pilot Program* — This Small Business Administration program, established in 1994, allows a prospective woman business owner to pre-qualify for a guaranteed business loan of \$250,000 or less before she goes to the bank. Eligible businesses must be at least 51% owned, operated and managed by women; have average annual sales for the preceding three years that do not exceed \$5 million; and employ fewer than 100 persons. The program focuses on an applicant's character, credit, experience, and reliability — not assets. Independent loan packagers work with the business owner to review and strengthen her loan application. Over \$50 million in loans have been made to women through this program. *Call 1-800-8-ASK-SBA.*

- *MicroLoan Demonstration Program* — This Small Business Administration program addresses women's needs for very small amounts of start-up or expansion capital. The program provides financing for entrepreneurs with borrowing needs of less than \$25,000. Nonprofit intermediaries with experience in making non-traditional loans and technical assistance provide origination and servicing. The more than 100 participating intermediaries are located in all but two states. Virtually all types of businesses are eligible for loans, and the money can be borrowed for the purchase of machinery and equipment, fixtures, supplies and working capital. Over 40% of all SBA microloans go to women. *Call 1-800-8-ASK-SBA.*



"We are starting to make some significant progress in encouraging our 7000 private sector partners, the actual lenders, to look not only at viability, but also to the critical importance of financing women's business enterprise."

Philip Lader, Administrator of the U.S. Small Business Administration

Success Story

Creations by Lovelace — Micro Loans Make Major Differences

After five years of building a career in marketing and advertising, Angela Lovelace knew that she was perfectly capable of being her own boss. Laid off when her employer filed for bankruptcy protection, the time had come to give business ownership a try. "I wanted to control my own destiny, and the only way you can do that in business is to own your own. I told myself 'No more looking for another job.'" Not one to waste time, Ms. Lovelace began a two-prong strategy. With the funds she had available and the contacts she had already made, she started "Creations by Lovelace & Co." Ms. Lovelace provided advertising, marketing, and desktop publishing to a few of her colleagues. At the same time, she contacted the Small Business Administration which put her in touch with the Wisconsin Women's Business Initiative Corporation (WBIC). WBIC, a nonprofit economic development center, gave Ms. Lovelace an education in business loans and in marketing her own company. WBIC critiqued her business plan and approved her for a small business loan.



WBIC also introduced Ms. Lovelace to the SBA "MicroLoan" program. The microloan program provides short-term start-up or expansion loans up to \$25,000 for machinery and equipment, inventory and supplies, and working capital. With WBIC's assistance, Ms. Lovelace received a \$15,000 loan to purchase her computer and design equipment. With the right equipment and WBIC's support, Ms. Lovelace has developed a client base that includes a greeting card company, a local financial institution, a professional sports team, a large insurance company, and another communications firm. Ms. Lovelace recognizes the challenges she still faces, but she is happy to face them. "Business is a risk; a risk many would not endure. I will take the risk and run the company to my fullest capabilities. I'm proud to be a small business owner. I help others and in turn help myself."

- *Low Documentation Loan Program* — The SBA launched the “LowDoc” program as a pilot program in 1993 in response to business owners’ and banks’ requests for a consumer-friendly program. The LowDoc program streamlines the application process for loans under \$100,000. LowDoc shrinks the loan package to a one page application and reduces the loan processing time to no more than three business days. Women business owners have directly benefited from the decrease in paperwork and delay the program provides. In 1995, 29% of LowDoc loans went to women. *Call 1-800-8-ASK-SBA.*

- *The Export Working Capital Demonstration Program* — The Commerce Department, the Export-Import Bank, and the Small Business Administration have established a “Working Capital Demonstration Program.” The program guarantees 90 percent of the principal and interest on working capital loans to U.S. exporters. *Call 1-800-USA-TRADE.*

- *The Public Telecommunications Facilities Program* — The PTFP, a Commerce Department program, awards matching grants to non-commercial entities to assist them in purchasing and planning to purchase telecommunications equipment. Most grant recipients are public television stations, public radio stations, and distance

learning entities. One of the basic objectives of the program is to increase public telecommunications services and facilities available to, operated by, and owned by minorities and women. The program helps women prepare a competitive PTFP grant application. In awarding grants, PTFP officials give special consideration to projects with significant participation by women either in the ownership/management of the applicant entity or in the public broadcasting service to be offered. *Call the National Telecommunications and Information Administration at 202-482-1835.*



“Women have led the call for alternative forms of capital. Lending models such as microenterprise have been initiated by women and have provided opportunities for would-be entrepreneurs worldwide.”

Kathy Keeley, NWBC member and Board Chair of the Association for Enterprise Opportunity

Success Story

Susan Corrales-Diaz and the Department of Commerce Expanding Business at Home and Abroad

Susan Corrales-Diaz is the President and CEO of Systems Integrated, an innovative high technology company that manufactures automated control systems for the Navy and electric power, telecommunications, and water utilities. While expanding her business, Ms. Diaz has kept three goals uppermost in her mind: to make a profit, to provide excellence to her industry, and to represent the high quality of women-owned Hispanic small businesses in America.

As a defense contractor in the late 1980's, Ms. Diaz realized that continued success for Systems Integrated would require selling technology products outside of the military. She visited factories and utilities, convincing them that the control technology she had developed for the Navy could also bring their systems into the computerized world of the 1990's. Next, she trained her sights on the international market. China posed considerable hurdles because of the "incredible significance their officials place on the 'letters of introduction' that my competitors from other countries had." To gain an equal footing, she needed not only her proven record of efficiency, flexibility and reliability, but also an official indication that the U.S. government supported her efforts.

Such support came from Secretary of Commerce, Ron Brown. "Secretary Brown understood that in order for American businesses to be successful competitors in the international arena, government support and involvement was necessary," states Ms. Diaz. "He took bold action to promote U.S. exporters — especially small and medium-sized businesses." Ms. Diaz credits several elements of the Clinton Administration's National Export Strategy with visibly improving her export opportunities. Along with other business leaders, she accompanied Secretary Brown on Presidential trade missions to China and Russia. "Time and again," Ms. Diaz notes, "Secretary Brown has demonstrated that helping small and medium-sized U.S. businesses expand their international sales leads to greater Job growth here at home."

Armed with this new-found support from her government, together with the contacts she established abroad, Ms. Diaz confidently tackled her next hurdle — access to capital — obtaining a line of credit from the Export-Import Bank that enabled her to successfully bid on international contracts previously beyond her reach. As a new member of the President's Export Council, she now seeks to educate her small business colleagues about the challenges and rewards of high-technology business development in the global marketplace.



- *The Department of Transportation Short Term Lending Program* — The STLP offers certified disadvantaged business enterprises, including certain women-owned businesses, working capital for transportation related projects at prime interest rates. Established over 10 years ago, the STLP was restructured recently to work in closer cooperation with the business community. Three banks across the country promote the program through community organizations, transportation conferences, and regional and local transportation agencies. The STLP helps small businesses in the transportation industry during the interim between hiring workers to complete a job and getting paid for a job, a gap that may impose an impossible strain on a small business's finances. The STLP lines of credit give eligible firms financial flexibility, enabling borrowers to manage contracts more efficiently, to compete for more and larger contracts, and eventually, to obtain financing in the commercial marketplace. *Call the U.S. DoT/Minority Business Resource Center at 1-800-532-1169.*

- *The Federal Unemployment Program* — The Department of Labor was authorized by the North American Free Trade Agreement (NAFTA) to allow states to establish self-employment programs for unemployed workers receiving Federal unemployment benefits. To date, 22 states have passed, or are considering enabling legislation to create new entrepreneurship options for the unemployed. An experiment in Washington state allowed participants to withdraw their unemployment benefits in one lump sum to start a business if they met certain benchmarks. Since so many women are turning to self-employment, this program offers significant opportunities for unemployed women. *Call 202-219-5608.*

- *The Community Development Block Grant Program* — The Department of Housing and Urban Development has issued new regulations for its Community Development Block Grant program. The revised regulations permit grant funds to be used for micro-loans and other small business loans in distressed communities. By updating a long-established program, HUD has ensured that women in areas with some of the greatest need for economic development can start or grow enterprises that enable them to be economically self-sufficient. *Call the Community Development Block Grant Program at 202-708-1577.*

- *The Community Development Financial Institutions (CDFI) Fund* — This Treasury Department program was initiated by President Clinton to provide funds for a variety of community-based loan funds, credit unions and institutions, like the South Shore Bank in Chicago and the Community Capital Bank in Brooklyn, whose primary mission is community development, including lending to small businesses. The fund presently has \$50 million to award to qualified institutions after a competitive awards process. The Department of the Treasury is also consulting with federal bank regulatory agencies and others on methods to promote and encourage insured depository institutions owned by women. *Fax the Community Development Financial Institutions Fund Office for a response within 48 hours at 202-622-7754 or Call the Fund at 202-622-8662.*

- *Economically Targeted Investments* — In 1994, the Department of Labor clarified that pension funds can make Economically Targeted Investments, which earn risk-adjusted market rates of return while filling capital gaps in the economy. The Federal Reserve Flow of Funds Survey reports that pension funds account for \$5.2 trillion in investment assets and constitute 30% of all financial assets. ETIs are important to pension fund investment in small businesses, including women-owned firms. *Call the Pension and Welfare Benefits Administration at 202-219-8753.*



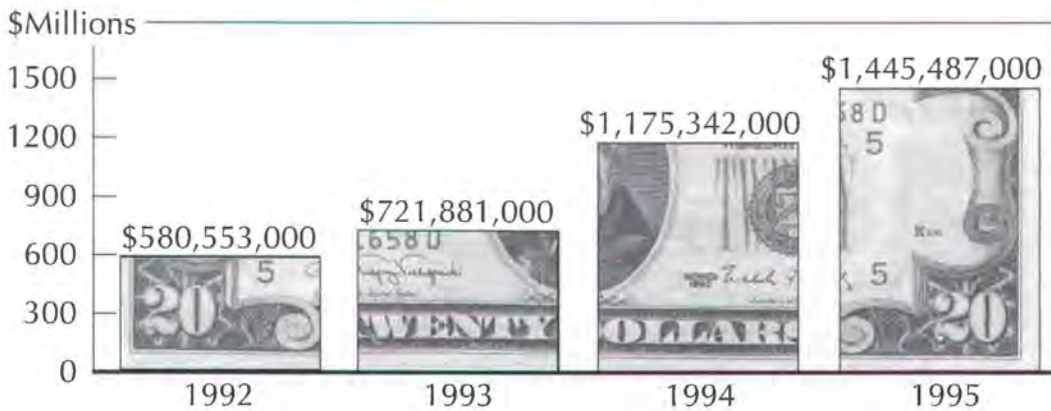
"ETI's are a vital source of both debt and equity funds for small businesses and can be made with prudent investment standards for pension fund plans."

Jere W. Glover, Chief Counsel for Advocacy, U.S. Small Business Administration.

- *Market Development Cooperator Program* — The Commerce Department awards funds to help implement innovative export marketing projects. Non-profit industry organizations and trade associations representing women-owned businesses are eligible for funding. The award limit is \$500,000. Funds are competitively awarded and must be matched by non-federal funds on a two-to-one ratio. *Call 202-482-3197.*

- *Defense Loan and Technical Assistance Program (DELTA)* — This new program provides financial and technical assistance for small defense-dependent businesses that have been adversely affected by military downsizing. SBA administers the program on behalf of the Department of Defense. Call 1-800-8 ASK-SBA.
- *Access to Capital: Women, Lenders, and Small Business Loans* — To encourage credit availability to women, the Federal Reserve Bank of Chicago recently issued a guide to lenders and women owners of small businesses. Call 312-322-5877.

SBA Business Loans to Women (FY 1991 — FY 1995)



“We have an obligation to help women access the financial marketplace — without which their businesses cannot succeed.”

The Honorable Jan Meyers, Chair of the House of Representative's Committee on Small Business

Training and Technical Assistance

As women from all walks of life choose entrepreneurship, the need for training and technical assistance in establishing and growing a business has increased dramatically. The Federal Government, as well as businesses themselves, have seen the benefits of substantive training and technical assistance for women business owners. When an existing business owner receives training in writing proposals for the Federal Government, the business is better able to compete for Federal contracts and the Federal agency is likely to receive a larger pool of qualified, competitive bids. When a potential business owner receives assistance in drafting a business plan, the entrepreneur is likely to present a more convincing case to investors, and lenders will be better able to assess fairly the prospect of the proposal's success.

The programs outlined below represent, in particular, a grassroots effort on the part of the Federal Government to offer quality, accessible training and technical assistance to female entrepreneurs across the country.



“Lots of people dream of opening their own business. But unfortunately, people are not born knowing how to write a business plan or knowing how to obtain a business loan.”

Hedy Ratner, NWBC Member and Co-Director of the Women's Business Development Center

Programs

SBA Women's Demonstration Program — The Women's Demonstration Program, initiated within the Small Business Administration's Office of Women's Business Ownership, provides long-term training and counseling in all aspects of business ownership and management at non-profit sites across the country. Since 1988, the Federal Government contribution to the program has more than doubled. The 54 business development centers in 28 states and the District of Columbia have served more than 47,000 women. Centers offer financial, management, marketing, procurement and technical assistance to current and potential women business owners at little or no cost. *Call the Office of Women's Business Ownership at 202-205-6673.*

- *The Women's Network for Entrepreneurial Training (WNET) — WNET is a mentoring initiative coordinated by the SBA's Office of Women's Business Ownership and offered through SBA District Offices and resource partners. The program's goal is to improve women entrepreneurs' chances for success through mentoring programs which build on the expertise of women business owners who have already succeeded. WNET establishes a solid base within the women's business community where new businesses can grow and established businesses can expand. Call the Office of Women's Business Ownership at 202-205-6673.*



"Of all the SBA programs I am involved with, I think this one has had the most impact . . . The Women's Demonstration Program is the only one that touched a whole community."

Sheilah M. Rogers, Women's Economic Self-Sufficiency Training Company
— WESSTCO

- *The MBDA Programs* — The Department of Commerce provides a range of entrepreneurial programs through the Minority Business Development Agency. The mission of the MBDA is to provide a place for minorities to gain management, technical and financial assistance and resources. Until recently, the MBDA served only women and men of color. Under the leadership of the first female director, Joan Parrot Fonseca, the MBDA is expanding its role in several different ways. For instance, the MBDA has sought private partners for its new centers. In Charleston, South Carolina, for example, the MBDA opened a center in conjunction with the SBA, Bell Atlantic, Nations Bank and the College of Charleston. This joint center serves all women. *Call 202-482-5061.*

- *Export Assistance Centers* — The Commerce Department, the Export-Import Bank, and the Small Business Administration administer centers across the country. The centers offer technical and informational assistance and export finance resources under one roof to small and medium-sized businesses seeking to export goods and services. Fifteen new centers are scheduled to be opened during 1996. *Call 1-800-USA-TRADE.*

- *JOLI Program* — The Department of Health and Human Services Division of Community Demonstration Programs administers the Job Opportunities for Low-Income Individuals (JOLI) Program. The program provides three- to six-year grants to non-profit organizations. The non-profit organizations provide training and technical assistance to AFDC recipients and other low-income women in part to help them leave public assistance through self-employment. *Call the JOLI Program Office at 202-401-9347.*

Success Story

Rosie Wiley and the Department of Health & Human Services Moving from Welfare to Daycare

"New Opportunities for Venture Alternatives" (NOVA) may sound more like a Wall Street financial services firm than a welfare-transition program, but an alternative to welfare is exactly what the Good Faith Fund and NOVA coordinator Cheryl Moten have offered to over 50 AFDC recipients in Pine Bluff, Arkansas. NOVA is a welfare-transition program offered to recipients of Aid to Families with Dependent Children (AFDC) that provides participants with self-employment training, business counseling, and networking. NOVA is part of a three year demonstration program, the Job Opportunities for Low-Income Individuals (JOLI) program, funded by the U.S. Department of Health and Human Services. NOVA is operated by the Good Faith Fun, a local community development organization, which specializes in providing microloans to low and moderate income entrepreneurs. As the staff of the Good Faith Fund learned, however, AFDC recipients need much more to become economically self-sufficient.

"We address the whole person," says Moten. "At first I thought participants could get businesses started as soon as they finished our twelve week program." In the year and a half the program has been operating, however, Moten has discovered that the mostly women students need help building their self-esteem, setting realistic business goals, and straightening out their own personal credit. As a result, applicants for the NOVA classes are carefully screened and spend the first five weeks of the program building life skills that have allowed some participants to find jobs without starting a business. Several of the participants have graduated from the 12 week program and started small enterprises.

Rosie Wiley, a 43-year-old single mother who had been on welfare for "as long as I can remember" is one of the first success stories of the NOVA program. Ms. Wiley, sole proprietor of "Rosie's Daycare," has a steady income and no longer depends on the monthly check from Aid to Families

With Dependent Children. Wiley says NOVA opened her eyes to the fact that she had all the skills and the facility to start her own daycare center. With the support of the JOLI program, the local community, and the

local newspaper, as well as the dedication of the clients themselves, NOVA, according to one participant, is "better than the assistance because it teaches you how to take care of yourself."



- *Liaison Outreach Services Project* — The Department of Transportation's (DoT) Liaison Outreach Services Project works with trade and service associations, including women's business advocates, to establish a regional link to the Department. On DoT's behalf, the regional organizations increase small business awareness of DoT contracting opportunities and financial assistance programs by disseminating DoT marketing materials and information at conferences, seminars, and marketplace events. LOSP program participants develop and strengthen ties with state and local transportation agencies, transportation prime contractors and others to encourage small and disadvantaged business participation in DoT programs. They also maintain databases of transportation-related small businesses as potential participants in DoT procurement and financial assistance programs. *Call the DoT's National Information Clearinghouse for the appropriate Regional Office at 1-800-532-1169.*



"The Liaison Outreach Services Project will bring knowledge of DoT's purchasing programs to women and minorities. First-time Federal contractors will have a local friend to guide them through the process."

Suzanne Pease, New Jersey, NAWBO's
LOSP Committee Chair

- *Demonstration Partnership Program (DPP)* — This HHS program provides three-year grants to local community action agencies to support innovative approaches to increasing the self-sufficiency of the poor. The program emphasizes women receiving Aid to Families with Dependent Children (AFDC) benefits and urban- at-risk youth, including teen-age mothers. *Call 202-401-9347.*

Success Story

Nina French and Ladonna Robson

The Department of Energy Encourages High-Tech Entrepreneurs

When Ladonna Robson, a management and organizational development specialist at California's Lawrence Livermore National Laboratory, read a magazine article on Joline Godfrey's program encouraging young women to become entrepreneurs, she thought a similar program might also expand opportunities for women in the Department of Energy's (DOE) technology development program. To ensure that the full benefits of the Federal government's laboratories and R&D facilities are realized, DOE partners with U.S. industry in developing and transferring science and technology that enhance the nation's economic performance and serve public needs. With government downsizing on the horizon, DOE scientists and engineers were seizing the opportunity to start their own energy and environmental technology firms. Robson had noticed, however, that most such DOE entrepreneurs were men.

Robson talked with Godfrey on the telephone and then developed her own one-week workshop, "Entrepreneurial Experience for Technical Women," for women at DOE and its contractors. They covered topics ranging from the "glass ceiling" to "commercializing technology."



Nina French, a Ph.D. in mechanical engineering at DOE's Sandia National Laboratories in California, attended the workshop and credits it as being "pivotal" in giving her the necessary confidence to establish her own environmental technology business, using DOE's instruments to provide emissions data to companies engaged in contamination clean-ups. DOE's policies encourage entrepreneurial employees to take a leave of absence for technology transfer projects. Today, French is encouraging other women with technical and professional backgrounds to "trade a little bit of security for a lot of opportunity."

- *Entrepreneurial Experience for Women* — The Department of Energy's Technology Development Environmental Management section held its first entrepreneurial training program for women, in order to address federal downsizing and streamlining by preparing technically trained women to compete effectively in the private sector. The first one-week workshop provided women with concrete information on how to participate in the Department's "technology transfer" program. Technology transfer allows private individuals and companies to commercialize technology developed by the Federal Government. This workshop, as perhaps future workshops will, addressed the specific needs women with technical PhDs have in starting their own technology business. *Call Program Coordinator Ladonna Robson at 301-903-1276.*
- *JTPA Micro-Demonstration Program* — Through the Job Training Partnership Act (JTPA), the Department of Labor's microenterprise demonstration programs offer cost effective training in entrepreneurship that provide long term self-sufficiency to low-skilled and dislocated workers. The program makes grants up to \$500,000 per year to 10 states through FY1997. By 1995, more than \$2.2 million had been distributed to the states. *Call the Office of Job Training Programs at 202-219-6236.*



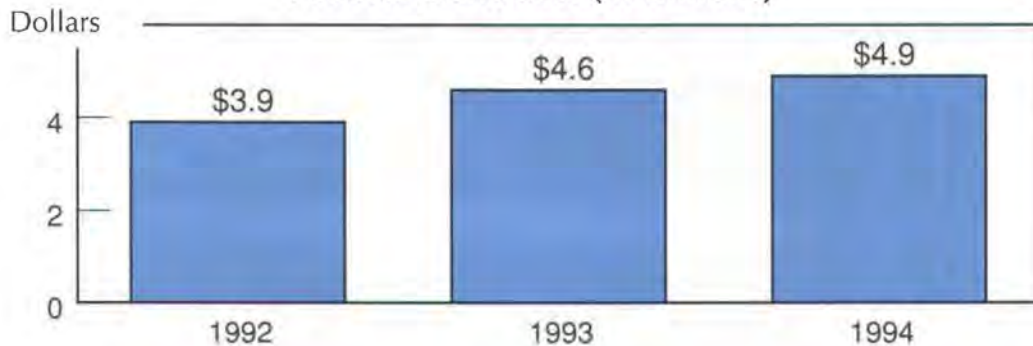
"We must give women the tools and skills to contribute, whether inside an organization to increase its competitiveness or as an independent entrepreneur with a bright idea."

Brenda Girton, NWBC member and Associate Executive Director of the National Council of Negro Women

Expanding Market Opportunities

With more than \$200 billion annually in acquisitions, the Federal Government's influence in the marketplace is substantial. The sheer scope of the Federal buying power makes the Federal Government an extremely important potential customer for both large and small contractors. In addition, Federal procurement opportunities can launch women into industries they would not otherwise have considered and help them demonstrate a record of quality that persuades private organizations to do business with them as well. By reaching out to women-owned businesses, the Federal Government also expands the number of qualified, competitive contractors available for Federal projects.

Women-Owned Small Business Share of the \$200 billion in Federal Contracts (in Billions)



Since the 1970s programs to increase competitive opportunities for small, disadvantaged and women-owned businesses have been mandated by statute. Procurement programs through the Federal Highway Administration, National Aeronautics and Space Administration (NASA), the Superfund program and others have specifically classified women-owned businesses as disadvantaged businesses eligible for special training, technical assistance, incentives and contract support. In 1994, Congress passed legislation as part of the President's Procurement Streamlining initiative that established a separate 5% federal procurement goal for women. Each Federal department and agency was directed to review their procurement procedures to make sure that competitive opportunities for prime and sub-contracts were available for women-owned businesses. Serving as the first point of contact with women-owned businesses in this new outreach effort are the Small Business Administration's Office of Procurement and the individual offices of Small and Disadvantaged Business Utilization (OSDBU) found in each Federal department and agency.

One of the best indicators that the SBA and OSDBU outreach programs and the initiatives outlined below have been successful is that from fiscal years 1992 to 1994, Federal contract awards to women-owned small businesses increased nearly **one billion dollars**.



"The active involvement of women-owned businesses in the federal procurement process should have no mysterious dimensions nor questionable tenets. In the Air Force we have seen a 17 per cent growth in the utilization of women-owned business, largely attributed to our ability to reach out and let them be involved in the solicitation process."

Anthony DeLuca, Director of the Air Force
Office of Small and Disadvantaged
Business Utilization

Programs

The *Women's Procurement Pilot Program* — In 1994, the Small Business Administration developed the Women Procurement's Pilot Program in cooperation with 11 federal agencies to expand the pool of women-owned businesses receiving federal contract awards. The SBA and its partner agencies, represented by the Offices of Small and Disadvantaged Business Utilization, coordinate and share information about outreach, training, and marketing assistance to women-owned businesses. *Call 1-800-8-ASK-SBA.*

- *Mentor-Protégé* — To address claims by prime contractors that there are “no qualified sources” with which to subcontract for government projects, the Defense Department has implemented a Mentor-Protégé program. Through this program, the services provide incentives, including funding, to prime contractors who provide technical assistance and training to small disadvantaged businesses. Large companies while continuing to be the chief recipients of large prime contracts, can nonetheless share their knowledge and expertise with women-owned businesses and bring them on board as subcontractors. Thus far for instance, the Air Force has committed more than \$26 million for mentor-protégé agreements. Mentor-Protégé programs also have been established by the Department of Energy and the National Aeronautics and Space Administration. For information on Mentor-Protégé Programs *Call 1-800-553-1858 or 703-614-1151.*

Success Story

Grace Tsujikawa-Boyd and the Department of Defense Securing Savings and Opportunity

In the last quarter-century, Seattle-based Pyro Media's product line has expanded from flower pots to jet fighters. Started as a home-based business by its founder and current president, Grace Tsujikawa-Boyd, Pyro Media's large, hand-crafted ceramic planters grace the finest hotels, corporate headquarters and department stores. In the late 1980's, however, low-cost foreign imports of terra cotta planters cut heavily into domestic sales. Reacting quickly to this fierce global competition, Ms. Boyd formed the Ceramic Tooling Division. This division created several new ceramic materials used in making tooling dies for a high-temperature, metal forming process called "superplastic forming." This process is used to make high-strength titanium components for commercial and military aircraft.



"With Boeing in our backyard, the aerospace industry was a natural market," explains Ms. Boyd.

Pyro Media and Boeing signed a \$1.4 million "mentor-protégé" contract under an Air Force procurement initiative that links large, established contractors with high-quality small businesses. As a "protégé" of Boeing, Pyro Media brought high-temperature ceramic dies out of the R&D lab and into full production for use in building the F-22 Air Superiority Fighter Plane. Not only did it provide Pyro Media with a significant foothold in an important new market, the project also resulted in significant cost savings to the Air Force.

Boeing views the Air Force's Mentor-Protégé program as one that benefits the armed services as well as Pyro Media. Douglas Beighle, Senior Vice President of the Boeing Company states, "We value our special relationships with small companies that offer innovative technologies that support our product line. Pyro Media's willingness to take the risks and accept the challenges enabled them to build a profitable partnership with Boeing and the Air Force."

- *Results-Oriented Procurement and Outreach Policies* — The Department of Transportation has had a results-oriented contracting and procurement policy for small business concerns owned and controlled by women since the 1970s. With the passage of the Surface Transportation Uniform Relocation Assistance Act in 1987, Congress made women-owned businesses an official part of the nation-wide Department of Transportation disadvantaged business enterprise procurement goal program. Since then other federal statutes have designated that women should be active participants in the federal marketplace. Today, women-owned businesses benefit from aggressive outreach innovations sponsored by each of the Federal agencies including programs such as procurement fairs, “marketplaces,” and regular one-on-one counseling sessions with Department experts. *Call individual OSDBU offices for information on special programs and procurement fairs sponsored by each Federal agency. A list of OSDBUs is included in this report.*
- *General Services Administration* — GSA, the fourth largest purchaser in the federal government, is sponsoring a series of procurement training workshops for women business owners. Workshops are planned for 1996 in Atlanta, Chicago, Miami, New York and other locations. *Call 202-501-2590.*
- *Department of Transportation Bonding Assistance Program* — This program provides bid, performance and payment bonds to certified disadvantaged businesses performing on transportation-related contracts. Bonds are provided on contracts and subcontracts up to \$1 million. Most women-owned small businesses are eligible for certification. *Call DoT's National Information Clearinghouse at 1-800-532-1169.*

Success Story

Cheryl Hughes — On the Road to Success with the Department of Transportation

When Cheryl Hughes, a mother of three from Charlotte, Michigan, quit her job and mortgaged her home in 1980 to go into the road building business, little did she know what the next fifteen years would hold. Ms. Hughes has since gained national recognition as President and sole owner of C&D Hughes, Inc., a highway contractor for the state of Michigan that is now grossing over \$5 million per year. After receiving the Department of Transportation Federal Highway Administration's 1994 "National Women's Business Enterprise" Award, Ms. Hughes expressed her surprise, "I just can't believe it! I have corn growing outside my window. I just do my job." And Ms. Hughes has done her job very well. With the help of an SBA loan and designation as a woman-owned business by the Michigan Department of Transportation, C&D Hughes has grown from a five person staff to 45 full-time employees, with 35 pieces of equipment and a fleet of trucks.

Things were not so rosy at the beginning. Ms. Hughes decided to launch her business when the Department of Transportation began seeking women and minority-owned firms to enter the road construction industry. For the first seven years, Ms. Hughes and her family worked side-by-side, even managing to build an entire highway intersection at one point with only intermittent help from temporary employees. C&D Hughes weathered engineering problems, used equipment breakdowns, poor cash flow, endless contract specifications, and as Ms. Hughes explains, "our lack of experience in a 'dog eat dog' industry brought us to our knees and often to our wits end."

Nonetheless, by partnering with the Michigan State DOT Disadvantaged Business Enterprise program, Ms. Hughes was eventually able to get other businesses to take a chance on her. The DBE program provided Ms. Hughes instruction and information about upcoming contract opportunities. "Once I became [DBE] certified, I chose to take advantage of all the learning opportunities. The workshops have been excellent, dealing with all aspects of my business from administration to road-building techniques to finances."

Today, C&D Hughes is recognized as one of the 100 fastest growing firms in Michigan, as well as a top woman-owned business. Ms. Hughes praises the cooperative efforts that have contributed to her success. "More and more I see the Department of Transportation partnering with the private sector to provide quality products for its customers. There is a strong feeling that we're in this together and a real eagerness to do the best job possible."



Cheryl Hughes and son, David S. Hughes, C&D Hughes, Inc., Charlotte, MI.

- *Women-Owned Business Procurement Conferences* — In 1995, most Federal Departments and agencies conducted procurement fairs and conferences. A few of these conferences offered direct contracting opportunities while others served to introduce prime contractors to potential subcontractors. Among the several successful conferences held in 1995 were the following.

In February 1995, DoD sponsored its first women-owned business conference at the Pentagon. The event attracted more than 200 participants and 60 exhibitors. As part of DoD's outreach efforts to women business owners, the conference served both the Department and the businesses. The conference familiarized Defense Department personnel with the capabilities of these businesses while educating the businesswomen about DoD procurement practices.

In May 1995, the Treasury Department held a conference which attracted some 700 small, women-owned businesses. At the conference, 16 large prime contractors that helped sponsor the event discussed subcontracting opportunities. More than \$2.4 million in procurement opportunities were offered. In addition to establishing relationships between prime and potential subcontractors, the conference benefited Treasury by saving the department more than \$400,000 in procurement costs.

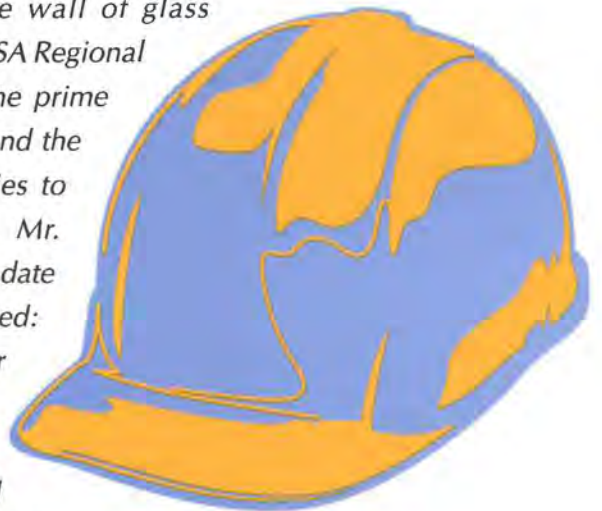
- *The General Service Administration* — GSA targeted women-owned businesses to participate in prime contracts where SIC Code participation show them as underutilized; e.g. travel management, auto repair and services, and automated data processing. Through the agency's "Courthouse project", special attention has also been placed on women's participation in subcontracting opportunities related to building renovations and modification in each of the new courthouses being built over the next ten years. *Contact Office of Enterprise Development* at 1-200-501-1021.

Success Story

Joan Berardi and North American Site Developers Building Success with the General Services Administration

For almost 20 years, Massachusetts native Joan S. Berardi has been sole owner and President of North American Site Developers, Inc. (N.A.S.D.I.) Originally in the site restoration business, N.A.S.D.I. has expanded to include a successful practice in demolition and asbestos abatement. Today, N.A.S.D.I. employs 80 people and has had annual sales in excess of \$10 million for the last three years. Begun with a few thousand dollars in personal savings, N.A.S.D.I. has succeeded because given the opportunity to complete, this woman-owned firm, has demonstrated a commitment to quality, timeliness, and meeting its budget. These qualities recently led the firm to be named a subcontractor on a General Services Administration project to build a new Federal courthouse in Boston, Massachusetts.

GSA has proactively sought the involvement of minority and women-owned businesses in this important Federal building project. After assessing the local population of small, minority, and women-owned businesses, GSA set subcontracting goals for each sector and sponsored an introductory meeting with the prime contractor and interested subcontractors. Of the subcontracts awarded to date, 16.63 percent of total dollars have gone to women-owned firms including large contracts to FRANCO, a Pennsylvania firm providing the first tier masonry and stone for the Courthouse, and Salem Glass, responsible for the Courthouse's unique wall of glass overlooking Boston Harbor. Every month, GSA Regional Administrator Robert Dunfey meets with the prime contractor to review subcontracting needs and the success achieved in providing opportunities to minority and women-owned businesses. Mr. Dunfey is very pleased with the progress to date and the relationships that have been established: "I think this process has been very positive for all involved. It has provided a forum . . . to establish the credibility and trust among the parties that is so essential to mutual understanding and success. This contract embodies the Administration's concern for increased opportunities for small, minority, and women-owned businesses."



- *Federal "IMPAC" Credit Card* — Many of the purchases at the DoD and the Treasury fairs were made with a VISA credit card under a new purchasing provision contained in the Federal Acquisition Streamlining Act of 1994. By using the credit card, purchases can be made on the spot instead of taking up to six weeks for processing, as some government contracts can. The purchase card allows government officials to buy what they need instead of relying on a purchasing agent. This purchasing method, available for supplies and services costing less than \$2500, benefits small businesses like women-owned businesses by allowing for immediate payment.

- *The Federal Marketplace On Line* — Electronic Commerce/Electronic Data Interchange — Electronic Data Interchange (EDI) is a Clinton Administration initiative to use new technologies in the Federal procurement process to expand markets, promote increased competition, and lower the cost of contracting to the government. EDI will open up new opportunities for women. EDI will allow small businesses, including women-owned businesses, to access procurement information, even for small purchases, "on-line." In turn, by using EDI, Federal agencies will be able electronically to determine which Standard Industrial Codes (i.e. types of businesses) receive large numbers of procurement awards and could increase participation by women-owned businesses. By the year 2000, the entire Federal procurement process, from solicitation through award and payment, will be performed electronically via the Federal Acquisition Computer Network (FACNET). Call 1-800-EDI-3414.

Offices of Small and Disadvantaged Business Utilization (OSDBU)

	Government Agency	Contact Number
FED	U.S. Board of Governors of the Federal Reserve System, Office of Public Affairs	202-452-3204
AG	U.S. Department of Agriculture	202-720-7117
DOC	U.S. Department of Commerce	202-482-3387
DOD	U.S. Department of Defense, Office of the Secretary	703-614-1151
	Air Force	703-697-9249
	Army	703-697-2868
	Navy	703-602-2700
ED	U.S. Department of Education	202-708-9820
DOE	U.S. Department of Energy	202-586-7377
HHS	U.S. Department of Health & Human Services	202-690-7300
HUD	U.S. Department of Housing & Urban Development	202-708-1428
DOI	U.S. Department of the Interior	202-208-3493
DOJ	U.S. Department of Justice	202-616-0521
DOL	U.S. Department of Labor, Small Business, & Minority Affairs	202-219-9148
DOS	U.S. Department of State	703-875-6824
DOT	U.S. Department of Transportation	202-366-1930
	U.S. Coast Guard	202-267-2499
TR	U.S. Department of the Treasury	202-622-0540
VA	U.S. Department of Veteran's Affairs	202-565-8124
EPA	U.S. Environmental Protection Agency	703-305-7777
FTC	U.S. Federal Trade Commission, Procurement Office	202-326-2258
CPSC	Consumer Product Safety Commission	301-504-0621
Ex-Im	Export-Import Bank	202 565-3335
GSA	General Services Administration, Enterprise Development	202-501-1021
NASA	National Aeronautics & Space Administration	202-358-2088
NLRB	National Labor Relations Board	202-273-3890
NSF	National Science Foundation, Office of Industrial Innovations	703-306-1390
NCR	Nuclear Regulatory Commission, Small Business & Civil Rights	301-415-7380
SBA	U.S. Small Business Administration,	202-205-6622
TVA	Tennessee Valley Authority	615-751-6269

Expanding the Knowledge Base

The federal government must help expand the base of knowledge about women-owned businesses to effectively promote their success. Until recently, the federal government had never counted the entire population of women-owned firms. As part of its 1992 Economic Census, the U.S. Bureau of the Census gathered data for the first time on women-owned C corporations, as well as the previously studied smaller firms. The Census Bureau's special report analyzing this data, *1992 Economic Census: Women-Owned Businesses*, was recently released by the Census Bureau and the Interagency Committee on Women's Business Enterprise.

Rather than waiting for the next business census to be done in 1997, the Clinton Administration asked the Census Bureau to conduct a special mid-term business census on women-owned firms, focusing on the twenty percent of those firms with paid employees. That special survey was carried out in May 1995, and the results will be released in the spring of 1996. The mid-term census will provide more comprehensive data on the number, size and growth of these larger women-owned businesses. The Census Bureau also included questions on expansion plans, access to capital problems, and government procurement opportunities at the federal, state and local level.

The Federal Reserve recently completed its 1993 *National Survey of Small Business Finances*, examining the use of financial services and credit by small U.S. firms, including minority and women-owned firms. Preliminary findings appeared in the July 1995 *Federal Reserve Bulletin*.

In addition to the federal government, our nation's universities are a potentially important source of information about women-owned businesses. In November 1995, the J.L. Kellogg Graduate School of Management at Northwestern University, in cooperation with the SBA and the National Women's Business Council, gathered leaders from the business, government and academic worlds to develop an agenda for research on women entrepreneurs. The resulting "National Research Agenda" will be published in Spring 1996.

Data Sources on Women-Owned Businesses

Bureau of the Census (Contact: 301-763-7234)

- The U.S. Bureau of the Census has conducted surveys of women-owned businesses (except farms) in conjunction with the quinquennial economic census programs since 1972. The economic censuses are conducted in years ending in 2 and 7. Prior to the most recent 1992 survey, Census looked only at businesses that filed tax returns as sole proprietor, partnerships and subchapter S corporations; C corporations were not included. With its 1992 survey, the Census Bureau for the first time looked at *all* women-owned businesses, including C corporations.
- The Census Bureau recently conducted a special business census on women *employers* — an important subset of women-owned businesses. The results of this survey will be issued in March 1996.
- The Census Bureau is preparing an update of the *Characteristics of Business Owners*. This is the third such report, co-sponsored by the Small Business Administration and the Minority Business Development Agency. The report includes information for 1992 and 1994 on business formation, demographics and finances for both women-owned and minority-owned businesses, as well as for a comparable group of businesses owned by non-minority males. Census will issue this report in late 1996.

Small Business Administration (Contact: 202-205-6530)

SBA is a major source of research information on women-owned businesses, drawing primarily on data from the Census Bureau, the Internal Revenue Service (IRS), the Federal Reserve, and the Bureau of Labor Statistics (BLS).

- As part of the SBA's annual report to Congress, *The State of Small Business*, the Office of Advocacy contributes a brief narrative and statistical analysis of the characteristics of small business owners, including firms owned by women and minorities. This narrative is based on information from the *Characteristics of Business Owners*, which is funded in part by SBA.
- The Office of Advocacy also contracts with the IRS to provide tabulations on nonfarm sole proprietorships by gender of owner and geographic area (i.e., SBA region) and industry group. These tabulations, which are in the form of four charts, date back to 1977 and are updated annually.
- The Office of Advocacy also publishes special reports based on data available from the population and economic censuses, IRS and other sources. For example, in February 1995, it issued a report on *Business Ownership as an Employment Opportunity for Women*, based on information from the 1990 population census.

Bureau of Labor Statistics (Contact: 202-606-6378)

- BLS does not collect data directly relevant to women's business enterprises, but it does maintain statistical information on women in the workplace. It contracts with the Census Bureau to conduct monthly *Current Population Surveys* (CPS) at the household level. The primary purpose of the CPS is to track employment and unemployment statistics, and it is the basis for the unemployment rates that are widely reported in the media each month. These surveys contain data on self-employed, unincorporated individuals by gender and ethnicity. The tabulations based on the CPS are published in *Employment and Earnings*, the monthly BLS statistical report.

Federal Reserve (Contact: 202-452-2503)

- The Federal Reserve Board has conducted two surveys of small business finance. *The 1993 National Survey of Small Business Finances* was conducted in 1994 and early 1995 with about 5,300 representative firms. The main purposes were to provide information on the use of credit by small and minority-owned firms and to create a general-purpose database on the finances of such firms. Preliminary results were published in the July 1995 Federal Reserve Bulletin. A similar survey, conducted for 1987, focused on banking markets.

National Foundation for Women Business Owners (Contact: 301-495-4975)

- The primary source of non-federal data and information on women-owned businesses is the National Foundation for Women Business Owners (NFWBO). It provides for sale a series of research monographs and reports that include original research on selected subjects.

NFWBO's most useful publication is *A Compendium of National Statistics on Women-Owned Businesses in the U.S.* (September 1994). Prepared under contract for the **National Women's Business Council**, this report brings together in one document all the publicly available statistical information on women-owned businesses. The report contains 38 statistical tables, 18 charts, and an annotated bibliography.

IV. Partners for the Future

Partnership is an entirely new vision of America at the millennium. It acknowledges that United States economic accomplishments to date have been using scarcely half of the country's entrepreneurial resources. In the competitive global economy of the 21st century, operating at 50% of capacity will not be enough to continue our pre-eminence or our prosperity.

The partnership also is a vision under which the federal government is moving to change the culture of entrepreneurialism. The vision is one in which procurement decisions are made in open networks. Capital is available to the service sector and the industrial sector alike. Training and technical assistance will address employability and entrepreneurial skills as well as re-employment. Data gathering will reflect all of the diverse contributors to our economy. In short, the federal government will greet women business owners as partners in creating the economy of the 21st Century.

In the past year, the Council and the Interagency Committee have identified federal programs that work for women. The innovative models described in this report reflect an acknowledgement that promoting women's business ownership provides for a healthy economy. In the introduction to this report, we promised to illustrate women business owners' many challenges, but also to chronicle their many opportunities.

We close this report with another promise: to foster a partnership that will lead the U.S. economy into the 21st Century. As women business owners and federal government officials, our two organizations, the National Women's Business Council and the Interagency Committee on Women's Business Enterprise, have initiated a public/private partnership approach to federal policy making and analysis. This partnership would not have occurred without the commitment of President Clinton and both Houses of Congress. Today, we promise to make each of the women business owners in this country full partners as well.

Goals of The Partnership for 1996 and Beyond

- Perform a comprehensive economic analysis of the 1992 U.S. Census data on women-owned businesses, updating the 1994 National Women's Business Council Compendium of Statistics on Women-Owned Businesses.
- Establish a National Research Agenda that identifies for members of the academic, financial, and political arenas, the contributions women-owned businesses make to the economy and the obstacles they face.
- Submit to the President and Congress a review of successful public-private sector partnerships fostering women-owned businesses.
- Publish regular issues of the *Partnership* newsletter to cement the channels of communication among women-business owners, federal, and state government officials.
- Collaborate with the Federal Reserve and other public and private financial institutions to identify and promote innovative financing mechanisms to provide women-owned businesses the capital they need for growth.
- Facilitate the "on-line" access of women-owned businesses to procurement, policy, and financial information on the Internet.
- Sponsor a teleconference for women-owned businesses' advocacy organizations to promote outreach and spotlight successes.
- Organize the first nationwide summit of women entrepreneurs to establish a public policy agenda at the grassroots level.

The National Women's Business Council would like to acknowledge and thank the following for their support and contributions in preparing this document:

- The members of the Interagency Committee on Women's Business Enterprise
- The Center for Policy Alternatives
- Kolly, Inc.
- The Department of Treasury Printing and Graphics Division

A special thanks to Nancy ElDieahy, Lee Marcum, Sally Patterson, Janine Stanzone and Mark Bradbury.

For questions regarding programs or issues not addressed below, contact the U.S. Small Business Administration's **Office of Women's Business Ownership** at 202-205-6673 or the **National Women's Business Council** at 202-205-3850.

National Women's Business Council

409 3rd Street, SW

Suite 5850

Washington, DC 20024