



Business and
Professional
Women's
Foundation

Ready to Grow: A Snapshot of Women Small Business Owners

*Women in Small Business Survey
Results*



**Business and Professional
Women's Foundation**

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Acknowledgments

Business and Professional Women's (BPW) Foundation would like to recognize the Clinton Global Initiative (CGI) America¹ for providing a national platform to share the preliminary results of this survey and highlight the need to support women small business owners. BPW Foundation thanks the following organizations for distributing the Women in Small Business Survey to their members and networks:

- Alliant Credit Union Foundation
- California Commission on the Status of Women and Girls
- Dell & Intel
- National Association of Community College Entrepreneurship
- National Association for the Self-Employed
- National Council of Women's Organizations
- U.S. Black Chamber of Commerce
- Women Impacting Public Policy

We would also like to thank the 478 women who participated in the survey for enabling us to learn from their experiences in a framework that will benefit other women small business owners.

Deborah L. Frett, CEO

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This survey and summary report were compiled by Karen Montagne, Project Director, Business and Professional Women's Foundation.

Background

Business and Professional Women's (BPW) Foundation's legacy began in 1919, toward the mission of strengthening the capacity of organizations and businesses by creating work environments that are inclusive and value the skills and contributions of working women. A successful workplace, as defined by BPW Foundation, is one that practices and embraces work life balance, equity, and diversity.

In 1956, BPW/USA became the first foundation dedicated to conducting research, analyzing results, and providing information with a single-minded focus on working women. Today, BPW Foundation is a 501(c)(3) research and education organization that is partnering with employers to create successful workplaces that embrace and practice diversity, equity, and work-life balance. To learn more, visit www.BPWFoundation.org.

¹ Clinton Global Initiative (CGI) America Annual Meeting - <http://www.cgiamerica.org/>



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Executive Summary

Women play a central role in rebuilding the middle class and keeping our economy growing. The U.S. Small Business Administration describes women-owned businesses as one of the fastest-growing segments of the economy. According to the latest U.S. Census Bureau statistics (compiled every five years), there were 7.8 million women-owned firms in 2007—roughly 90% of which are small businesses.² Between 2002 and 2007, the National Women’s Business Council reports that women-owned firms increased by twenty percent.³ Research indicates that many women choose to become small business owners as young mothers with small children in the home, or later in their lives, as an “encore” career.

As women continue to start businesses in this country, it is imperative they have the right tools to be successful. But do they? Business and Professional Women’s (BPW) Foundation began to explore this question by conducting a brief poll among women small business owners. This research builds upon earlier BPW Foundation studies related to women small business owners, including our 2011 Women in Technology Broadband Report and our 2010 Joining Forces for Women Veterans Inaugural Summit Report.

BPW Foundation launched an online survey in early May 2013 to a broadly-targeted group of women’s networks across the United States. Responses were analyzed to understand the experiences and perceptions of women small business owners. Among the responses received, key findings highlight a need for financing and the importance of mentorship. Recommendations include greater access to capital, technology tools and training, along with entrepreneurial outreach to women veterans and military/veteran spouses.

I. Survey Purpose and Methodology

The purpose of the survey was to gauge the current environment for women entrepreneurs and small business owners. Our goals were to:

- 1) Take a “snapshot” of what it’s like now for these women
- 2) Make recommendations (based on this research) to improve the environment
- 3) Identify further areas of study

Conducted among 478 women, respondents include both current and former small business owners and entrepreneurs who posted a range of success rates for their businesses. Some questions were specifically targeted to gauge the small business experiences of women veterans and military/veteran spouses. The ten-question online survey was conducted during a two-week polling window, using Survey Monkey to target a diverse group of women’s networks across the United States. Full results of the survey are available at www.BPWFoundation.org.

² U.S. Census Bureau 2007 Survey of Business Owners.

³ Women-Owned Firms in the U.S.: A Review of Important Areas of the 2007 U.S. Census Bureau’s Survey of Business Owners.” January 2012. National Women’s Business Council.

In addition to demographic questions, data was captured on:

- Motivators for starting a small business
- Types and purposes of financing
- Barriers to entry or growth
- Resources/training utilized
- Importance of technology
- Role of mentorship
- Impact of gender

Requests for survey participants were disseminated by email as well as through social media and websites representing a broad range of members/constituents/conference contacts including the following networks:

- Alliant Credit Union Foundation -- www.alliantcreditunionfoundation.org
- Business and Professional Women's Foundation -- www.bpwfoundation.org
- California Commission on the Status of Women and Girls -- <http://women.ca.gov>
- Dell & Intel -- www.dell.com
- National Association of Community College Entrepreneurship -- www.nacce.com
- National Association for the Self-Employed -- www.nase.org
- National Council of Women's Organizations -- www.womensorganizations.org
- U.S. Black Chamber of Commerce -- www.usblackchamber.org
- Women Impacting Public Policy -- www.wipp.org

In early June 2013, 478 responses were collected and analyzed for this report. Women who completed the survey were *generally*:

In urban/suburban areas, in states classified by the federal government as:

South Atlantic (DE, MD, DC, VA, WV, NC, SC, GA, FL): 19.2%

Northeast, Mid-Atlantic (NY, PA, NJ): 11.3%

West-Pacific (AK, WA, CA, OR, HI): 10.9%

Mid-West/East North Central (WI, MI, IL, IN, OH): 10.7%

West, Mountain (ID, MT, WY, NV, UT, CO, AZ, NM): 9.8%

Mature – over age 50

56-65 years of age: 33.5%

46-55 years of age: 28%

36-45 years of age: 16.3%

Mostly Caucasian: 62.1%; African American respondents represented 12.6%.

The percentage of **women veterans** responding to the survey was 8.8%, with another 2.7% military/veteran spouses. This compares approximately to other national data which shows just 1.2% of all women-owned firms across the country are owned by veteran women.⁴

A solid number (17.6%) own (or have owned) **multiple businesses**, and strikingly, 10% had a **business that failed**. Thirty percent have a formal business plan; 28% percent do not.

II. Survey Findings

Most respondents are sole proprietors, and they want to grow: 62% of survey respondents are sole proprietors, and 31% had only 1-4 employees. Twenty percent generate \$5k or less annually, and 15% generate annual revenue in the \$100-\$249k range annually.

Women aren't using outside financing for their businesses: Most respondents (66%) have NOT used outside financing, and 26% cite financing as a barrier to entry or growth. How are they doing it? Credit cards, retirement funds, and severance pay were the most common responses. Of those with access to outside financing, 8.6% utilized bank loans and only 2.1% utilized SBA grants. An even smaller percentage used venture capital (1.7%) or credit union financing (1%).

There may be a correlation between the choice to run your own businesses and the perception of gender impact: 60% of respondents see gender as having no impact on their experience as small business owners. However, it is unclear whether gender bias may have played a role in many respondents' choice to strike out on their own. Some comments provided by respondents suggest a deliberate choice to work for themselves; to leave the corporate environment where their contributions were not adequately recognized; and to receive credit for their work.

Future research will delve more deeply into the possible impact of gender on both women small business owners' decision to leave the corporate world and their impetus for starting an entrepreneurial endeavor.

Financing is one of the top barriers to entry/growth: 26.2% of respondents consider financing as a barrier to entry or growth in the small business market, and about 6% noted difficulty in obtaining funding. Other barriers to entry/growth cited include human capital (high cost of insurance, payroll taxes, worker's comp etc.); regulatory burdens and technology challenges. Challenges with financing were also reflected in a recent entrepreneurial survey by the National Association of Women Business Owners: more than three quarters (78%) of their respondents did not seek a new or extended line of credit in the past year; and although half of that number indicated they did not want additional credit, 32% did not think they could get credit if they tried.⁵

⁴ Veteran Women-Owned Businesses fact sheet, National Women's Business Council 2012. <http://www.nwbc.gov/sites/default/files/veteran%20%20women-owned%20businesses%20general.pdf>

⁵2013 State of Women Owned Business Survey Finds Optimism Pervasive. National Association of Women Business Owners. http://nawbo.org/content_17104.cfm.

An important question for further study is whether the high percentage of women not accessing outside financing have been unsuccessful in obtaining funding or have not applied for financing. The suggestion that gender impacts women small business owners in either credit application approval and/or credit opportunities demands further research.

Mentoring matters: Half the respondents (50%) indicated mentoring is important to their success as small business owners. Another 37% have helped someone by serving as a mentor. More information on avenues for women small business owner mentorship, duration and quality of mentoring, as well as strategies for success in mentoring relationships will be collected through additional research.

Income and job satisfaction goals rate high: Generating full-time income (46%) and achieving personal job satisfaction (50%) were cited as the main reasons women start their own business, and greater flexibility (43%) was also a key driver. Despite these goals, 20% generate \$5k or less annually, and only 15% generate annual revenue in the \$100-\$249k range annually, suggesting that the top barriers to growth deserve further attention. As we develop additional research, we will look to explore the balance between financial success and job satisfaction, recognizing that the impetus for women to become small business owners is often not pinned to generating full-time income.

Technology plays an important role: Results from the 2011 BPW Foundation Women in Technology Broadband Report⁶ indicated women business owners and self-employed women use high speed technology to build their businesses through marketing. However, they readily admitted they are not always aware of what they should be learning/doing to improve efficiency, advance, and maximize their results. That analysis is reinforced by these survey results: Almost half of the women business owner respondents “strongly agree” (48%) that technology is important to their business, and 22.6% cite the inability to afford or keep current with technology as a barrier to entry or growth.

Women Veterans are under-utilizing available benefits: Of the 8.8% of survey respondents who are women veterans, only 0.8% utilized military/veteran loans or grants for small businesses. It is unclear whether women veterans are unaware of these resources, unable to complete the loan/grant process, or under-awarded resources, and we will augment our learning with future studies. It is important to note that previous BPW Foundation research from the 2010 Summit report on Women Veterans⁷ found that, despite their unique skills and traits that position them for success in small business, women veterans are underrepresented among business owners. As noted in the Summit report, given the importance of small businesses to the U.S. economy (50% of all non-farm gross domestic product and 99.7% of employer firms), women veterans are a potential entrepreneurial force that should not be overlooked.

⁶ Women Are Always On: Broadband Survey Results, May 2011. Business and Professional Women’s Foundation. http://bpwfoundation.org/documents/uploads/Internet_Survey_Release_Final.pdf

⁷ Joining Forces for Women Veterans Inaugural Summit Report, January 2011. Business and Professional Women’s Foundation. http://bpwfoundation.org/documents/uploads/JFWV_Final_Summit_Report.pdf

III. Recommendations

- A. **More emphasis on creating/raising awareness of financing options, and increasing utilization of these opportunities for women small business owners.** It is clear from this survey and other data that women are not utilizing and/or are not aware of important sources of funding and capital such as SBA grants or loans, bank/credit union financing, and veteran-oriented small business loans. BPW Foundation is continuing its work with private financial and government institutions to provide outreach and education resulting in increased usage of “outside” financing for women small business owners.
- B. **Greater education and awareness of small-business opportunities for women veterans and military spouses.** Although the percentage of respondents in this survey roughly corresponds with the overall percentage of women veteran business owners, there is tremendous room for growth.
- C. **Promotion of and access to mentoring among small business owners.** Half of the survey respondents underscored the importance of mentoring, and 41% requested more information on mentoring.
- D. **Create channels for technology education and utilization:** to update and educate women small business owners about how technology can help them grow and expand their businesses.

BPW Foundation will continue to work with private and public partners to expand resources and opportunities for women small business owners, including women veterans, military/veteran spouses, and caregivers of wounded warriors. We welcome your feedback and suggestions. For more information on this survey or related follow-up efforts, please contact Karen Montagne, Project Director, BPW Foundation, kmontagne@bpwfoundation.org, (202) 777-8972, or visit www.bpwfoundation.org.