

# **Women Entrepreneurship in the 21st Century**

United States Department of Labor  
Secretary Elaine L. Chao





The Women Entrepreneurship in the 21st Century Conference was sponsored on March 18-19, 2002 by the Department of Labor's Office of the 21st Century Workforce, Public Forum Institute, U.S. Small Business Administration, and White House Office of Public Liaison. In addition to this text, a Web cast can be viewed at [www.women-21.gov](http://www.women-21.gov).

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## FOREWORD

**U.S. Secretary of Labor  
Elaine L. Chao**

The March, 2002 Women Entrepreneurship in the 21st Century Conference was a great success, drawing over 1,200 attendees to Washington and thousands of others who joined us via satellite from around the country. It was gratifying to welcome such a distinguished group of women gathered to celebrate entrepreneurship as their path to professional success. This book is a record of the Conference proceedings.

The message is clear: Small business generates two-thirds of all new jobs in the United States, so it makes sense to focus on entrepreneurship and the bright, accomplished and hard-working women who are such an important part of it. Women entrepreneurs across America are second to none and willing to compete in any arena. It is vital for government at all levels to promote policies and programs offering every opportunity for continuing success. As keynote speaker President George W. Bush put it, "When it comes to entrepreneurship and job creation, ours is an increasingly woman's world."

I am proud to support women with the talent and drive to launch their own businesses, and hope this book is a valuable resource for entrepreneurs and public policymakers alike.



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## FOREWORD

**Director  
Office of the 21st Century  
Workforce  
Shelley S. Hymes**

On behalf of the Office of the 21st Century Workforce, I am pleased to present a record of the extraordinary success of the Women Entrepreneurship Summit in Washington, D.C. in March, 2002. This publication highlights not only the findings, speeches and workshops of this very special event, but recaptures the strong feelings generated and the outstanding opportunity for women to network with other professionals and share their views with government policymakers.

Women have been shaping their own destinies in the business world, and the numbers tell the story. In addition to accounting for nearly half the American workforce, women are establishing their own businesses at twice the rate of other U.S. firms. Through their tireless enterprise, women are now a driving force in generating new jobs and contributing to excellence in business.

It is a special honor to be part of an Administration that recognizes this fact. As President George W. Bush has said, "We must foster policies that reward, not punish, entrepreneurship, work and creativity." Small business is the path to success for many American women, and we must do all we can to help them on their way. This book is part of that effort.



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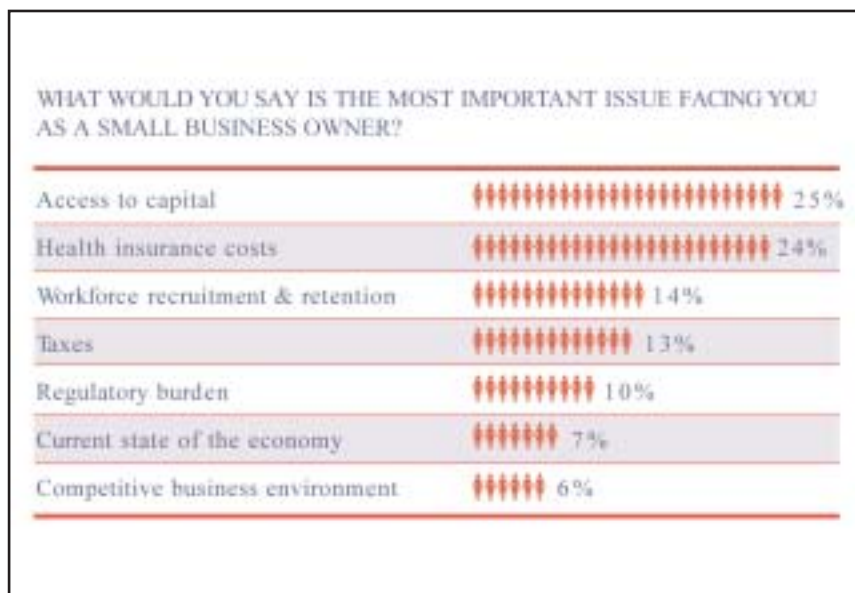
## **EXECUTIVE SUMMARY**

The power, optimism and influence of women were all part of the Women Entrepreneurship in the 21st Century conference on March 18-19, 2002. More than 1,200 women entrepreneurs from across the United States gathered in the nation's capital for an unprecedented conference hosted by the U.S. Department of Labor, the Public Forum Institute, U.S. Small Business Administration, and White House Office of Public Liaison. The Conference gave women entrepreneurs the opportunity to voice opinions about issues affecting their businesses and hear from leaders in government and the private sector regarding initiatives to help them do what they do best: innovate, create jobs, and contribute to the strength of the American economy.

### **WOMEN ENTREPRENEURS GET DOWN TO BUSINESS**

The first day of the conference convened with a welcome luncheon for all delegates. After an introduction by Jonathan Ortman, president of the Public Forum Institute, highlights included an opening address by U.S. Secretary of Labor Elaine L. Chao. "As the woman in America most preoccupied with jobs and unemployment," Secretary Chao described her role and set the tone for the conference, encouraging women entrepreneurs to express their opinions and ideas at every opportunity. Attendees were helped in this regard by the Public Forum Institute's cutting edge technology known as eForum, using keypads to facilitate interactive question and answer communication with all participants.

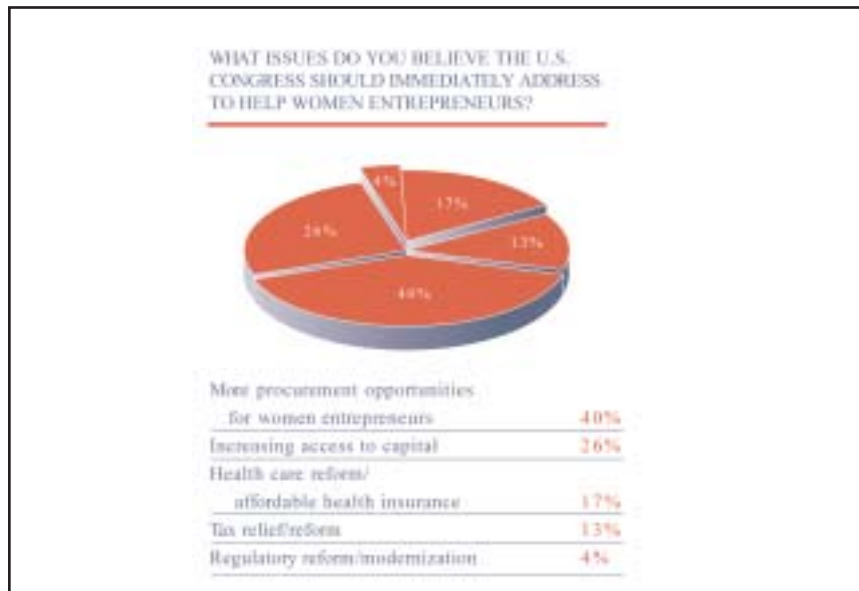
## Women Entrepreneurship in the 21<sup>st</sup> Century



Data collected from summit participants using eForum audience response technology

Workshops were conducted on the topics most important to women entrepreneurs, including access to capital, trade, affordable health care, taxes, access to government procurement, gaining media exposure, work-life balance, trends in technology and retirement security. The sessions were also supplemented by the use of eForum real-time participant surveys with instantaneous results displayed for all attendees. This gave conference organizers and speakers direct feedback on the most pressing issues, as well as opportunity to express concerns about the business climate in which women entrepreneurs operate.

## Women Entrepreneurship in the 21<sup>st</sup> Century

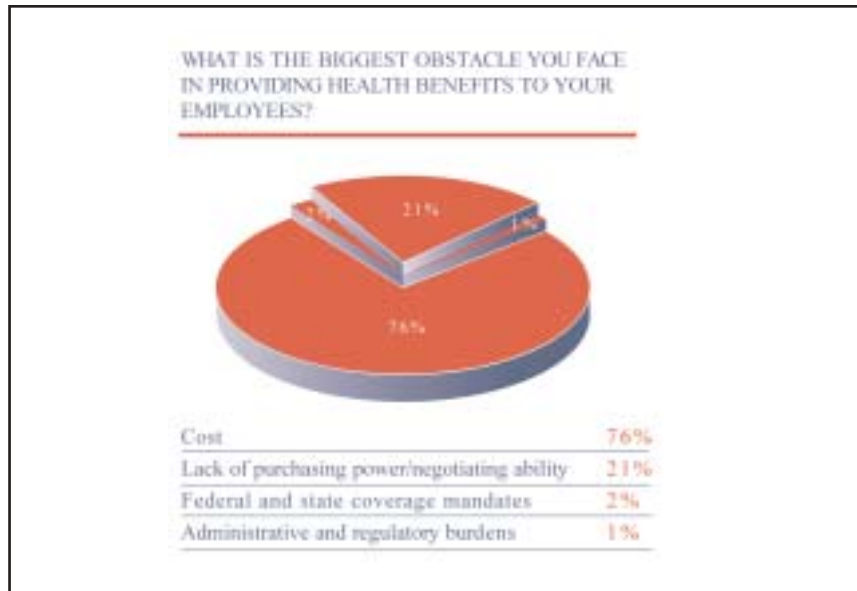


Data collected from summit participants using eForum audience response technology

### Health Care Costs Unsustainable For Women Entrepreneurs

The affordability of health insurance is a major issue. Women entrepreneurs expressed concern about the rising costs of health care for their employees and themselves, and support proposals giving business consumers more flexibility and power in the marketplace. For example, many attendees expressed support for measures that give small employers the opportunity to join together to negotiate more affordable health insurance prices, with 96 percent maintaining this approach would make a difference in decisions to offer health care coverage to employees.

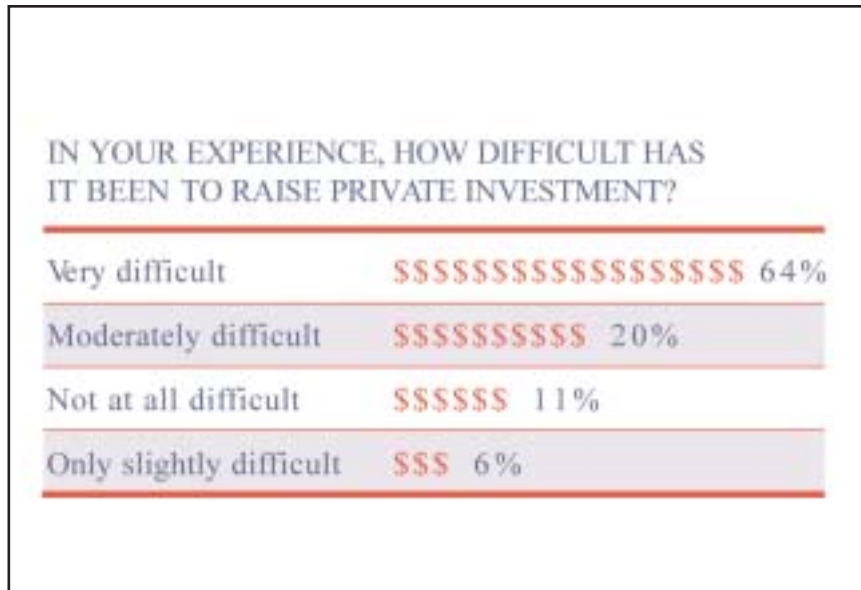
## Women Entrepreneurship in the 21<sup>st</sup> Century



Data collected from summit participants using eForum audience response technology

Workshop participants discussed a number of options to help women entrepreneurs deal with rising costs, many of which President Bush advocated in his keynote address. Developing association health plans for small businesses, making tax-preferred medical savings accounts permanent and offering tax credits to the uninsured were top recommendations.

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Data collected from summit participants using eForum audience response technology

### **Access To Capital: A Key Challenge for Women Entrepreneurs**

As noted, the capital crunch – where to procure funds to expand and grow business – is the top concern of women entrepreneurs. Venturing for Capital when the Pool Is Shallow was a popular workshop. Experts leading the workshop agreed that strengthening and fully understanding business financials was key to attracting working capital. Access to capital was also among the priorities that attendees felt Congress should address on behalf of women entrepreneurs.



## Women Entrepreneurship in the 21<sup>st</sup> Century



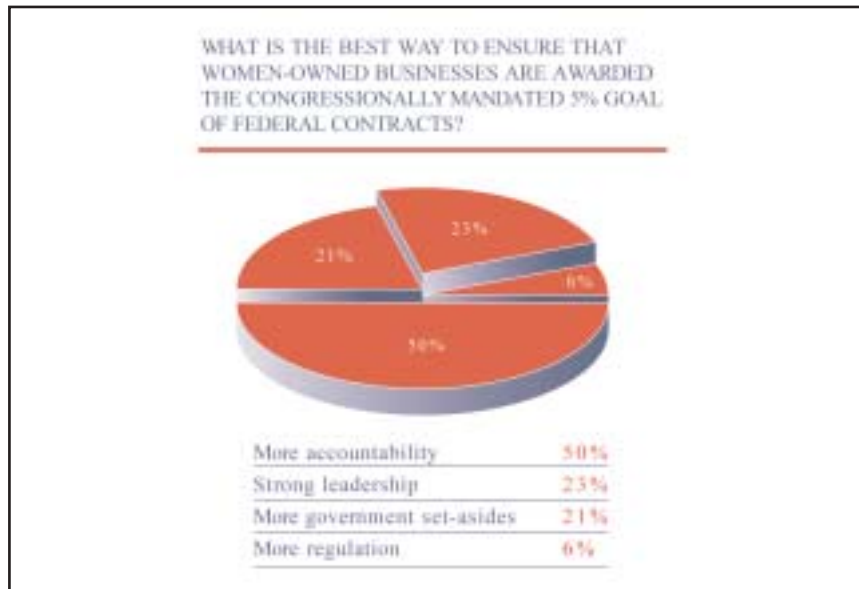
Data collected from summit participants using eForum audience response technology

### Making The Federal Government Small Business Friendly

The federal government purchases \$200 billion in goods and services each year, and women entrepreneurs are seeking more opportunity to compete in this market. Winning government contracts was an important topic among conference attendees, with 79 percent maintaining that the current system discourages small entrepreneurs. As noted, many attendees felt that the issue was so crucial that procurement opportunities for women entrepreneurs should be the top business issue for Congress.

Panelists leading the workshop entitled Open the Doors To New Markets: Doing Business with the Government encouraged women entrepreneurs to become certified contractors and use it as a tool to win contracts. Basic sales skills – persistence, selling yourself, and finding market niches – are vital to obtaining federal contracts, and procurement professionals cited growing opportunities for women-owned firms. Twelve agency representatives were present to provide a contact point within their agencies on procurement questions.

## Women Entrepreneurship in the 21<sup>st</sup> Century



Data collected from summit participants using eForum audience response technology

In the executive branch, President Bush has ordered the Office of Management and Budget (OMB) to review agency contracting procedures and suggest ways to promote open competition. In addition, OMB will adopt policies to streamline the appeals process for small firms that may be unfairly denied government contracting opportunities.

### **Tax Code Complexity Challenges Women Entrepreneurs**

Many attendees participated in a workshop entitled, The Taxman Cometh. Panelists answered questions ranging from specific provisions in last year's tax bill, to general questions about where a women entrepreneur could go for help. They were encouraged to use the Taxpayers Advocate Office at the Internal Revenue Service (IRS) as a resource if they encounter problems understanding the tax code. IRS officials offered an update on efforts to bring government and industry groups together to identify and solve problems facing women entrepreneurs. Strong sentiment for a simpler tax code surfaced at the workshop.

### **Women Entrepreneurship in the 21<sup>st</sup> Century**

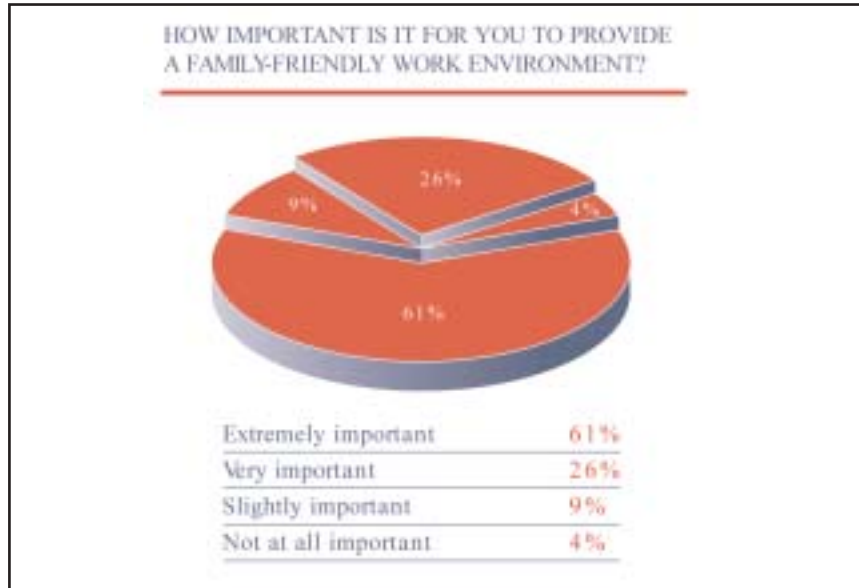
The IRS has announced simplified cash-accounting rules that will reduce confusion for over 500,000 small business service providers, many of which are women-owned.

### **Entrepreneurship Is A Tough Balancing Act**

Women entrepreneurs not only run their businesses, they often manage their families and fulfill community and other responsibilities as well. Balancing work and family commitments is a special challenge for women entrepreneurs, particularly in small firms where the unplanned absence of the owner or one employee can precipitate a crisis. With work and family demands often in conflict, flexibility is integral to the modern workplace.

Secretary Chao underscored the importance of recognizing the changing dynamics driving the needs of women in the workplace. Since balancing work and family life is increasingly difficult for women, Secretary Chao noted that she is striving to make policy changes that provide women entrepreneurs and their employees more options to deal with work-life demands. Today's highly mobile and entrepreneurial workforce, and the multiple demands it places on women and women entrepreneurs, requires modern thinking by government policymakers. Secretary Chao affirmed her commitment to modernizing workplace rules to allow for the flexibility women entrepreneurs and their employees need.

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Data collected from summit participants using eForum audience response technology

### Women Entrepreneurs Going Global

The workshop entitled Grow and Innovate Through Trade featured government and private sector resources that women entrepreneurs can utilize to pursue export markets. Panelists and participants identified challenges to women entrepreneurs such as frustration with customs procedures, unfamiliarity with foreign currency, and confusing regulations governing overseas markets. Participants were encouraged to look closer at opportunities in international trade as more countries around the world adopt sound economic principles, rule of law, and transparency in business transactions.

Thanks to technology and growing demand for U.S. products and services overseas, more women entrepreneurs are doing exactly that. Today, 13-15 percent of women owned firms are involved in international trade, and small firms with fewer than 20 employees account for two-thirds of total U.S. businesses engaged in exporting.

### **Women Entrepreneurship in the 21<sup>st</sup> Century**

Workshop panelists and many participants also expressed the view that the Administration should have the tools necessary to make it easier for women entrepreneurs to export services and products, most notably trade promotion authority. Various participants felt that restoring this important negotiating tool would open more foreign markets to U.S. products and services, as well as reduce barriers that discourage women entrepreneurs from pursuing sales overseas.

### **Retirement Issues For Women Entrepreneurs**

The conference workshop, *Financial Security: A Look at Investment Choices for Retirement Security*, addressed provisions of the tax code that women entrepreneurs should aggressively utilize in planning for retirement. Keogh and SEP plans, as well as changes enacted in the tax bill signed by President Bush, were highlighted. Panelists and many of the participants indicated that more education and outreach would spur use of these plans.

The recommendations of the President's Commission to Strengthen Social Security were a major workshop agenda item and generated strong interest. Attendees focused primarily on personal savings accounts as a way to enhance the long-term integrity of the Social Security system. Consensus was reached on some broad retirement issues, including the recommendation that women entrepreneurs play a proactive role in funding their retirement and the need to educate employees on retirement planning options.

## Technology: Helping Women Entrepreneurs Succeed

The workshop, Trends in Technology: What's New, What's Affordable and What Works, covered issues general and specific to technology. Certainly, technology is changing the way the business world operates and offers tremendous opportunities for women entrepreneurs. Still, rapid change challenges businesses that must upgrade technical capacity, but fear that new investments will quickly become obsolete. Panelists discussed a range of products and services available to small business, and urged women entrepreneurs not to be preoccupied with where technology is going, but focus instead on what they need to stay competitive in a changing market. Some issues like online communication and a storefront presence on the web are increasingly critical for business credibility or even essential to doing business at all.



Data collected from summit participants using eForum audience response technology

Computer security is also a major business issue for women entrepreneurs. Panelists emphasized that computer “firewall protection” is becoming essential to all firms as unauthorized use of a company’s information network is on the rise. While perhaps rare for smaller firms, security is a costly issue for businesses of any size when hit by a random attack of this nature. Panelists encouraged women entrepreneurs to develop written security policies, as well as backup recovery plans.

### **President Bush Reaches Out To Women Entrepreneurs**

The Women Entrepreneurship in the 21st Century Conference was an occasion for President George W. Bush to highlight Administration programs and policies on behalf of small business, and express his thanks to women entrepreneurs for their key role in job creation and contributions to business vitality. The President's appearance was the highlight of the Conference as he shared his goals for the economy, as well as the country's safety and security. In recognition of the challenges faced by women entrepreneurs, President Bush outlined a series of proposals that directly address top issues cited by women entrepreneurs. He announced a plan for a more affordable and competitive health care system, including easier access to association health plans, tax credits for the uninsured, and expanded availability of medical savings accounts.

The President pledged that Administration policies and programs will encourage greater inclusion of women-owned businesses in federal procurement, seek permanent and immediate death tax repeal, and increase expensing deductions for businesses. He also cited efforts to streamline the tax system and address the number one concern expressed by attendees: access to capital. The net effect of these proposals will allow women entrepreneurs to keep more of their own resources and expand opportunities to invest in and grow their businesses.

### **Advancing The Women's Entrepreneurial Revolution**

The excitement of the Women Entrepreneurship in the 21st Century Conference continues to echo in Washington. "It is outstanding that so many women from so many different backgrounds were willing to transcend culture, politics and

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occupation to help make this conference a success,” said U.S. Secretary of Labor Elaine L. Chao in her closing remarks. She announced that the Conference is only the beginning of a long-term dialogue with women entrepreneurs, and urged attendees to stay in touch so that barriers to women entrepreneurship identified at the conference will be overcome. “Those of us in the government want to help you stay at the top of your game,” said Secretary Chao, “but you may have to shout now and then to get our attention. Never let government hold back your revolution.”

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## CONFERENCE PROCEEDINGS OPENING SESSION

### JONATHAN ORTMANS, PRESIDENT, PUBLIC FORUM INSTITUTE:

Welcome! You are a very powerful group of people. We at the Public Forum Institute are very proud to be associated with you and to be working hard to address the issues that are important to you. You are a driving force in the economy and our organization will follow-up after this event in order to continue this dialog beyond today.

We are going to begin by hearing from you. You will notice in the center of your table there is a keypad device. We at the Public Forum Institute call this eForum. I am going to ask you to pick up a keypad and let us know some of your opinions on a couple of issues.

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First of all, how long have you owned your business? Is it: I am considering or in the process of starting a business; less than one year; one to five years; six to seven years; eight to ten years, or more than ten years? How long have you owned your business? And if you do not own a business or you are not even considering it, do not vote.



Data collected from summit participants using eForum audience response technology

I do have one very important comment that I would like to make. According to the Kaufman Center for Entrepreneurial Leadership, while you own between one-third and one-half of all small businesses, you only get about 5 percent of the venture capital. Secondly, while federal laws require that 5 percent of government contracts go to women-owned businesses, the percentage of contracts currently going to you is closer to 3 percent. So there is a lot of work to be done.

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I would like to ask you to join me with a special recognition for Secretary Elaine L. Chao, the Department of Labor, and the entire Administration because it was their decision to bring this group together. They are the ones that have recognized that you are extremely important to the future of the American economy, and I think we should all join in thanking them for convening today's Summit. Thank you.

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### ADDRESS

*“Throughout my life, I have met women entrepreneurs and what always impressed me is their dedication, hard work and sense of purpose, of overcoming obstacles and achieving great personal success. But for far too long, the contributions and concerns of women entrepreneurs have gone unheard or unnoticed. I am here to say that this is one Cabinet Secretary and one Administration that does not take you for granted.”*

**- Secretary of Labor Elaine L. Chao**

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### INTRODUCTION

**BO DEREK, ACTRESS:** Good afternoon. It is a pleasure for me to join you for this very special event and an honor to introduce to you a very talented, bright, and caring person and a true superstar on the Bush team, U.S. Secretary of Labor Elaine L. Chao. Entrepreneurship is about leadership and Elaine Chao is one of America's great leaders. Most of all, Elaine is a role model to working women and a true embodiment of what this conference is all about. As former head of the United Way of America, Elaine restored public trust in one of our country's largest private charitable organizations.

As Director of the Peace Corps, she has steered a new and broader course for a program representing the idea of America that is caring and humane. In her distinguished career in government and the private sector, Secretary Chao has demonstrated her commitment to public service. Her own

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experience has given her real appreciation for the American dream, because she has lived it since coming to America when she was eight years old. I know that this is one reason why we are here today – to help achieve our own dreams as women and entrepreneurs in this great country, which is famous for giving so many the opportunities to make their dreams a reality.

It is an honor for me to introduce this woman of great accomplishment, great heart, and great patriotism who is doing so much for all of us. Ladies and gentlemen, one person can make a difference, and we have her with us today.

Please join me in welcoming United States Secretary of Labor Elaine L. Chao.

#### **U.S. SECRETARY OF LABOR ELAINE L. CHAO:**

Welcome! Thank you, Bo, for that very nice introduction. Thank you all so much for coming to this Conference on Women Entrepreneurship in the 21st Century.

This conference is cosponsored by the Small Business Administration and the Public Forum Institute. Isn't this a great way to celebrate Women's History Month? The wealth of experience, the talent and the raw energy gathered in this room today is enough to power the Dow, the NASDAQ and the GNP to new heights. It is outstanding that so many women from so many different backgrounds are able to be here today and willing to transcend culture and politics and occupations to make this conference a great success. We are especially encouraged that so many of you are willing to take the time to attend today's workshops and panels.

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I also want to especially welcome the 51 women with us today from New York City. These are wonderful, courageous, persistent women who have done so much under tough conditions following September 11. I want them to stand so we can all tell them how much we love them and how much we admire them. Will you please stand for us? We are glad you are here.

Throughout my life, I have met women entrepreneurs and what always impressed me is their dedication, hard work and sense of purpose, of overcoming obstacles and achieving great personal success. But for far too long, the contributions and concerns of women entrepreneurs have gone unheard or unnoticed. I am here to say that this is one Cabinet Secretary and one Administration that does not take you for granted. We want to learn more about your interests. We want to listen to your concerns. We want to help you as women successfully meet the challenges of a global economy. We deeply appreciate your drive to become champions of free enterprise, the benefits that you bring to our communities, and we share your desire to own a piece of the economy and the American dream. That is what this conference is all about – listening and learning from one another.

As it turns out, this conference could not have come at a better time for entrepreneurs. This conference is about tough, smart, and determined women like you, boosting sales, producing more goods and services, and putting people back to work on the shop floor, sales aisles, and also in office cubicles. It is the jobs that you create that will help pull us further out of this bin Laden recession. We are counting on you, America's women entrepreneurs, to be today's driver of economic development and prosperity.

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How many of you are actually planning to hire people in the coming months? It is time to use those keypads that Jonathan was talking about. I will wait while you answer that question. One is yes. Two is no. Three is unsure. The majority of people are. So whatever the number that shows up on the board today, I think this much is certain: With the signing of the President's new economic security package, you will soon be putting people on the payroll. After all, women-owned businesses create jobs faster than anyone else. You continue to grow at twice the rate of U.S. firms, with one in five women-owned firms now run by women of color and minority women. Altogether, privately held women-owned firms employ over nine million workers and generate nearly \$1.5 trillion in sales. Very impressive.

Those of you in this audience know none of this comes easily. There are tremendous financial and personal risks involved in becoming an entrepreneur. The conference workshops that we have developed will help you navigate some of the uncertainties and challenges that are a part of today's 24 hours a day, 7 days a week economy.

We have federal tax code workshops to help guide you through the maze of government contracting, and sessions on how to navigate your way in overseas markets. We also have presentations on how to cope with rising healthcare costs and the shrinking pool of venture capital. Studies show that women may own 40 percent of all businesses, but receive only 5 percent of all venture capital funds invested in new businesses.



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To help you find some angel investors and create the same powerful networks as your male counterparts, we have also scheduled a number of professional networking opportunities, including a reception this evening and tomorrow's Q and A session with leading women members of Congress. I know you will enjoy that.

Once again, welcome and thanks for coming.

\* \* \*

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OFFICIAL PHOTO, U.S. DEPARTMENT OF AGRICULTURE

### ADDRESS

*“Agriculture, like all parts of the economy is changing, primarily due to the impact of technology. Whether it is information technology that is affecting every business, or technology that assists in giving the consumer what he or she wants, a consumer-driven food chain has evolved in large part because of the role of women today in the workplace.”*

**- U.S. Secretary of Agriculture Ann Veneman**

## INTRODUCTION

**U.S. SECRETARY OF LABOR ELAINE L. CHAO:** If there is one person that you have to meet, it is our next speaker. I am so proud of her. Secretary of Agriculture Ann Veneman is a wonderful person. She has a deep understanding of the risks and rewards of owning your own business. She grew up on a family farm in a rural community in California and she has spent much of her life dedicated to advancing the needs of ranchers and farmers.

Earlier in her career, Ann served as the United States Department of Agriculture's Deputy Secretary. She was also the Associate Administrator of USDA's Foreign Agricultural Service. Recently, as Secretary of the California Department of Food and Agriculture, she managed the programs and services for the nation's largest and most diverse agricultural-producing state. Secretary Veneman has played a key role in eliminating trade barriers and also in expanding opportunities for America's farmers in overseas markets. She is on the front lines of strengthening America's farms and protecting ranches from disease and other threats to our nation's heartland.

Please join me in giving a hearty welcome to Ann Veneman, the U.S. Secretary of Agriculture.

**U.S. SECRETARY OF AGRICULTURE ANN VENEMAN:**

Thank you so much, Elaine, for that very kind introduction. This conference really is about networking, and Secretary Chao deserves a tremendous amount of credit for having the vision to put together all of you to network. I want to tell you a story about Elaine Chao and how she reached out to me

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in a networking way early on, when I became the Deputy Secretary of Agriculture in 1991. She was then the Deputy Secretary of Transportation and she was one of the first people to call me and say, "Come over for lunch. Let me talk to you about what it is like to be in a number two spot, and as another woman as well." I always have so appreciated that fact and appreciated her willingness to reach out. That really is what women are so good at and women are all about.

It is, as Secretary Chao says, a tremendous honor to serve in this outstanding Cabinet that includes several women. She mentioned those of us who were in the Cabinet. But then you look throughout the rest of the Administration as well, whether it is National Security Advisor Condoleezza Rice or a whole host of other women not at the Cabinet level, many of whom you are going to hear from throughout this conference. I saw your program and I think you will have a tremendous opportunity to meet the true talent, particularly of the women, who are in this Administration. We have put many women in our sub-cabinet positions in the USDA. I have Mary Waters with me today, who is our Assistant Secretary for Congressional Relations.

A lot of people do not know much about the U.S. Department of Agriculture. They think we just are sort of single mission oriented in terms of helping agriculture, and we do a lot of that. But we have a yearly budget of about \$76 billion. Just to give you some idea, it is the largest budget after Social Security debt service, Health and Human Services and Defense; \$76 billion is larger than the gross domestic product of 15 countries, including Ireland, New Zealand, Hungary, and Bolivia, to name a few. If we were a corporation, it would rank sixth in terms of budgets, a little bigger than IBM and a little smaller than GE.

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A lot of people do not realize that we have under our jurisdiction the U.S. Forest Service, which includes the largest fire department in the world. It also includes Smokey the Bear. My niece used to like to tell people that I was Smokey the Bear's boss. We are also the sixth largest lender in the country. We are responsible for the nation's meat and poultry supply and we have another great woman, Elsa Murano, who is heading that area. We run one of the largest poverty and hunger programs in the country. We administer all the food stamp programs.

So, Agriculture has a broad mission and is very important to everything that we do. This week, as we celebrate the first week of spring, we are also celebrating National Agriculture Week, recognizing the importance of the food system and how important it is to everyone's daily life. As the President often says, "You eat, so you are part of agriculture." Our U.S. food and agriculture system provides 21.1 million jobs in the U.S. Today, women operate nearly 15 percent of U.S. farms, which is up substantially in the last 15 years. Women are growing in terms of their involvement in a number of other areas of the food chain. In terms of marketing, research, and trade associations, more and more women are in leadership roles, including this year the first time a woman has ever headed up the National Association of Farm Broadcasters.

Agriculture, like all parts of the economy is changing, primarily due to the impact of technology. Whether it is information technology that is affecting every business, or technology that assists in giving the consumer what he or she wants, a consumer-driven food chain has evolved in large part because of the role of women today in the workplace. We want a product that is ready to eat, so we see packaging technology that

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is giving us exactly that, whether it is bagged salads, which we did not even see on the supermarket shelves 10 or 12 years ago, baby carrots, or fresh fruit slices. We are going to see tremendous changes in our food system as a result of biotechnology, the ability to map the human genome and begin to match certain aspects of food with human health. We will see functional foods, nutraceuticals, and a convergence of pharmaceutical and agricultural biotechnology for the betterment of human health.

This first week of spring also marks something completely different, and that is the beginning of the school year for children in Afghanistan. For many girls, this will be the first time they have been in a classroom. Under the Taliban, it was a criminal act to educate girls and women over the age of eight years old. The women's university was shut down. A few months ago, the President called on U.S. children to give to the children of Afghanistan as they prepared to go back to school, through the American fund for Afghan children. American children have raised over \$4.5 million for school supplies and playground equipment. I commend to you a Web site link on the White House Web site that shows what some of these kids around our country have done to help the children of Afghanistan.

The reality is that before America went to war, Afghanistan was already at war - a war in which approximately 10 million women had been attacked and besieged in a most inhumane manner. Under the Taliban, Afghan women were banned from speaking or from laughing out loud. In addition to being denied education, Afghan women were denied basic healthcare. They were killed on the suspicion of adultery. As many as 50,000 women widowed during the long course of a civil war were forbidden from working. They were reduced to selling their

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possessions and begging in the streets for themselves and for their children. There was a reporter on the ground in Afghanistan who summed it up this way: "It is hard to find a woman in Kabul who does not remember a beating at the hands of the Taliban." When someone asks you why we are at war in a remote corner of the world, remember these examples and remember the women. We are fighting to defend the rights of women and children, and in one country, Afghanistan, we are fighting to ensure that women once again are a force in that nation's society. Before the Taliban came to power, 70 percent of Afghanistan's teachers were women and 40 percent of the doctors in that country's capital.

As Secretary Chao said, this month is Women's History Month. As this conference is being held this month in celebration of Women's History Month, we should also celebrate the rebirth of these women halfway around the globe.

I want to thank you all for asking me to join you today. I wish you a very successful conference and God bless all of you.

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OFFICIAL PHOTO, U.S. DEPARTMENT OF LABOR

## ADDRESS

*“There is certainly room to celebrate the evolution in our society that has gradually made it possible for women to start businesses and succeed, for women to enter the workforce in any capacity they choose, for women to become educated in any field about which they may dream, for women to run for office and serve the public at any level, and most importantly, for women to realize that they do not have to choose between having a family and having a career. We know that we can do both.”*

**- U.S. Representative Jennifer Dunn**



## INTRODUCTION

### **JONATHAN ORTMANS, PRESIDENT, PUBLIC FORUM INSTITUTE:**

I am very pleased to welcome our next leader to the stage. I was very fortunate when I first came to Washington in the mid 1980s to get a chance to work on the Ways and Means Committee. One of the reasons I was fortunate in doing that was that I grew up overseas. They told me when you come to Washington, if you want to work in the House of Representatives on the staff, the place to work is for somebody who serves on the Ways and Means Committee. And I said, "Why? Taxes. That doesn't sound very interesting. What about foreign policy or something really interesting?" I learned very quickly that the real power behind the United States Congress resides in many of these tax-writing committees.

So it is with great pleasure that we are going to be hearing now from not only one of our nation's finest political leaders, but we are also going to be hearing from a leader on that Committee. I am pleased to welcome today Congresswoman Jennifer Dunn. She is in her fifth term in the U.S. House of Representatives. She is from Washington State and represents the 8th Congressional District. She is only the fifth woman in history to serve on the powerful Ways and Means Committee, which has jurisdiction over Social Security, trade, taxes, and Medicare. She is also the first woman of either party to run for Majority Leader of the U.S. House of Representatives, which tells you what a person she is in terms of breaking new ground.

As a member of the Ways and Means Subcommittee on Trade, she is an acknowledged expert on trade matters and served

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as a member of the whip team for trade promotion authority, which was a major discussion here in Washington over the past few months. Congresswoman Dunn is the principal author of the bill to repeal the death tax. She is the co-author of the historic 1996 welfare reform law. I should mention that she has two successful sons, Bryant and Reagan. We have got to talk about the boys every now and again that she raised as a single mother.

Please join me in a warm welcome of one of our nation's truly astounding leaders, Congresswoman Jennifer Dunn.

**U.S. REPRESENTATIVE JENNIFER DUNN:** Thank you very much, Jonathan. It is a delight to be here with you today. Some people think of Washington, D.C. as the most powerful city in the world, and others think of Washington, D.C. as 25 square miles surrounded on all sides by reality. Whichever way you look at Washington, D.C., we are happy to have you here with us today.

Today, women-owned businesses constitute one of the fastest growing segments of the United States economy. There are nine million women who share the very same entrepreneurial point of view that all of you in this audience do today. So, I would say that there is certainly room to celebrate the evolution in our society that has gradually made it possible for women to start businesses and succeed, for women to enter the workforce in any capacity they choose, for women to become educated in any field about which they may dream, for women to run for office and serve the public at any level, and most importantly, for women to realize that they do not have to choose between having a family and having a career. We know that we can do both.

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With these exciting advancements in opportunities come adjoining challenges, and this is what I want to talk to you about today. As King Henry VIII said to his third wife: "I will not be keeping you long." But I do think it is very important for us to talk to you about what is happening on Capitol Hill. When I look out the window of my Longworth Office Building, I see the United States Capitol. It is a marvelous view. On top of that Capitol is the Statue of Freedom. I will just tell some of you who have not had a chance to go up on the Hill yet that the most amazing sight you can ever have is just at dusk, when the sky is not quite dark and the lights come on around the Capitol. It is as if it were a dream. It is my very favorite view.

Now, if I look straight at the Capitol, turn my head to the left and look down Independence Avenue, I cannot quite see the White House. What I want you to know is there is somebody there who is like a dream to us in our goals – the goals that we are seeking as women in business. This is a President who has brought integrity back to the White House. It is a great relief. When I first met him in Austin, Texas two and a half years ago, in late 1998, one of the judgments that I placed on him was the respect he held for his wife. I saw that at a dinner conversation and I have seen that consistently with George W. Bush as he moved through the election campaign and now has served for a year and a half in the White House. I am very proud of him. He respects women. He respects our values. He does not forget us, something that men sometimes do. He listens to us when we are at the table; something that sometimes men do not do. He is there. He believes in the best and the brightest among us.

These are the women that you have heard from, the women that you are going to hear from in the next 24 hours, and

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then, of course, as you hear from him tomorrow at noon. I think he is a very important person for us in our goal to strengthen the place of women in the workplace. He is very aware of our challenges, and he is aware of the priorities we have in our lives – the priorities, for example, of peace of mind, personal security, doing the best job we can do in our lives to provide for our children, the difficulties we sometimes run into in the workplace, in my position in a male-dominated Congress of the United States. He is focused on these in his agenda.

I am going to talk about the view from the Hill and I want to touch on three main areas where I believe you have interest, and where we women, certainly as your representatives on the Hill, are working in cooperation with George W. Bush.

I am on the Ways and Means Committee. What do we do? The three things I am going to talk to you about today are areas where my committee actually has control: tax policy, welfare reform, and reform of the Social Security system. I have a really strange interest in tax law. I am sure some of you do, too. You are probably CPAs, and it is your business. But as you begin to work through tax law, you also begin to do a translation of how this law affects women in business around the country. So let me take one particular form of tax relief that we worked on for many years that we accomplished last year and that the President signed into law last June, with the rest of the tax proposals that we were able to provide for folks around the country. This is the estate tax.

What we were able to accomplish last year was to get the repeal of the estate tax in law. Unfortunately, because of a little glitch, a little parliamentary procedure that occurred in the Senate, the repeal of the estate tax, which will be phased in over the next

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eight years, will sunset. The tax will come right back in October 1, 2010. It is a horrifying thought, but we were not able to get the 60 votes in the Senate, so that is the reality of what will be happening right now. So, obviously, my bill will repeal it permanently.

Let's spend a minute looking at the estate tax and asking ourselves why this is such an important obstacle for women starting businesses. Let me tell you that unfortunately, the death tax can impose a tax rate that is as high as 55 percent. We began to phase that out with last year's bill, so this year it is 50 percent. Can you imagine working through your whole life – blood, tears, time, dedication, risk with your business – and then at the time of your death, which is usually not predicted in any person's life, half of what you have earned goes to the government? That is the reality of the estate tax as it stands right now. And it hurts you more than it hurts other people.

One of the reasons is that inheritance is one way you get those private dollars to finance a business. If you look into some of the surveys done among business people, you will find out that women use personal funds to a much greater degree when they are starting a business. Often, those funds come from inheritance. I think it is very sad for the government to say we deserve 55 percent just because the head of the household died. It is a terrible system. It should not exist.

I think the second reason that women disproportionately are hurt by the death tax is that in finance startup costs for businesses, the savings often come from personal accounts, and it is not so with men. They go much more to loans from banks, for example. So it hurts a woman a lot if she is required at the death of her parents to sell her parents' assets. Often these companies

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are sold before the parents die, because they know that the death tax at 50 percent is going to be higher than capital gains. So why not sell business, pay the capital gains, whatever it is, and have a little more left over? It is a loss not only to the business person and the family, but to the community because so many times these businesses are taken over by larger businesses. Maybe they are closed down, the community loses employment, or people lose jobs. In the case of family farms hit so hard by the death tax, property is sold and developed into subdivisions.

Conservationists do not like the death tax because they do not want to see that turn of farmland property that is so beautiful and so useful. It means a lot to them, whether they are seeing their favorite birds up in the trees or taking hikes through the forest, to see them turned into subdivisions. So even conservation groups are on board with this piece of legislation.

Three years ago, I joined with my colleague on the Ways and Means Committee, John Tanner from the State of Tennessee, in introducing the Death Tax Elimination Act of 1999. This is a bill that would permanently repeal it and phase it down by 5 percent over 10 years. We had 150 cosponsors and we had bipartisan support. The bill passed the House, and after two years of very hard work we scored a huge victory in the tax relief bill eliminating the death tax. I told you about the little problem that we have with the Senate. We have to get 60 votes on this bill.

I am very thrilled to tell you that the President has mentioned this bill and permanency for death tax repeal in his State of the Union speech. He wants to get it done. The money that would offset it was in his budget to Congress. The House leadership is very interested in taking a vote on the permanency of

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death tax repeal after April 15. So let me tell you what your action item is: Your action item is to call both senators in your state and the member of Congress who represents you, and say to that individual and those folks: "We want you to support the permanent repeal of the death tax." If you do that, you will set women-held businesses ahead. You will help the minority community, who believes that with starting any business, it takes about three generations to get that business going and death tax becomes their enemy.

One of the great success stories of federal policy, and something that we are working on again, something that truly improved the lives of many people around the country, is the 1996 Welfare Reform Act. Before the huge changes that we made to this system, welfare was viewed by some people as a permanent lifestyle. It actually held back families who wanted to get off welfare, wanted to be able to move into the workplace, and this is almost everybody on welfare. It rewarded children for having babies, because it offered housing for them. It offered transportation costs. It offered a monthly stipend, but it also guaranteed a dead-end in the life of the mother and the life of the child.

So it was really fun as a member of the Welfare Subcommittee of Ways and Means for me to be involved in helping to write this welfare reform bill. In 1996, we recognized that simply injecting more money into the program would do nothing to help families in their efforts to overcome the obstacles that lead to permanent welfare dependency. The reforms that we made that year broke that terrible cycle of living on welfare. It transformed welfare from a permanent form of financial dependency to a temporary program. It gave families a helping

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hand so that they could work toward financial independence. Since the 1996 law, the number of individuals receiving cash assistance has dropped 56 percent, and over 50 percent of single mothers who were on welfare are now employed in the workplace.

I think we women also appreciate that you need to have a safety net. It is a value that we hold very dear because there are people who cannot help themselves. When you reform a huge program like welfare reform, in the way that we did over that period of months and years, culminating in the 1996 law, it is very complicated and you cannot think of everything. Over a period of time there are people who fall through the cracks. So we built something into our view of welfare reform. We said after five years we want to take a thorough look at welfare reform. We want to see who is falling through the cracks. We want to see what we need to do better. We want to see what we can add to the welfare reform bill as we begin to reauthorize it. We are in that process now.

Over the last five years, I have not forgotten welfare moms and dads. I have met with them at many roundtables over the last five years, charting what is working well and what is not working well. First of all, the welfare moms continue to be very worried about childcare for their children as they go back into the workplace. It is something we faced in 1996. In that year we added more money to child care than had ever existed in that childcare program before. President Clinton asked for \$2 billion. We made it \$4.5 billion. It was at the highest level ever.

I want you to know that President Bush believes even with the lower number of people on welfare now, that we should sustain that level. That is very important. You need to know why.



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Moms worry about their kids like we all worry about our kids. They are trying to go to work. Sometimes it is the first job. They do not know how to interview or dress or that you actually show up at eight in the morning and work until five. They need to focus their energy on this new experience and we need to help them. If we can provide them childcare that takes care of their children that is high quality, that is the best thing that we can do for these folks. Therefore, we continue to keep the funding at the same level regardless of the lessening of the welfare rolls.

Second, these moms and dads told me that they need more flexibility in the work requirements of welfare. This year, we have lifted those work requirements to 40 hours. We believe that people work a 40-hour week. We should not hold back our moms who want to get off welfare and get into the workplace. But this year we added a huge number of those 40 hours that can be used for things other than work. Twenty-four of those hours can be used for education. So, literally, we are taking another look at this welfare reform that we worked so hard on in 1996 and we were so proud of, and we are going to say, "Moms and dads, to get off welfare into the workplace, you can work Monday, Wednesday and Friday on your job; you can work Tuesday and Thursday getting yourself an education that will provide you a foundation to better yourself at a faster degree over what will be a very long life."

Now, I break it down Monday, Wednesday, Friday work; Tuesday, Thursday, school, because that makes sense to me and that is my translation of how much freedom they have to do other things. Maybe Tuesday and Thursday they need to care for a disabled child who has been cared for by childcare while they are in the workplace. Maybe that is the choice they make. But it has great flexibility, and I think it is going to work really well.

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Let me just tell you one thing about President Bush. I went to his speech on welfare that he gave in St. Luke's Church here in Washington, D.C. It was just great fun to be there and listen to him because he gets it. This compassionate conservatism is not a gimmick. He understands that all the way down to the bone, and I was listening to him. I think Jonathan told you that I am a single mom. What he said that caught my interest was that being a single mom is the toughest job in the world. I think some of you know that – and he knows it.

With a lot of thoughtfulness, we are looking at welfare reform. We are doing our research and we want to come up with a bill that is even better than the one over the last five years. One of the most important values to women is knowing that they will be financially secure in retirement. In 75 percent of the cases, women live longer than men and they live longer on fewer dollars. Unfortunately, women have far less personal savings than men, and so, disproportionately, they rely on Social Security to make ends meet. That is why we need to talk for the next minute or two. With the average Social Security benefit for women at \$700 a month, this resource will barely satisfy subsistence living.

Additionally, the spousal benefit in the current Social Security system unfairly penalizes working married women. The Social Security system, for those of you who have not tracked it, and I suspect it is most of you because you are so busy with your lives and your marriages and your children, you do not have a lot of time to track these things. I found out that the Social Security system was put into law in the mid 1930s. Some of you will be aware from stories your folks have told you, that that was during the Depression. Married women could not get a job. They did not work because their husbands had a job and there were not enough

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jobs. My mother, before she married, had to go up to Alaska to get a teaching job and she was very lucky to get that one.

So what is the spousal benefit? Is it a benefit that will help the women today where we have 70 percent of young mothers with young children out in the workforce? I do not think so. This is a benefit that entitles the spouse, usually the wife, to 50 percent of the other spouse's benefit, whether or not she worked outside the home. So bear with me on this, because it is a little intricate but I think it is very important for you to be aware of this difficulty in the current Social Security that we have to change. Let's say you are a married working woman. You contribute payroll taxes throughout your working life. At the time of your retirement and your husband's retirement, you learn that your benefit is not quite equal to 50 percent of your husband's benefit. I am going to tell you that this is the truth 67 percent of the time because the working woman often has not had as high a salary as her husband.

Often she has taken a number of years, on average about 11 years, to stay at home. You may not know that Social Security benefits are calculated by taking 35 years of your work history and averaging it to get your benefit. So think about it: You are out of the workplace. You have done all this. You sent your payroll checks to Social Security all these years, and yet you have, say, 11 goose eggs in those columns that are averaged. That means your Social Security benefit is going to be down. In 67 percent of the cases, it is going to be below 50 percent of your husband's. At that point, you automatically receive 50 percent of your husband's Social Security, so together it is 150 percent. As a married working woman, that is what you receive. As a stay-at-home wife who never got into the workforce, who never earned that money and

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kicked out a large payroll tax every single month from that paycheck, you automatically get 50 percent of your husband's benefits.

So think of what I am saying. That is wasted money you have been throwing away month after month after month. Can't you do something with that money? What about a personal account that you could put those dollars into? I think it is a thought. I think it is a very important thought. Personal accounts are what we are beginning to talk about, in fairness to women. The other thing is with a personal account, you can leave those dollars to your child because it becomes your own account. It seems to me it makes a lot of sense.

Working women are also penalized by the benefits formula. When you leave the workplace, and you get that goose egg, you are simply going to have lower benefits. And what does that become to us? It becomes a regressive tax policy against women who want to move out of the workforce, raise their children, and come back. It is a very regressive policy and you are going to see some of the Social Security bills are out there reflecting this.

There is no question that Social Security must be modernized so that benefits will be available for our children and grandchildren. It has just got to happen, because in a few years Social Security is going to begin to go broke as the ratio between the number of people in the workforce and the senior people who are getting Social Security becomes lower and lower and lower. As the Congress proceeds with these important discussions on the reform of the Social Security system, we must remember the women. I think that is a really good tag line for this conference.

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You are going to be so educated by the time you go home tomorrow afternoon that folks around you will not be able to live with you. That is the purpose of this thing. It is to find out that the best and the brightest women in this nation are around you at these tables today and you will meet them more as you go into the breakout sessions. These are the people who are ruling the world. These are the people who are propelling the economic success of this nation, who are going to get us back on track, and as we are beginning to learn, who are starting businesses at twice the rate of men and continuing to take a drop in salary because working for a corporation sometimes does not provide the flexibility you need to keep that very important value of balance in your life, which we tend to have to a much greater degree.

Last spring, President Bush signed the Economic Growth and Tax Relief Reconciliation Act into law. It increased by \$2,500 the amount that women can contribute to their individual retirement accounts. This is another important factor because Social Security is not the only retirement benefit that we are working on. If you are over 50 years old, you also have a chance to add one thousand dollars a year to your catch-up retirement account, and it is vitally important to you.

Ladies and gentlemen, these are just examples of what the Congress is working on in its agenda for the year 2002. We are working hard with you in our minds. We are working to provide a better atmosphere for women in today's workforce and what is being done to address the many challenges that still lie ahead.

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I look forward to working with every single one of you as we build on our success and remove obstacles in the way of the powerful and passionate force of women in American business.

Thank you.

\* \* \*

**WOMEN SERVING IN THE BUSH  
ADMINISTRATION**

**PANELISTS:**

**Diana Furchtgott-Roth**

*Chief of Staff, Council of Economic Advisers  
The White House*

**Kaaren Johnson Street**

*Associate Deputy Administrator,  
Entrepreneurial Development  
U.S. Small Business Administration*

**Ann Combs**

*Assistant Secretary  
Employee Benefits Security Administration  
U.S. Department of Labor*

**Anne Phelps**

*Special Assistant, Domestic Policy Council  
The White House*

**MODERATOR:**

**Lezlee Westine**

*Deputy Assistant to the President  
Director of Public Liaison  
The White House*

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### **LEZLEE WESTINE, DEPUTY ASSISTANT TO THE PRESIDENT AND DIRECTOR OF PUBLIC LIAISON, THE WHITE HOUSE:**

Thank you so much. I am delighted and honored to be here and to join you for this fascinating summit. I think we are going to have a great panel here for you. First of all, I would like to share in the appreciation for the women from 9/11. We know that their businesses may have been damaged, but they were built on strong foundations and we know they will be even stronger in the future. To the extent that we can help them in any and every way, we would like to do that.

Many of you know and have seen this morning the Cabinet secretaries that happen to be women. I am sure you have heard of our senior staff who are women. The President takes great pride in surrounding himself with strong women. Some of you may



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have heard him reflect and talk about his day. He says, “The first person that I receive a briefing from in the morning is my national security advisor. After I talk with Condoleezza Rice, I look to Margaret Spellings to talk about what the domestic policy issues are going to be and how we are going to be deciding and rolling them out. Then often the third person I talk with is my counselor, Karen Hughes, who I look to advise me in the communication of our message. And then the next person often happens to be my personal attorney, Harriet Miers, who is the individual responsible for the flow of information in and out of the Oval office.”

The President has many strong, talented women in his administration. It is something that has been a real joy, and I am looking forward to being able to hear from four of them today. We would like for each of them to give you about three minutes discussion on where their area impacts your small business. We really want it to be as interactive as possible. I come from Silicon Valley, so I am used to this technology, and it is very impressive. We have monitors here, the ear-piece is here, and I know the mouse is on your table. After the panelists give three minutes or so overview, we would like to turn it into much more of an informal question and answer session. So please, think through your questions so we can be as interactive as possible.

First, Diana Furchtgott-Roth is the chief of staff for the President’s Council of Economic Advisers. Before Diana came to the Administration, she was resident fellow at the American Enterprise Institute, where she wrote articles and co-authored two books. I love these titles: *Women's Figures: An Illustrated Guide to the Economic Progress of Women in America*.

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The next one is The Feminist Dilemma: When Success is Not Enough. She is a brilliant economist that we all turn to in the Administration, and especially during the last several months.

So Diana, will you come up for a few minutes?



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### **DIANA FURCHTGOTT-ROTH, CHIEF OF STAFF, COUNCIL OF ECONOMIC ADVISERS, THE WHITE HOUSE:**

Thank you very much. It is a great honor to be here, and thanks to all of you for coming and listening. We hope that this conference is very informative and we want to be able to answer all the questions that we can.

I am Diana Furchtgott-Roth, chief of staff of the Council of Economic Advisers. I am also a mom with six children from 3 to 13, so I understand all the problems that working mothers have. I have had just about every problem you can imagine, so, I can really sympathize with the balancing act that many of us have to play.

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The Council of Economic Advisers has three members: Glenn Hubbard is the Chairman; Mark McLellan, a physician and economist, is one of the members; and Randall Kroszner is the third. We have a staff of 30. We are located in the Executive Office of the President. Our job is to look at the economic effects of whatever policies are being done in the White House. My job is to get my staff members into all the meetings, especially the meetings to which they are not invited. That is my special challenge.

What we want to do is accomplish the President's agenda of lowering taxes and lowering regulation, and making it easier for everybody, especially small business, to get contracts. The President wants to make the tax reductions permanent. He wants to repeal the death tax, which is especially important to small businesses. He wants to increase small business expensing. He wants to simplify taxes for small business. He is looking for comments in terms of ways of improving regulation. He wants to help small businesses get health insurance with medical savings accounts.

Those are just a few of the things that he would like to do, and we are here to make this happen. We want you to help us make it happen and tell us especially your concerns. I have one question for you with this fabulous technology. I want to know whether you find that the government contracting system discourages small entrepreneurs, whether, in experiences you have had, you found it helps you or it hurts you. I want you to say yes, no, or you are not sure, because this is one of the things that we are really trying to work on, especially in terms of unbundling contracts, taking large contracts and not putting them all out for bid.

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One of the aspects of small business that is really the best is that you can often come in at a lower price than these very big businesses. If we help split up some of these contracts and open it to more bids from more groups, we can lower the price to government and increase business to all of you. That is what we want to do. I am available and reachable at the White House for any stories that you have that I can use to make this process simpler and I am available at any time.

Thank you very much for listening and thank you for coming. I do have to share, because when you mentioned your children as I was coming here today, I got a call from my daughter's school, which of course we normally get when they are in the clinic and there is something broken. So I was in this panic. I did not want to tell the planners here, but fortunately, she left her puppet at home and she wanted me to come pick it up and bring it to her school. So she is fine, but I am sure you all can share in those feelings.

**WESTINE:** The next speaker, Kaaren Johnson Street, is the Associate Deputy Administrator for Entrepreneurial Development. She is responsible for the information, training, and business counseling programs for small business owners nationwide, with a budget of \$200 million, leveraged by state and local funding. Her office provides this service through a variety of business development networks across the nation. She is from Florida. Before she came here, she ran her own Internet consulting business and also served as vice president of the small and minority-owned business for Enterprise Florida. Welcome, Kaaren.

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**KAAREN JOHNSON STREET, ASSOCIATE DEPUTY ADMINISTRATOR, ENTREPRENEURIAL DEVELOPMENT, U.S. SMALL BUSINESS ADMINISTRATION:**

It is just delightful to be here with so many women business owners. I am thrilled to be here among my peers. I am an entrepreneur by training and by desire, so I understand your needs and SBA understands your needs.

Entrepreneurship is the engine of growth in the U.S. economy, and women business owners are playing a vital role. According to a recent report from the Center for Women's Business Research, women-owned firms are expected to reach 6.2 million in 2002. At the present growth rate, there will be 113,000 women-owned firms with revenues of \$1 million or more. Fantastic!

There are almost 8,500 firms with 100 or more employees in 2002. These are incredible statistics, and all of you made it

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possible. We at SBA recognize, as you do, that businesses need three ingredients to be successful: access to capital, access to opportunity, and access to business information and education. Let's take capital. Access to both debt and equity capital are readily available through the SBA 7(a) loan guarantee program and the Section 504 lending program, and SBA's venture capital program, offered through our Small Business Investment Companies, our SBICs.

Let's look at opportunity. Federal government contracting is the summit where growth meets opportunity. The U.S. government is the largest purchaser of goods and services in the world, with an annual expenditure of more than \$200 billion. You would all agree that this is an incredible market opportunity. There are also opportunities in the international markets and the new emerging consumer markets. SBA is here to help you access these opportunities.

Finally, there is access to business development. As the saying goes, learning is a lifelong process. That is especially true for entrepreneurs in today's rapidly changing business environment. In order to adequately prepare yourself to access capital and access the opportunity that I mentioned, entrepreneurs must be adept at when, where, and how to access key business information and relevant training. Our women's business office, our women's business centers, our small business development centers, SCORE, and our business information offices are designed to do just that. We at SBA are your business partners. As our partners, you can help us prepare the next generation of women business owners by mentoring future entrepreneurs. That is the legacy we as entrepreneurs need to leave behind.

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I also want you to be aware that my colleagues and I will be here for the rest of the day as well as tomorrow, and they are in the audience. They will be able to help answer any questions that you have. Many of my colleagues are also on the panel this afternoon. So any questions that I can't answer up here today, we will be out there for you later on today.

Thank you.

**WESTINE:** Ann Combs is the Assistant Secretary of the Employee Benefits Security Administration. Her agency oversees approximately 700,000 pension plans, with nearly \$5 trillion in assets and another 6 million health and welfare benefits plans. She is responsible for the administration and enforcement of Title I of the Employee Retirement Income Security Act of 1974. During the Reagan and the prior Bush Administration, she spent six years as Deputy Assistant Secretary of Labor. She is a graduate of Notre Dame and holds her law degree from George Washington University. Ann?

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**ANN COMBS, ASSISTANT SECRETARY,  
EMPLOYEE BENEFITS SECURITY ADMINISTRATION,  
U.S. DEPARTMENT OF LABOR:**

Thank you, Lezlee. It is a privilege to be here with all of you today to talk for a few minutes about retirement security.

As our population ages, we are all becoming increasingly concerned about our retirement security. This is an issue that is a priority for the President and has been a priority for Secretary Chao since day one. She and I have spent many hours talking about how we can improve our retirement system and how we can encourage you all to offer retirement plans.

We have seen a radical shift from the days when most women did not work and relied on spousal benefits from Social Security and, if they were lucky, their husband's pension.



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Increasingly, women are relying on our own savings for retirement. We do face special challenges, however. We tend to change jobs more frequently. We take time off to deal with family responsibilities and we earn less than men. This can translate into lower retirement savings. We also have longer life spans. That is a good thing, but it means we need to save more and we need to plan better to make sure that we do not outlive our retirement savings. We are also more likely to face the expenses associated with long-term care, which can wipe out a lifetime of retirement savings in a few short years.

The growth of 401(k) plans has increased the opportunity for women entrepreneurs such as yourselves to save for your own retirement. Forty-two million workers already have 401(k)-type retirement plans, and they hold nearly \$2 trillion in assets. But fully half the workforce does not have a retirement plan and this is really a problem that is concentrated among small businesses. We must find ways to expand pension coverage by reducing government regulation and providing additional incentives for you all to offer plans for individuals to take advantage of them and participate. We have already accomplished a great deal in the last year.

President Bush, as Representative Dunn described, signed a bill last June creating new tax credits for small businesses to set up pension plans, which substantially increases the amount you can save in a 401(k) or IRA, and for the first time create what is called “catch up” contributions, which allows people 50 and older to make additional contributions to make up for time when you may have been out of the workforce. We lowered vesting, so 401(k) plans now vest after three years, which is great for people who change jobs frequently. We are making it easier to roll over

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your retirement income so it is there when you are actually ready to retire. But obviously, we need to do more. Social Security needs be reformed so that workers have an opportunity to invest part of their payroll taxes in private markets.

We must restore workers' confidence in their retirement system, which has been shaken in the aftermath of Enron and some other recent high profile events. To that end, the President recently proposed a strong new retirement security plan that will give workers more choice, confidence, and control over their retirement savings. The President's plan will give workers the power to choose how to invest their retirement savings, including the right to diversify out of employer's security after three years. It will give rank and file workers the same rights as corporate executives and more information about their plans and access to qualified professional investment advice so that when they do have savings, they can go to someone and say "How should I best invest this money for my future?"

The President is very anxious to sign a bill this year that will strengthen our retirement security, while continuing to encourage employers to offer plans and make generous contributions to those plans. A secure and dignified retirement is fundamental to your lives and to the lives of your families, and we look forward to working with you on these important issues. I, too, stand ready to work with you and to learn from you.

As I said earlier, one of our biggest challenges is to encourage employers to offer retirement plans. To that end, I ask you the following question: What is the top difficulty you have with regards to providing a pension plan for your employees? Is it that pensions are expensive? That they are complex laws and

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confusing? That your company is new and/or your profits are not consistent? Or is it high turnover? Or do you have too many new and part-time employees? We did not make this easy and give you an all-of-the-above. I know that is tempting, so if you could take a minute and please vote on the one you think is the main hurdle you face in offering retirement plans. It is an interesting split.

I look forward to working with you. Please do get in touch with us and share your ideas and your experiences so that we can work together to make retirement savings a reality for working women around the country.

Thank you.

**WESTINE:** Our last panelist is Anne Phelps, Special Assistant to the President at the Domestic Policy Council. She is the individual who advises the President and all senior staff on healthcare policy, with an emphasis on managed care reform, private insurance coverage and public health issues. She has her master's in public policy from George Washington University. And I can tell you, not only is she extremely smart, she is a wonderful person to work with.

So Anne, come join us.

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### **ANNE PHELPS, SPECIAL ASSISTANT, DOMESTIC POLICY COUNCIL, THE WHITE HOUSE:**

Good afternoon. It is great to be here. I am very honored to speak with you all this afternoon.

As Lezlee said so eloquently when we began, it is a great honor and a privilege to be working for President George W. Bush. I do have to reemphasize what it is like to work in the Bush White House. He has been so incredibly supportive of all of his staff. I have the privilege of working with Margaret Spellings on the Domestic Policy Council. I am very impressed, Diana, starting with the personal story, your six children. I am well on my way to my first child and can attest to, with my mornings, coming in a little bit late once in a while, the family-friendly atmosphere in the White House. So it has been a great privilege for me to work there.

One of the things we talked about with the President when we first began was the specific issues and unique needs of women

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both in the area of healthcare and, of course, what you all do in small business. We have spent a lot of time talking about that for our specific proposals and our general policies, as we look at a broad healthcare agenda. Some of you may have heard that the President last month outlined a broad, comprehensive healthcare agenda. He really wants us to focus in the next few years of the Administration on building on the best features of our private healthcare system. We are very proud of this system and believe we must continue to build on the features that have really spurred innovation and flexibility and new advances in healthcare in the United States.

The President is very strongly supportive of the employer-based healthcare system that we have. We believe that including the ability for employers to offer health coverage is really the best way to provide the best benefits in choices and affordable healthcare coverage for all Americans. It has also spurred advances in medical research and R&D in this country, and it has economic and health benefits for all Americans. The President has very clearly stated that he wants to avoid the things that stifle this innovation and limit your ability to offer health coverage and health benefits to your employees.

We know that you are facing a lot of problems in your everyday management and administration of healthcare benefits. Rising healthcare costs, excessive state and federal mandates and regulations often tie the noose around your being able to offer affordable coverage to your employees. The President has made it clear that he wants to ensure that every American has the option and ability to choose affordable health coverage that meets their needs. A top-down system, where much of it is driven from Washington, does not accomplish that.

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What we need to do is continue to spur innovation from the bottom up, and hear from you in terms of what is the best way to offer health coverage and allow you the flexibility to do that. There are a number of proposals that he has put forward, many of which I believe you are familiar with, building on private sector options and features of our healthcare system – such things as medical savings accounts that really help provide a low-cost option for you to offer your employees. And we need to lift the restriction on medical savings accounts (MSAs), so that they are easier and more affordable for you to offer.

We also need to continue to encourage and promote ways to allow small businesses to combine their purchasing power through association health plans, so that you can offer coverage at a lower cost and with greater efficiencies, being able to then create more flexible design in your benefit options and choices for your employees.

The President believes we should also be expanding our tax system incentives and tax credits to small employers and to individuals, particularly low-income and uninsured Americans, to help them purchase private healthcare coverage. We do believe, of course, that there is a strong federal role that we can play, particularly in our publicly financed programs Medicare and Medicaid, that we must guarantee the security and financial solvency of these programs. We can do that by creating more private options and guaranteeing patients more choice in the options provided through even our federal programs.

As we seek to improve access, affordability and quality of care, our goal should be to have the federal government play an appropriate role, yet the least intrusive role. That means being

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very careful about the regulations we impose and the new legislation passed by Congress. We have spent a lot of time this year working on a number of issues that you have had concerns about. We have been spending a lot of time trying to improve the quality of care through things like the Patients' Bill of Rights. The President has been supportive of that in doing managed care reforms, but he has made it very clear that while we want to improve the quality on the one hand, we do not want to inadvertently raise costs and deny others coverage because of the expensive mandates we pass, particularly the liability provisions.

The President has made it very clear to Congress that he will support passing a Patients' Bill of Rights that does not impose frivolous or unnecessary litigation on businesses, particularly small businesses. He knows that one lawsuit can take a small business out of the business of giving healthcare altogether, so we have been very careful about that.

There are other challenges you are facing in terms of managing the information age, being able to deal with the enormous amount of healthcare information coming down the pike, and improving quality of care for your employees. There has been talk in Washington about passing new regulations in the area of privacy of medical information, genetic technologies, etc. We have been working very hard to make sure that we put protections in place that protect patients and their information, but do not cause undue restriction on small businesses.

One of the things we would be very interested in talking more about is, what are the obstacles you are currently facing in providing health benefits to your employees? We know that there are a number of things. What is the number one reason why you are not able to offer coverage or you have concerns that may end

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up dropping coverage? Number one, federal and state coverage mandates. Number two, administrative and regulatory burdens. Number three, the cost of healthcare and rising premiums. And, number four, your lack of purchasing power, your negotiating ability with health plans, because you operate and own a small business.

There is a wealth of information in this room. You are an enormous resource for all of us here in Washington. We would love to hear from you. The President is always asking what is going on, what stories and experiences could you share with us that we could relay to him? Please come in and talk with us. We are very anxious to hear what is on your mind and concerns you are having so that we can craft the best federal healthcare policies that we can in this Administration.

**WESTINE:** Thank you very much. There has been so much dialog about the state of the economy on a national level and it is very helpful, as Anne mentioned, for us to have an understanding of how you are in your small business, what the state of your business is financially. We have a question.

**QUESTION:** I am the founder of a program to help women and minorities get access to venture capital. As part of that process, we are concerned with the procurement process, so this question is for Kaaren. There has been talk about increasing the amount of government contracts that go to small businesses, but there is not a lot of discussion about streamlining the process and making the certification process more uniform among all the different organizations.



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**JOHNSON STREET:** We at SBA are very concerned about that process and we are putting a lot of initiatives in place to streamline the certification process for both the 8(a)s, as well as the small disadvantaged business. Your other point about venture capital is an area that our Administration is very focused on. There are six female-owned venture capital firms. We have begun to have meetings with not only them, but over 100 of those that are part of our network – the small business investment companies – and we are having roundtables. Wilma Goldstein, the associate administrator for the Office of Women's Business Ownership, is having roundtables for women who are interested in venture capital, “investment angels” and investors. Those will be coming up and you will hear a bit more about that in the workshops later this afternoon. Thank you.

**QUESTION:** I am from the Center for Business Research. We are very proud that most of the data on women-owned businesses you heard today comes from our research. My question is: With so many women in leadership positions in this Administration, what do you see as the impact of this proliferation of women?

**WESTINE:** I think first and foremost, it is having women at the table and bringing other women to the table. That is what we can do in the area of policy development. My office has had about 312 events with the President or the Vice President or Cabinet secretaries, and bringing in wise people such as yourselves to sit down and really have a dialog about the policies. Being policy-driven is our biggest accomplishment. This event was a result of a lot of women coming together. Because of this event, the whole White House is coming up with small business initiatives.

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Because of women, we have also spent a tremendous amount of time on the Afghan women's situation. It has been a very important issue. No one thought the Administration was going to say anything about it. We have had bill signings. It has been a tremendous opportunity to bring in Independents, Democrats, and Republicans. But on an issue such as Afghan women and our ability to have a large event celebrating the first day of school for the Afghan girls – there are many policy initiatives. It is getting women to the table and bringing them on boards and commissions and working together for a strong policy agenda. This is fabulous and very informative for us.

**QUESTION:** I own a PR firm and a gift shop, and please tell the President how grateful we are for his help the World Trade Center. Does the President have an advisory group on business ethics and on business corporate responsibility? And if there is, I would like to be on it. And secondly, where can the voices of the people who are often promised things and do not get them in terms of contracts be heard on these advisory boards so that we have access to government people but also corporate people, who should be hiring more of us to do some of the contracting work, and how do we make people accountable?

**JOHNSON STREET:** There is a working group at the White House on corporate governance, and the President made a speech on the subject last week in which he came out with seven proposals. Also, on the small business front, I am pleased to say that in the audience today is our Chief of Advocacy, Tom Sullivan. Here is where you get all of your information and get your message to us and to the White House in terms of policy relating to small business. Please give us your cards. We would love to put you on our e-mails. We also have boards and commissions,

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whether it is presidential or with, for example, the Department of Labor. We would like your input and we would like for you to sit on those boards and commissions.

**QUESTION:** I am from Maryland and I am a small businesswoman. We have been introduced in the State of Maryland to the acquisition of the “Blues,” as they are called – Blue Cross/ Blue Shield – and we are concerned. We do not know what the outcome is going to be because the Insurance Commission is going about it, and I know for a fact this is happening in many other states as well. My question is: Is there a group out of the White House, or the SBA particularly, that is following this? Because our concern as a commission is that it is going to be priced out of our small business pocket books. There are three choices. Number one, health insurance will not be provided for employees. Number two, they participate as an employee and pay part of it. And number three, we may give them a partial rate but not their family. That is where the problem is. I was just wondering if there is some attention being given, or is this kind of thing being followed throughout the country. Thank you.

**FURCHTGOTT-ROTH:** I may not be able to speak specifically on the issue in Maryland about what is happening with the Blues, but we have been looking at this in general across the country in trends. We passed different insurance mandates both at the state and federal level – the Health Insurance Portability Act that we passed in 1996. And when we have placed mandates on employers, sometimes it has had some bad consequences as well.

One of the things that we have seen is more and more pulling out of the small group market. Some of the reaction has

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been that insurers pulled out of these markets and out of whole states altogether. We have seen it in the individual market and in the small business. You may end up with one large insurer covering the bulk of employees in one state. We do have concerns about that and have been watching the trends carefully over the past couple years. I think there are a number of things we can do about it, one of which is some of the proposals we have talked about; one is increasing your purchasing power so that you may be able to go across state lines, be able to negotiate with more health plans and design better benefits. We always have to be careful. What we do in Washington can have unintended effects on the insurance market, so we have been watching trends carefully.

**WESTINE:** I hope you have a great Summit. Let us know how we can continue to work together. Thank you.

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**SMALL BUSINESS LEADERS  
IN THE U.S. HOUSE OF  
REPRESENTATIVES**

**Don Manzullo**

*U.S. Representative*

**Sue Kelly**

*U.S. Representative*

**Sue Myrick**

*U.S. Representative*

**MODERATOR:**

**Karen Kerrigan**

*Chairman*

*Small Business Survival Committee*

**JONATHAN ORTMANS, PRESIDENT, PUBLIC  
FORUM INSTITUTE:**

Before we continue, I want to acknowledge many of the people who have made this event possible. Cindy Williams of the White House, Wilma Goldstein of SBA, Emilia DiSanto and her team with Senator Bond, and in particular, Shelley Hymes of the Labor Department's Office of the 21st Century Workforce, with her staff who worked tirelessly in making today's event possible. They have been the true folks behind the scenes that really made this successful for all of us and we really want to thank them.

This morning, we are going to have three other members of Congress participating in the panel, and in our Senate session later, we are pleased to announce that we will be joined by Senator Kay Bailey Hutchison. And lastly, as you know, this event is co-hosted by the Public Forum Institute, the United States Department of Labor and the Small Business Administration, and there was one person that could not be here yesterday but will be here today, although he was not on your program. I am pleased to say that the Honorable Hector Barreto, Administrator of the Small Business Administration, will be joining us today. I think this is one of the strongest lineups we have seen in terms of those working here in Washington in a long time.

We are also joined by thousands of other people thanks to AOL and Netscape and a few others. This event is going to be Web cast live, so this is going to be a truly national dialogue today, thanks to the ideas and innovation of the Department of Labor. Because we had several questions that came up yesterday about what kind of information will be available, thanks to the wonderful magician, Karl Williams at Vodium, we are going to have this Web cast production available not just through the

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website at Women21.com, but also in a searchable form. So, you could look for one particular word and you will be able to pull up that particular image you wanted. It is a fabulous piece of technology that is going to make it very easy for you to follow up on things of interest to you.

I am very pleased now to kick off today's program with someone who has also worked tirelessly in making this event possible. She was one of the brainchilds behind the development of the workshops and she is a syndicated columnist with American City Business Journal. She is Chair of the Small Business Survival Committee and a Senior Consultant for Women Trend. Please join me in welcoming today Miss Karen Kerrigan.

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### **KAREN KERRIGAN, CHAIRMAN, SMALL BUSINESS SURVIVAL COMMITTEE:**

Thank you. It really has been a terrific pleasure working on this event. Of course, when you do large events like this, it takes a lot of teamwork and a lot of people. There were several women who registered for the conference that did not know they were going to be put to work who joined us for the panels and then graciously accepted to join us to give of their time and their expertise. If you see these women business owners, please thank them because they added great value to all of our panels. Let's give these fine women a round of applause.

We are going to bring up our U.S. House small business leaders. They are a terrific group. We have Chairman Don Manzullo of the House Small Business Committee, Congresswoman Sue Kelly from New York, and Congresswoman Sue Myrick from North Carolina.



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Our first distinguished speaker has known the challenges of running small businesses all of his life. His parents opened a small grocery store in Rockford, Illinois during his early years, and then switched to a restaurant business a few years later. Although his parents have passed away, his brothers still run the family business, Manzullo's Famous Italian Restaurant. It is my pleasure to welcome Chairman Manzullo.



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*“Small business people should no longer stand by and see the big contract bundlers go out there and take away your rights. The war continues. We need your input.”*

**- U.S. Representative Don Manzullo**

**U.S. REPRESENTATIVE DON MANZULLO:** Thank you very much. It is good to be here this morning. Let me move quickly into what has been the major agenda of the full committee of the Small Business Committee of the House. We have been spending a tremendous amount of time on contract "bundling," but we may refer to it as contract "bundling." Where the big guys come in and they push out the small people like yourselves.

We have held a series of hearings. Last spring, we held a very interesting four-and-a-half-hour hearing on the procurement of the black berets by the United States Army. I think you will recall that situation. We found out that small business people in our country were being smoked in favor of procurement that was sent overseas to China, India, Sri Lanka, South Africa, Canada and another country. We held a hearing on it. We put an end to the foreign procurement of these berets. We brought in a lady from Phoenix, Arizona, who had testified to the fact that she had actually underbid on some of these berets, but she could make a two-piece and the Army wanted a one-piece.

The bottom line is this: We got into a big fight with the Defense Logistics Agency (DLA) in Philadelphia and ended up with \$50 million set aside for small businesses on future beret production. The purpose of the hearing was to demonstrate that the United States Army is great at fighting wars, but terrible at ordering equipment. We held their feet to the task. We are in direct communication with them now to make sure that the small business people are not going to get smoked by the DLA and that fight continues.

The second hearing we had was on the procurement of 106,000 Air Force hats. No less than six different requests for

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proposals (RFPs) went out with regard to one hat. The people that do the RFPs did not know how to do it. It is not that difficult to design a baseball hat. The seventh statement that went out said that they were going to discontinue the order. They are no longer interested in having it done. A lady came to us from Ohio. The Air Force had contracted with the Government Printing Office. Evidently, they must think that hats are printed, not manufactured. The Government Printing Office is not subject to the Buy American Act. We found out just in the nick of time and cancelled an order for 104,000 baseball hats that were going to be made in China.

Then we went down to Los Alamos in New Mexico where we found that the lab down there that gets \$1 billion a year had only given \$5,000 in contracts to six Native Indian Pueblos. We held a very interesting hearing that resulted with a lady by the name of Maria Monroe, or Anna Monroe, being named the head of an oversight committee. She oversees every single contract that comes out of Los Alamos National Lab. Within the few months that she has been in that position of authority, she has been able to set aside \$50 million for construction contracts for small business people.

We continue at the full committee level to go after the biggest enemy of small businesses: the federal government. We will continue to work with them, but if they do not cooperate with us, we will issue a subpoena. We are going to do that about two weeks from now if they do not commit. This is war, folks. Small business people should no longer stand by and see the big contract bundlers go out there and take away your rights. The war continues. We need your input.

Thank you and God bless you.

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**KERRIGAN:** Our next speaker is currently in her fourth term as U.S. Congresswoman from the 19th District of New York. She also sits on the House Small Business Committee. Since her election to Congress, Sue Kelly's accomplishments have been significant and diverse. Her legislation to guarantee women reconstructive surgery following a mastectomy became law in 1998. She championed legislation, which is now law, relieving most homeowners of capital gains taxation when they sell their principal residence. She is a true champion of women business owners, having been there herself. I am pleased to introduce Congresswoman Sue Kelly.

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OFFICIAL PHOTO, U.S. DEPARTMENT OF LABOR

*“Women now own nearly 40 percent of all of the businesses in the United States of America. We have come a long way, ladies, and it is great to be here.”*

**- U.S. Representative Sue Kelly**

Thank you very much. I am going to let you in on a little secret. I am the only florist that has ever been elected to Congress. It took us 200 years, but we finally got one up there! That has not been my only small business. I have started a couple of them. As a woman small business owner, I know it is tough for us. It seems to me that it was a lot harder for me to get my business up and going than it was for my husband in many ways because I was not only a businesswoman, I was a mom. I have three sons and one daughter and my kids were home while I was working. And I had

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a latchkey kid that came home every night from fifth grade and would call me when he got home.

You all know how hard it is to be a business person. If I had a retail business, I was out there meeting the public, but I would also get a call some nights from one of my kids. One night, I got a call from my son saying, "Well, mom, we've had an accident." And I thought, "Oh, my word." Now, if you have children, you know exactly what I am talking about. He said, "Mom, Charity was running down the basement steps and I closed the door and her pet parakeet ran into the door and broke its neck." So, of course, I had to find somebody to cover the store so I could get home and make sure that my kids were all right. I would like to see a show of hands. How many people have had that sort of thing hit? You know what I am talking about. It isn't easy.

When I did this, I was a rarity because I was a woman starting my own business with my own idea. I had to go to the bank and ask the bank for the money. When I went to the bank, I said, "I would like to borrow this amount of money. I want to start this business." And the bankers looked at me and said, "That's fine. That's just fine. Come back next week and bring your husband so he can co-sign." That is one of the things that has changed, because women now are in banking. Women are in the securities business and women can loan to women. It is that hand up to help a sister who is starting a business that makes a big difference. Women now own nearly 40 percent of all of the businesses in the United States of America. We have come a long way, ladies, and it is great to be here.

I want to ask a couple of questions because I think it is hard when you have a concept about being a business person, you want

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to start a business, you have a good idea, but you really do not know how to go about it. I would like to know if you have looked for funding, like a loan, grant, or venture capital, and was this experience very difficult, difficult, somewhat difficult, not difficult, or it does not apply to me. When my business was growing and I wanted to get more money from the bank, I needed a little venture capital and that was tough to find – 37 percent found it was very difficult; 19 percent found it was difficult; 11 said it was somewhat difficult; and 34 said it does not apply to them. For the 34 percent, you are sitting pretty. For the rest of us, it is hard, tough work.

Let me ask you another question. What was your best source of information about funding opportunities for your business? Was it a recommendation from a friend or business associate, a government office, a Web site, a private source or that does not apply to me. When I opened my first business, my husband (I have been married for 42 years to the same poor suffering man) was my source, but I would imagine there are people who do not have that wonderful source. My husband is an entrepreneur. Three of my children are entrepreneurs. I have a son who set up his own business and is running it out in California. I have another two kids that are working with my husband. We are just a little family-owned business. But it is wonderful to be able to control your own business, to control your own destiny, to be able to say, “I am going to get up and do this and see how it works.” And if it works, you just keep doing it. And, by gosh, you make money.

How did this work out? A recommendation from a friend or a business associate, 41 percent; government office or Web site? If that is only 8 percent, we sure could do a lot better than that;

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private source, 27 percent; and “does not apply to me,” 25 percent. That is good information for us. We need to know that kind of thing because we, especially those of us who are sitting on the Small Business Committee and make some of the rules that govern your access to funding and information, we need to do better and we will try.

Thanks for sending that message for all of us and thanks for letting me visit with you this morning.

**KERRIGAN:** Thank you, Congresswoman.

Our final guest from the U.S. House of Representatives has established a national reputation as an advocate for a streamlined and more efficient federal government. You can tell she is a former small business owner. As a member of the powerful Rules Committee, she is one of only 13 members who determines the rules under which every piece of legislation that comes to the House floor is to be debated. As the former President and CEO and Myrick Advertising and Myrick Enterprises, Sue Myrick knows how difficult it is for small businesses to operate in today's regulatory environment. We are pleased she could join us today, and it is a pleasure to introduce to you this morning Congresswoman Sue Myrick.



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*“Do not try and be super mom and do it all, because I think most of us who are entrepreneurial have that tendency. We are workaholics. We want everything to be perfect and right and we are going to do it. I tried that, too. The thing I learned early on was you cannot do it all.”*

**- U.S. Representative Sue Myrick**

Good morning. I just wanted to share two things with you quickly because I know we need to move on so you can ask your questions. First of all, have a good alarm clock. My alarm clock did not go off this morning and I woke up at 7:23 and got here at 7:51. Be versatile. Secondly, a lot of you obviously have children or have had children and still run your small business. It is so great to see women of all ages here today because I come from the

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same kind of vintage as Sue.

When we were coming along, it was a lot different and there were not as many of us to begin with. We had some of those same problems that Sue shared with you. Do not try and be super mom and do it all, because I think most of us who are entrepreneurial have that tendency. We are workaholics. We want everything to be perfect and right and we are going to do it. I tried that, too. The thing I learned early on was you cannot do it all. Something has to give. I got my kids to finally start helping with the housework. They did chores. They had always done them, but they finally took over all the chores. My son was eight years old and washing his own clothes.

One day, my mom came to visit. She told me what a terrible mother I was because my son was washing his own clothes, but I was determined I was going to have boys that grew up and did not need a woman to pick up after them. They were going to do it themselves and they all can. My daughters-in-law have thanked me for that.

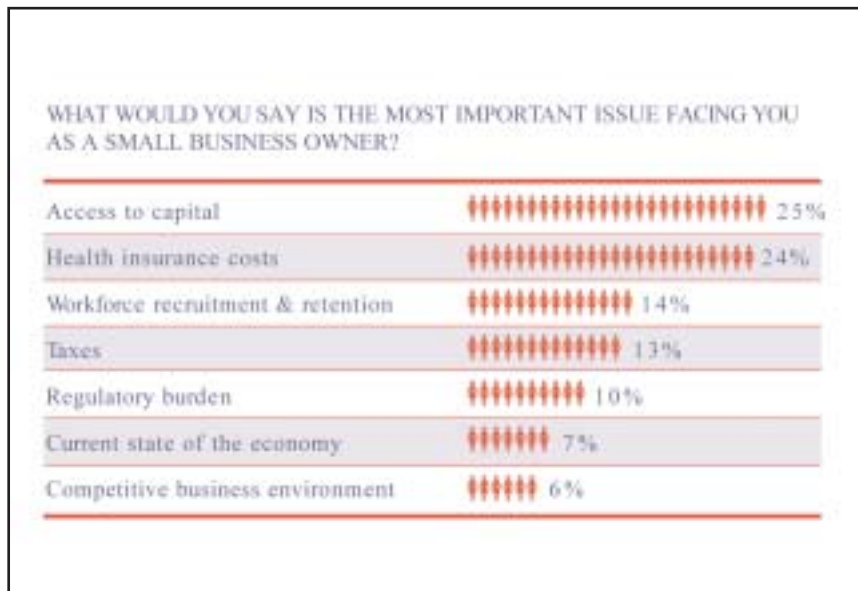
We are delighted that you are here. I am honored to be a part of this conference and I am very interested in hearing what you have to say and what it is you are interested in. I think you will go home with a wealth of information and know there are many resources up here if you need help. Thanks.

**KERRIGAN:** Thank you, Congresswoman.

We are going to do a couple more keypad questions just to give the members a sense of what the critical issues are with our audience members in terms of what they can take back to the Congress and what priorities they should focus on during the rest

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of the congressional session. The first question, What would you say is the most important issue facing you as a small business owner? The choices: access to capital, health insurance costs, workforce recruitment and retention, taxes, regulatory burden, the current state of the economy, or competitive business environment. Which one would you say is the most important? Access to capital is number one, 25 percent; Health insurance costs, 24 percent; workforce recruitment and retention, 14 percent; taxes, 13 percent; regulatory burdens, 10 percent; the current state of the economy, 7 percent, and the business environment, 6 percent.



Data collected from summit participants using eForum audience response technology

We are going to ask one more question. What issue do you believe the U.S. Congress should immediately address to help woman entrepreneurs: Tax relief, tax reform, healthcare reform, affordable health insurance, regulatory reform, modernization of the system, increasing access to capital, or more procurement opportunities for woman entrepreneurs. More procurement opportunities. I think you have a champion on that issue here on

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the panel. Increasing access to capital, 26 percent; Healthcare reform, affordable health insurance, 17 percent; Tax relief, 13 percent; and regulatory reform, 4 percent. Would any of the members like to comment on some of these answers and maybe note some initiatives that are in the Congress right now or in the U.S. House?



Data collected from summit participants using eForum audience response technology

**MANZULLO:** It is important that you stay in contact with your member of Congress. I have a feeling that the Fed is about ready to increase interest rates again. In the district that I represent, the biggest city is Rockford, Illinois, which led the nation in unemployment in 1981 at 25.9 percent. More people were unemployed in Rockford in 1981 than during the so-called Great Depression. The reason is that we are a machine tool industry, heavy manufacturing area. And we are trying to get the Fed to accept another index as to how the economy is going, and that is the sale of machine tools.

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There is a group called Women in Industry. I do not know if any are represented here, but they will know what I am talking about. We have to make sure that Mr. Greenspan does not get irrationally exuberant, think everything is good, and does not look outside the beltway to realize that things are still pretty tough in the Midwest, and we do not need a raise in the interest rates.

**MYRICK:** I think procurement is a huge issue. I have been fighting for eight years to make the government live up to its promise. About 50 percent of the business in the United States today is in one way or another related to the government. The procurement issue is huge and we women who own businesses were supposed to have about 5 percent of that. It took me a long time to figure out what was going on. When I took office, women were getting less than about 1.2 percent of government procurement contracts. It has gone up. It is now a little bit above 2 percent. That is not good enough. That is just not good enough. We need to bring it up.

One of the things I have discovered, and that you may want to think about yourselves, is that many of the people who are doing the procurement for government agencies have not been told that they must reach out to women-owned businesses and give them those contracts and give them a chance to bid on those contracts. If you are certified, you have a right to bid on those contracts. The procurement officers need to know that you have that right and give you that opportunity.

We have an advocate in the Small Business Administration that is there to help you. If you feel you are being shut out, get out there and get that advocate involved and make that procurement officer open up the doors, because 5 percent is certainly the least we can do for women-owned businesses. We are more than 50

percent of the population of the United States and we own 40 percent of the businesses. It is time we get in the door.

**KERRIGAN:** We would love to hear your questions.

**QUESTION:** Good morning. I am from San Antonio, Texas. I am a government contractor and very happy to hear your words, Rep. Manzullo. But I am concerned that your preoccupation is on the bundling issue with other agencies. We just heard that it is not only about being certified, but it is also about dealing with the state of mind or the way the contracting officers have been dealing with us as small business owners for so many years. What are all the other agencies doing to start working on this bundling issue?

**MANZULLO:** We take it contract by contract. For example, we have found that even the House of Representatives is involved in contract bundling. I do not even know if my colleagues are aware of it. But, lo and behold, Boise Cascade comes in with the giant nationwide group for pencils and papers and office supplies, enters into a contract with the House Administration Committee, not as a preference, but to say, "You know, we have something to sell."

And we have found that a little company back in Illinois where we buy our stuff that has a half a dozen employees or less can meet the same price as the big contract bundlers. When you find out that bundling is going on, contact your member of Congress. It is extremely important. Then have them get you in contact with somebody from the Small Business Administration or the Small Business Office of Advocacy or with the Small Business House of Representatives Committee so we can monitor what is

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going on by going through your member of Congress, because that is the person you have to educate first.

**QUESTION:** I own a publishing house. I would like to submit two questions that might display some of the power of the folks here. How many of us have made capital improvements not from a loan, but out of income? And number two, how many of us use contract workers in addition to employees?

**MANZULLO:** Let me take the first part. Congressman Jim DeMint has a bill that would allow startup businesses to accumulate capital and defer the payment of income tax for a period of five years. I know both of you are co-sponsors on that one.

**MYRICK:** It is a bipartisan bill, Baird and DeMint. It is the Startup Success Account Act. The whole capitalization problem is, when you are talking about capitalizing out of your income, you are doing pretty well. We want to give you every break we possibly can. We want to make sure that we do not tax away your ability to do that. That is in actually sitting in the Senate right now. It is part of the economic stimulus package. We have some tax advantages there. Not only that, but if you all do not know about the association health plans, that is something else that would allow you as small businesses to band together and buy health insurance at a lower cost because you are spreading the risk pool in a larger way. That is also part of one of the packages.

We pass good legislation in the House of Representatives. The problem is there are a lot of bills. Last I looked, there were 57 bills, a lot of them having to do with helping small businesses, not particularly women-owned businesses, but just small businesses

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across the nation – trying to help them get some advantages so we keep this economy up and moving. We are the people that move the economy. We small businesspeople are the driving force behind it. We need the breaks and we are trying to give them to you.

**QUESTION:** I am a business owner from Baltimore, Maryland. One of the key problems that we have is trying to find the people that we want to do business with in the government. Who buys what services and products? I have created a database that identifies the procurement officials for federal, state and local governments in Maryland, Virginia and D.C., but it has taken me 18 months and it is a big secret who is responsible for buying what. Can I count on your help to open doors so that I can identify what buyers in federal and state governments will buy what products and services so that we can make it easily available for all of the business owners here?

**MYRICK:** Don and I are on the Small Business Committee. You are right on. You are right where I found the problem was. We are going to help you. We will do everything we possibly can.

**MANZULLO:** There are some databases available. In my congressional district, Deirdre Lee came out from the Pentagon and put on a day-long seminar on access to government contracts. But, before you leave here this afternoon, we will get some information over to you with perhaps some of the Web sites that you could pass out.

**MYRICK:** I am going to make sure that Don and I get this thing done. We will try to get it done and help you because we need to make all this information available on the Web site so you can download it yourself and you can find the pathway to get



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what you need to get the capitalization, venture capital, lowered taxes, health insurance, and all the things that we small business entrepreneurs have got to have.

**QUESTION:** Several years ago, I found myself surrounded by women in business who have had a great impact on my life. My vision was to develop a company that met the needs of stay-at-home moms. I was there once. I struggled with the inferiority complex that often goes along. It seems if you are not out in the workplace, then you are a big zero because you are just staying at home raising those kids. Is there anything out there that would assist and encourage the stay-at-home mom entrepreneurs and any kind of assistance to help them as they are developing their business? In my workplace I was able to establish an area for the moms to bring the children as they worked and it was fantastic.

**MYRICK:** This is happening. A lot of women entrepreneurs are starting businesses out of their home because of the technology and flexibility they have. In our office, I hate to say, "Go to your Congressman," because I know a lot of people would say, "Oh, do not say that." But the things that they are going to assemble for you on the Web site are great. But if you do go to your Congressman's office, they can let you know what things are available and put you in touch with people like the Labor Department, for instance, because they can let you know. There are resources there that apply to you just like everybody else. You may not have a big office, but you have your office in your home. It does not matter. Your business is still viable and that is what is important. I would encourage you to do that.

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I wanted to make this point because we often forget to tell you about this. We have in Congress something called the Corrections Committee. I know one of my biggest frustrations as a business owner is government regulation and what they do and how they hamper you. If you know of a government regulation you are dealing with in your business that is just plain stupid and does not make any sense, let us know. Again, you can do it through your Congressperson because we have a committee that meets to look at these regulations and I am on that committee. If they do not make sense, we get them off the books. It is easy to do. It has to take a vote of Congress, but Congress approves it.

**KERRIGAN:** Congresswoman Kelly, you had another remark?

**KELLY:** If you have not gone to the Web site for the Small Business Administration, we have a pretty good Web site. It is one of the places where you can get a lot of pathways to get a lot of information. In the literature that they have passed out, you have that Web site listed. I also wanted to mention one thing. You talked about the fact that because you are working out of your home, you are considered a second class business person, because it is a home-based business instead of out at some other kind of an office.

There was a project that was funded by the Kaufman Foundation called the Diana Project and it went after some of these myths. I have a list of them because I thought you might be interested in them. One of them was, women do not want to own high-growth businesses. The second one was, women do not have the right educational backgrounds to build large ventures. The third one was, women do not have the right types of experience to build large ventures. The fourth one was, women are not in the

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network and lack the social contacts to build a credible venture or women do not have the financial savvy or resources to start high-growth businesses.

And number six was, women do not submit business plans to equity providers. The seventh one was, women-owned ventures are in industries unattractive to venture capitalists. And the last one was, women are not a force in the venture capital industry. Every single one of the things I just said was proved by this research project, the Diana Project, to be absolutely untrue. We have got to go out there and fight for our rights.

**MANZULLO:** Let me give you a Web site on defense procurement. It is [www.defense.bizop.gov](http://www.defense.bizop.gov). If not, just go to [www.dod.gov](http://www.dod.gov) and that will get you into the procurement section.

**KERRIGAN:** And thank you to the Kaufman Center for pulling that wonderful information together.

**QUESTION:** I am a small businesswoman from Western Maryland and I hope I speak for a lot of you or give you a voice just by putting this microphone to my mouth. I do subcontracting work and what I find on the RFPs, we are seeing the words, "best value." I do not know if any of you have picked up on that, but in government contracts and construction, best value is qualified by saying you have to be big business to qualify to bid on some of the government projects that are going on. The word "entrepreneur" knocks you people out because you, number one, are not pre-qualified, and how can you get five years experience behind you. My question is, in the committees that you are both on, and I am familiar with the committees, can there be a rewording of that? This is something that has developed in the last five to six years

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and is hurting the small business person, whether it is a woman in business or a man.

**MANZULLO:** That is a term that is used by lazy procurement officers who want to get involved in contract bundling and smoke people like you. I have to leave shortly, but I want you to talk to Nelson over here. I want you to put it in writing on your letterhead. Get the letter to us. We will start shopping it through the agencies and bring in those people responsible for the term of art if you want to give it that credibility.

**KERRIGAN:** Please, a round of applause for our terrific small business House leaders.

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### ADDRESS

*“I believe that you are leading a very, very powerful revolution for American women. As business owners, you are gutsy. Your natural courage makes things happen in your businesses that have a wonderful ripple effect for our country's economy. You know what risk-taking is all about and you do not shy away from it.”*

**- U.S. Secretary of Labor Elaine L. Chao**

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### INTRODUCTION

**U.S. REPRESENTATIVE ANNE NORTHUP:** It is a great honor for me to be here today to introduce to you our nation's 24th Secretary of Labor, Elaine L. Chao. Secretary Chao represents a new generation of American leadership. Not only is she the first Asian American woman appointed to a President's Cabinet in U.S. history, but Secretary Chao has the talent, compassion and commitment to help people build better lives. At the Department of Labor, Secretary Chao oversees activities and programs that make a real difference in people's lives by giving them hope for a better future. She heads programs that help workers have safer workplaces and make sure that their workplaces are fair to all. She gives hope to Americans that as they move up the ladder, they have economic security and even prosperity.

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As technology and globalization change the way employees work and employers do business, Secretary Chao has pledged to focus on the emerging realities of the new economy and ensure that our laws governing the workplace are more flexible for all working people. She is an effective and articulate champion, advocating a strong and productive workforce in which everyone can participate, where jobs and opportunities are available for those leaving welfare, for job training that is accessible for those that feel left behind, and to make sure that a disability never bars a qualified person from the workplace.

She has had a distinguished career in the private and the public sector. Before becoming Secretary of Labor, she was a Distinguished Fellow at the Heritage Foundation. She was President and CEO of the United Way of America and she was the Director of the Peace Corps. She has an MBA from Harvard. I also want to mention that she is one of our favorites from Kentucky. She is married to our senior Senator, Mitch McConnell. Please join me in welcoming one of the women that serves as a role model to all Kentuckians and to women across the United States, Secretary Elaine Chao.

**U.S. SECRETARY OF LABOR ELAINE L. CHAO:** Thank you very much. There are three reasons why Anne Northup is so special to me. First of all, she is one of these dynamic women and she is about the most dynamic and influential leader in the House of Representatives from our state. Second of all, as I mentioned, she is my Congresswoman back in Kentucky and she is doing a great job. And, third, she is on the Appropriations Subcommittee that determines the budget for the Department of Labor. So, it is always really nice to see Congresswoman Ann Northup. Thank you, Ann, for all that you do for us.

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Before I begin, I do want to greet all of those who are joining us via satellite today. They are also participating in our eForum using the same keypads that you have.

Spending the last 24 hours with all of you has just been phenomenal. I cannot get over what a dynamic crowd you are. Your work in yesterday's breakout sessions was really exciting. The conversations were so honest. I am not surprised, mind you, by this tremendous level of energy and passion because I see you as a truly historic group of leaders. I believe that you are leading a very, very powerful revolution for American women. As business owners, you are gutsy. Your natural courage makes things happen in your businesses that have a wonderful ripple effect for our country's economy. You know what risk-taking is all about and you do not shy away from it.

When you started your business, how many of you were afraid it would fail? Be honest - very afraid, one; moderately afraid, two; three, only slightly afraid; four, not at all afraid. Let's see what the numbers say. At least 29 percent were very afraid. But you did not let that stop you, did you? And thank goodness you did not because without entrepreneurs, America just would not be America. That is why I am thrilled to be here with you celebrating your accomplishments. And I hope that you are proud of what you have done, too, and what you mean to this great country.

I want to talk today about how far women in this country have come and where we are going next. But first, I need to talk shop. As Secretary of Labor, I am constantly thinking about jobs. Lately, my concern has been the rising unemployment since the attacks of September 11th. But things are turning around. I think



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a good example of that is the group of women we saluted yesterday. These women and their businesses are surviving and even thriving, in spite of that horror that took place so close to them. Like these women, all of you gathered here for this conference today are absolutely key to our economy. Your immense resilience and ability to create jobs will bring us to full economic recovery. As the woman in America who is most preoccupied with jobs and unemployment, I want to thank you for all that you do and all that you will do as we recover from America's recession.

The facts about women-owned businesses and job creation are so impressive, but even more so when put into context. Think about it this way: It was not very long ago when we were bumping our heads on the glass ceiling, when it seemed that no matter what we did at the office, we were referred to as “the skirts.” The women of my generation and generations before us were laughed at in school if we said outright that our dream was to become President of the United States or president of an organization. But now I want to talk about the good news. Those days are over.

I think the best way to show how much things have changed is to tell you about some of the young women that I have been working with over the last few years. These young women in their early to late 20s have very little idea about what I just described. They are shocked to hear about the stories that their mothers and other pioneers have suffered, and also to hear the memories of being a working woman in the 1970s and 1980s. When the girls of Generation Y stand up in their sixth grade classrooms nowadays and say that they want to grow up to be President, their teachers and fellow students applaud and encourage them. The glass ceiling for their generation and those

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that follow is becoming porous. It is no longer a barrier that stops everyone, but a challenge to break through. And if they decide to start their own businesses someday, it is highly unlikely that they will be discouraged to do so based on their gender alone.

How many of you felt that you were discouraged from starting your business because you were a woman, by bankers or lawyers or even your own family and friends? Were you discouraged from starting your business because you are a woman? One is yes, two is no, three is unsure – Yes, 49 percent; No, 47 percent. Actually, 3 percent were unsure. The women under the age of 30 are probably surprised that you received some pushback based on the fact that you were a female and their shock and disbelief means that we have achieved great success and great progress. Today is a very good day in America for women entrepreneurs.

I do not want to imply that you live on Easy Street by any means. I know that many of you have had a number of challenges and concerns, some of which are the same as your male counterparts, and some of which are quite different. All business owners are concerned about taxes, regulations, access to capital and finding qualified employees. I am going to talk about some of these concerns a little bit later.

You started your businesses for different reasons and that means your priorities can be a little different, as well. For many of you, almost a third, starting your own firm was a way to get around that glass ceiling. Contrary to popular belief, most of you are not business owners by inheritance. You are not just the wives and the daughters of business owners. Studies have shown that women tend to establish, rather than acquire their businesses.

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And now that you own these businesses, you manage your employees a little bit differently than your male counterparts.

Women-owned firms in the United States are more likely than all firms to offer flex time and profit sharing to their workers. You understand that education is the basis for individual accomplishment so you are more likely to encourage further education for your employees through tuition reimbursement, if you can afford it. You understand the need for more flexibility and the challenge of balancing work and family. After all, that was one of the greatest benefits of becoming your own boss. You have special concerns about retirement because women are still catching up from the days when it was not considered important for a woman to save, you know, "She can just rely on her husband's pension." I believe that you are more aware of the importance of healthcare coverage because the bottom line is that women are the primary healthcare decision makers for themselves and their families. Isn't that interesting?

This Administration and the President are dedicated to addressing your unique concerns. I know that President Bush is going to talk more about his small business initiatives later this morning, but I want to mention a few things we have been particularly focused on at the Department of Labor. One of the most important things we are working on is expanding the flexibility of employers like you to offer compensatory time off in place of overtime pay to employees. It gives you greater flexibility. It is time for the federal government to understand that our work and family lives are changing.

Balancing work and family is increasingly difficult, especially for women. We want to make policy changes that give

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employers and employees more options and greater flexibility. We also know that keeping up with all of the Department of Labor's regulations can be time consuming, very costly and pretty frightening for a number of you. As small business owners, you usually do not have a staff of lawyers and human resource managers to keep track of all the regulations and rules that the government requires, so you worry that you might be inadvertently breaking laws that you do not even know anything about.

That is why we at the Department of Labor want to cut our regulatory agenda – the list of regulations that are somewhere in the works – by a third of what it was when we got here in 2001. We are not compromising worker safety, but we want to make sure that the best way to help people comply with regulations is the best way to protect worker safety. That is why we are increasing our compliance assistance efforts. We are telling all Department of Labor agencies to offer more assistance and more information to help employers who want to comply with all the rules and regulations the federal government has, but are not quite sure how to do it.

We all want a safe, healthy and fair workplace for employees and we want to make sure that we are assisting employers to help achieve that ultimate goal. Your ideas are very important to us as we strive to achieve a culture of safety, satisfaction, fair compensation and job security in the American workplace.

We know that because of your leadership, employees are being treated better than ever. Scientific research has shown us that women do, in fact, have a higher ability to collaborate with others and nurture those around them. In the workplace, that

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translates to more teamwork and better benefits for employees. The era of command and control of management is being eclipsed now by the new collaborative management and customer-focused models that we hear a lot about. In fact, this model is proving to be more flexible and it is allowing American businesses to be more competitive, and therefore more successful in the global workplace.

The business writers are calling it “the feminization of management thinking.” I like to call it just being a savvy business manager and leader. Not only are you contributing to the economy, your contributions are invaluable. Your contributions toward making the 21st century a rewarding place to work are a well that has just begun to be tapped. I ask you to please stay engaged.

We at the Department of Labor really do value your ideas. If we are doing something to impede your progress and ability to compete and succeed and, therefore, take care of your employees, you have to let us know, because we will listen. I also ask that you never forget to take great pride in your accomplishments as entrepreneurs and as women. Take pride in your silent revolution. Because of you, daughters are now inheriting businesses, wealth and financial independence from their mothers. Those of us in the government want to help you stay on top of your game, but you may have to shout now and then to get our attention because you must never let government hold back your revolution.

Thank you so much for coming and thank you for keeping our economy strong and providing jobs. God bless you and God bless America.

\* \* \*

**SMALL BUSINESS  
LEADERS IN THE  
UNITED STATES SENATE**

**Christopher Bond**  
*U.S. Senator*

**Susan Collins**  
*U.S. Senator*

**Kay Bailey Hutchison**  
*U.S. Senator*

**MODERATOR:**

**D. Cameron Findlay**  
*Deputy Secretary*  
*U.S. Department of Labor*

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### **D. CAMERON FINDLAY, DEPUTY SECRETARY, U.S. DEPARTMENT OF LABOR:**

Thank you. It is a great delight to be here, and I have the pleasure of introducing three very good friends of small business to you in the United States Senate. As these three distinguished Senators know, our government and sometimes my own Department of Labor has the chance to get in the way of small business. It has the potential to erect obstacles to the work you want to do. These three Senators help keep us honest and help us to enact legislation that takes away barriers to small business.

First, I would like to introduce Senator Kit Bond of Missouri. Senator Bond is a graduate of Princeton University and the University of Virginia Law School. He was elected first to State Auditor in 1970. He went on to become Governor of Missouri for two terms, and then was elected to the United States Senate in 1986 where he has made support for small business one of the cornerstones of his career. As Chairman of the Small

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Business Committee, and now its top Republican, Senator Bond led the charge to reform the regulatory process so that the rulemaking process responds to the small businesses like yours. In 2000, he convened the first National Women's Small Business Summit to learn more about how the federal government can help foster small business. May I present to you please, Kit Bond.

Our second guest is Senator Susan Collins of Maine. Senator Collins was elected in 1996 and was the 15th woman in history to be elected as a United States Senator. She currently holds a Senate leadership position with the post of Deputy Whip. Senator Collins is a longtime friend of small business in the Senate. Year after year, she receives a 100 percent rating from the National Federation of Independent Businesses. In fact, Senator Collins comes from the world of small business. Two of her brothers still operate the family lumber company that was founded in 1844 in Maine. Prior to coming to Washington, she was the New England Administrator for the Small Business Administration.

She was the founding executive director of the Center for Family Business at Husson College in Bangor, Maine. In the Senate, her first act was to introduce legislation to provide relief from the death tax. She is no slouch academically. She was a 1975 Phi Beta Kappa graduate with highest honors from St. Lawrence University in Canton, New York. Before coming to the Senate, she worked for Senator William Cohen of Maine. She served in Governor John McKernan's cabinet, and then served as the New England Small Business Administration Regional Administrator. Before she ran for the Senate, she also founded and ran the Center for Family Business at Husson College until she resigned to run for the Senate.

Would you please welcome Senator Susan Collins.



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Finally, it is a pleasure to introduce someone that I first met when I was a young White House aide in 1992 and she was in charge of the Republican National Convention, Senator Kay Bailey Hutchison. Senator Hutchison is the first woman ever to represent the state of Texas in the United States Senate, and she was elected to a second term in the year 2000. And she is one of the top five leaders of the Senate Republicans in the 107th Congress.

The Senator is actively involved in education issues and, in particular, the concerns of women and small business. Her work has helped her expand federal contracting opportunities to small business entrepreneurs and to curb the bundling of federal contracts that hurt small businesses. No one has been a greater proponent of small business development centers which assist so many of you as small business owners in gaining access to capital. Before her election to the Senate, Senator Hutchison was twice elected to the Texas House of Representatives, served as the Texas State Treasurer and then, of course, was elected to the Senate in 1994 and 2000.

For her work, she has received numerous awards from civic, education and business groups, including the 2000 Eagle Award for commitment to our nation's Hispanic community, and an award as one of the most influential 100 Texas women of the century from the Texas Women's Chamber of Commerce. She is a graduate of a fine institution, the University of Texas and the University of Texas Law School. She lives with her husband, Roy, in Dallas, Texas. Would you please welcome Kay Bailey Hutchison.

First, we would like to hear from Senator Bond. Senator Bond?

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*“First and foremost, we want to make sure that the federal government is a friend when you need one, not an irritating busybody who gets in the way and keeps you from running your businesses according to your own dreams.”*

**- U.S. Senator Christopher Bond**

I want to begin by expressing sincere thanks and congratulations to Secretary Chao for hosting this wonderful event.

Yesterday, we were in Missouri with the President talking about small business, and I know you all are most anxious to hear from the President later on this morning because I believe he has some great things to say. I am excited and pleased to see such a

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great group of people who have come here to be with us today. Congratulations to all of you. I also want to welcome those who are joining us by video conference. Hello, St. Louis, Orlando, Little Rock and Bangor. We are delighted that you could join us by means of electronic communications.

I think today's session is very visible evidence of how growth in the small business sector of women-owned small business is the most important part of small business today. By the end of this decade, the way the number of women-owned small businesses are growing, women will own 50 percent of all small businesses. Women mean business now and in the future. I know you have got lots of ideas and there are lots of things that you are going to be able to tell us. As I said, the President is going to have some things to talk to you about today that I believe are going to be very important to each of you.

Let me share just a few of the things that I am working on with our great Small Business Committee staff and, obviously, the tremendous assistance of my colleagues who are with me on the stage today. In return, I hope that you will give us some insights on things that we are working on to make sure we are on the right track.

First and foremost, we want to make sure that the federal government is a friend when you need one, not an irritating busybody who gets in the way and keeps you from running your businesses according to your own dreams. Let's start with a few questions. I want to see how good you are and how quickly we can get this done. We have this system set up so you can tell us by keyboard what your answers are. How many of you who own your businesses provide health insurance for your employees and

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their families? Push one for yes, two for no. If you own a small business, do you provide health insurance for your employees and their families? One, yes; two, no. It is very close, 51 to 49.

Second question: If health insurance costs continue to increase, will you be able to cover your employees and their families as you do now? Those who answered yes, answer yes or no on this one. Yes is one; two is no. For the 51 percent who do now provide coverage. Only 16 percent yes, 84 percent no. This is where our problems lie.

Finally, if we could give you the same bargaining power, administrative efficiencies, choice and reduced costs as large businesses in the health insurance market, would this make a difference in your decision to offer healthcare to your employees and their families? If you would be willing to do it under those conditions, push one for yes; two for no. Well, that is an overwhelming 96 to 4 percent. I think we have the message.

To be quite honest, the results are not surprising. It makes sense on its face because as we have heard from small businesses all over the country, employers want to provide health insurance for their employees. It is not a hard choice. It is not rocket science. Small businesses are fiercely competitive not just for every customer, but also for the most capable employees.

Getting good health insurance coverage is one way you compete for and keep the best workforce you can find. Plus, most of you will say it is just the right thing to do for your employees. Small business owners are often friends, and not just employers. Your workers are not just employees with an identification number. They are people you see and you work with and talk with every day and see them around the town that you live in. In fact,

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some of them may also be your family in many instances. Many of these people cannot afford health insurance unless you, their employer, provide it.

Now, many people think that the crisis of the uninsured is because there are people who are unemployed. In reality, about 60 percent of those without health insurance are employed or are married to someone who is. The truth is that the crisis of uninsured in this country is about how many people are employed, but uninsured. Why is that? Well, you can give me the answer. Let me tell you what hundreds of business owners have told me. Premiums have been skyrocketing out of control. Many employers are no longer able to offer the benefit. They are not able to get coverage and insurance at rates similar to those paid by large businesses.

One solution that I unequivocally endorse, and I believe the President is going to have something to say about it today, is for federal law to permit what are called association health plans on a nationwide basis. These plans are currently only available in some states. This limited pool severely restricts their ability to generate enough customers to assure lower rates. We need legislation to create national AHPs. This would allow for small businesses to come together under an umbrella plan and purchase their health insurance as if they were a large business. The larger market power will enable you to obtain lower rates.

You do not need a Ph.D. in economics to know that the best way to lower rates is to create more competition and spread the costs over a larger number of subscribers. If you are successful in business, and I do not guess you would be here today if you were not reasonably successful, you know the power of competition. These AHPs take advantage of that power. This provision has

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been passed by the House in its Patients' Bill of Rights package. It has been introduced in the Senate. I am pleased to be a cosponsor and I intend to use the full resources I have as the ranking Republican on the Small Business Committee to push for this legislation in whatever way we can get it. AHPs should mean increased choice and decreased costs.

Now, for the bad news. Even with the best healthcare, someday you are going to leave us. It happens to all of us and is inevitable, along with taxes. We try not to think about it, but when you do think about it, I am sure your plans include wanting to be able to pass the business along that you worked so hard to build. We all hope that we can work hard to produce a better life for our children, grandchildren and others who are important to us. Passing on the business you built is just as much a part of the American dream as starting up your business in the first place.

President Bush's \$1.35 trillion tax relief package we passed this past summer has improved your ability to do that. The grim reaper will no longer be stalking your business. Instead, the grim reaper is stalking the death tax. Its days are numbered, but we have not finished the job yet. The death tax is in a coma, but it is still on life support. Because of the way the budget process is set up, and we do not have time nor do I have the interest nor do you have the interest to know why it is, but trust me, because we could not get 60 votes when we passed the tax relief package, the death tax comes roaring back to life in 2011. Right now, you have to plan to die in 2010 to be able to pass along your business without it being decimated by the death tax. That is not in my plan. It may happen, but I do not plan to do it. But it is time to finish the job, pull the plug on the death tax. We need to be able to make sure we can pass along the business.

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Finally, we need to get control over federal regulations. The SBA estimates that federal regulations cost an average of \$7,000 per employee for firms with fewer than 20 employees. That is outrageous. Think what you could do with that money, or even half of it, because regulations are necessary. But if you could cut the cost of those regulations in half, you could spend on things like expanding your products, marketing, health insurance or even retirement benefits.

We need to make every effort we can to ensure that regulations impose the least amount of burdens possible. Analyzing the burden is the key principle behind my Red Tape Reduction Act, which the Senate passed in 1996 without a dissenting vote. The House put it on the debt ceiling bill and it was signed by the President at the time. We have since discovered that there are some agencies willing to go to extraordinary lengths to avoid this simple requirement of talking to and listening to small businesses to conduct the analysis, so I have introduced another bill to tighten up on the loopholes.

This bill, the Agency Accountability Act, would require agencies to tell small businesses up front if they are not going to conduct the required Red Tape Reduction Act analysis. They would have to publish their analysis and you would have an opportunity for judicial review. It would also tell the chief counsel of the SBA to clarify the critical terms in the law so people cannot sneak around the corners as they are doing right now.

Finally, I want to point out that government purchasing is one of the key areas identified last year at the Women's Small Business Summit in Kansas City. They were concerned about federal procurement, particularly the federal government's failure

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to meet the goal of 5 percent of contract dollars going to women-owned businesses. The goal was set in 1994 and has never been met, not once. We are trying to work with the SBA to make sure that they carry the message and get the departments of government organized.

We need the support of this Administration, and I believe we have it, to make sure that there is a real effort to meet the contracting goal. I want to see more women-owned businesses open and prosper and grow, and that means making sure that the federal government, as a purchaser, meets the goals and meets the requirements.

Thank you so much for the opportunity to be with you. I, unfortunately, am going to have to leave because we have a Budget Committee meeting in a few minutes. I know that you will have a great day. My staff will be here. If there is one thing that I could ask you to look at, it is a little pamphlet on hub zones. If you want to start a small business and get a leg up on federal contracting, locating in a hub zone and hiring hub zone employees, we will give you an opportunity to do so and help bring jobs to the places where they are most needed.

Thank you for being here.

**FINDLAY:** Thank you very much, Senator. Those are all terrific ideas. Now we would like to hear from Senator Susan Collins of Maine.



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*“I promise you that joining the ranks of small business owners can be one of the most rewarding experiences and one of the most empowering ones of your life. Small businesses play such an important role in our economy. They bring us diversity and freedom from the sameness of giant chains. They are the threads that bind communities and the source of local opportunity.”*

**- U.S. Senator Susan Collins**

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**U.S. SENATOR SUSAN COLLINS:** Good morning. I am delighted to participate in this exciting conference designed to promote the success of women entrepreneurs. I want to thank our wonderful Secretary of Labor, Elaine Chao, for being the inspiration behind this conference and for bringing us all together.

I want to welcome our participants here in Washington and in Missouri, Florida and Arkansas. Most of all, I want to extend an especially warm welcome to my friends at Husson College Center for Family Business in Bangor, Maine. That is where I worked before coming to the United States Senate. We found that our seminars on how to run and start up a family-owned business were extremely popular. We had seminars on such issues as passing on your family business to the next generation and how to deal with the onerous estate tax, but what was even more popular seminars were those on how do you live and work with the same person. How do you get on with your in-laws at work and socially as well? The center is an excellent resource for Maine businesses, both women-owned and men-owned, and I want to applaud the good work of its executive director, Cheryl Russell.

I am going to focus my brief remarks this morning on small business because advocating for small business has been a centerpiece of my career, both prior to and during my time in the United States Senate. I served for many years as an adviser to former Senator Bill Cohen on small business issues. I worked as the New England head of the Small Business Administration and, as I mentioned, I worked at Husson College's Center for Family Business. In fact, I have continued that work in the Senate. Just last week, along with my colleague, Senator Bond, we introduced legislation that would increase the expensing limit for small businesses from \$24,000 to \$40,000.

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This act would help small businesses buy more equipment and create more jobs. The adjustment in the expensing limit is long overdue. It has not been increased since 1996 and I think it would do a lot to encourage the kind of investment that needs to be made. It would be a real spur to our economy because, time and again, it is small businesses that create the net new jobs and it is small business that leads us out of recessions.

I also have a special interest in promoting women entrepreneurs. When I served as the head of the New England SBA, I introduced and expanded a mentoring program that matched experienced women businesspeople with fledgling women entrepreneurs. If you are not familiar with this program, I encourage you to look into it because the experienced businesswomen told me that they got as much out of it as those who were just starting out with their own businesses. It is a program that I think can make a real difference.

Did you know that one-third of all small business owners are now women? As Senator Bond pointed out, that is expected to increase to 50 percent. America's 9.1 million women-owned businesses employ 27.5 million people and contribute \$3.6 trillion to our economy. I mention those statistics because they prove that you have both economic and political clout. I encourage you to use it. Women are starting their own businesses at record rates, in some cases in response to the glass ceiling that still exists at too many large corporations.

Getting started is not easy, whether you are considering starting your own business or running for political office, so it is important to recognize that it is difficult to do it alone. You probably know that or you would not be here today. So I urge you

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to take advantage of all the resources that are out there to help you. The Small Business Administration, for example, has an Office of Women's Business Ownership which is rich in resources. You can find help through its Women Business Centers, which provide women with long-range training and counseling in all aspects of owning and managing a business.

The world of small business is an exciting one. I promise you that joining the ranks of small business owners can be one of the most rewarding experiences and one of the most empowering ones of your life. Small businesses play such an important role in our economy. They bring us diversity and freedom from the sameness of giant chains. They are the threads that bind communities and the source of local opportunity.

There are many challenges. We have talked a bit about the challenges of health insurance. We know that we need to do more to provide tax credits and other incentives to help you provide those benefits. I hope you will take from this conference new knowledge of the resources that are available to help you.

Have a great day. I hope you really enjoy the conference. Thank you.

**FINDLAY:** Thank you very much, Senator Collins. Those were wise insights from someone who has been there in small business. Finally, we will hear from Senator Kay Bailey Hutchison of Texas. Senator?

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*“Let's let creativity abound because that is what makes America great. It is our creativity. It is small businesses becoming large businesses, allowing everyone a chance to work hard and do better for themselves and their children and to make sure their children get the fruits of their labors. That is what we are trying to do, and we are so pleased that you are here to work with us.”*

**- U.S. Senator Kay Bailey Hutchison**

**U.S. SENATOR KAY BAILEY HUTCHISON:** Thank you. Let me just say first of all how pleased I am to see so many women entrepreneurs from all over our country here today. And I really appreciate Elaine Chao. Elaine has been in business. She has had management experience. She knows that there are a lot of minefields out there and she decided to try to reach out and make sure that we bring people in to assure that they know everything that is available to help women in business make it because it is a tough world out there.

We know that there are many things we can do in government, but mainly it is getting out of the way that would be so helpful. If we didn't have so many regulations and so many taxes and a death tax that would keep you from passing your business to your children and grandchildren, we would be able to produce so much more. That is what the Republicans in Congress and this President are trying to do. Let's clear the way. Let's let the free market ride.

Let's let creativity abound because that is what makes America great. It is our creativity. It is small businesses becoming large businesses, allowing everyone a chance to work hard and do better for themselves and their children and to make sure their children get the fruits of their labors. That is what we are trying to do, and we are so pleased that you are here to work with us.

Let me tell you my experience. I was a small business owner. I bought a small candy manufacturing company. I went to the SBA first because I wanted to get a loan, had to get a loan, in order to buy that business. After about three weeks of absolute red tape bureaucracy and forms, I said, "There has got to be a better way." I left the SBA, did a conventional loan, and when I came to the United States Senate I remembered that experience. I tried to

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streamline the SBA loan process. I hope that it has been better for you than it was for me. I hope that the streamlining has worked.

One of the things that I hope you will do as feedback from this seminar is tell us what you think the SBA can do better, because we know that the SBA can be a vital tool for our startup businesses and especially our women-owned businesses that maybe do not have a track record, but they have a good idea, they have a sense of a plan, a business plan, they have a good degree, they know what they want to do. We want to be helpful. We do not want to set up roadblocks. That is number one.

Number two, we need to have a lot more free trade. When I tell you that I was running a small business, it was a small business. Our sales were just under \$1 million a year. Now, that is a small business. I quickly found out that I had an export market, that I could export candy to France, Canada, and Mexico. And it was very easy for this very small business. But I have found in talking to many of my friends in small business that they never think that they could be international. So another area that we are addressing in this Administration is free trade.

We are trying now to pass the Free Trade Agreement with the Andean nations in South American. We already have NAFTA for free trade with Mexico and with Canada. We are trying to get the Trade Promotion Act so that we can open our markets and so we will have free trade as well as fair trade for our country because we know with free trade it is a win for both sides; because we know that the American worker is the most productive; that we can produce the best products; and that we can sell abroad if we have a level playing field. By the same token, if we have free and fair trade with another country, it builds their economies and their buying power.

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So, we have export markets, we have jobs that are created by export markets, but we also have import capabilities as we create buying power in the foreign country with free and fair trade. So, as you are small business entrepreneurs, do not overlook the capability to take part in foreign trade. You can do it.

The tax cut package we passed last year started taking into account something that Susan and I and Olympia Snowe, Elaine Chao and so many of our women who have been in the job market understand. That is that women need retirement security the most, but they are at a lower level in retirement security for a very simple reason: Women go in and out of the workplace, especially in their younger years when they are having children. Many decide to stay home until their children go into elementary school or many stay at home until their children are graduated from high school. They lose the power of compound interest and they suffer for that because their retirement security is lower than someone who has not left the workplace. We started addressing that, first with the homemaker IRAs.

When I first came to the Senate, I took once again from my experience where I had been a young working woman, single, got married, could not continue contributing to my IRA because I was a stay-at-home spouse. I said, "Wait a minute." Women who work inside the home contribute to our society every bit as much as those who work outside the home. We should be helping them with retirement security, not hurting them. So when the Republicans took control of Congress, we passed homemaker IRAs so that you can set aside the same amount whether you work inside the home or outside the home.

Last year, we took the next step. We started increasing the amount that you can set aside for your IRA. So, starting this year,



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instead of \$2,000 a year, you can put \$3,000 a year. And if you are over 50, you can put aside \$3,500 a year. We will start making up for the people who have to go in and out of the workplace.

That is what we are starting and we are building on that over the next 10 years with the tax cuts that we have already passed. The same for the 401(k). The 401(k) also now has a catch-up provision for those who are over 50. In 2002, the contribution limit for 401(k)s increased by \$500 and the catch-up amount is \$1,000 for a total amount of \$1,500 over the 2001 limits for those over 50 years of age. We are making progress. We are understanding that women contribute so much, whether they work inside the home or outside the home. They are equal partners in the building of our society. We want to make it better, not harder. We want to promote women in business and women entrepreneurship, not hold them back.

We are the greatest nation in the world to be a woman. You have only to read the stories, not only about women who have had untold cruelty to them in places like Afghanistan, or where we read just this weekend about a school in Saudi Arabia that burned to the ground and the girls were not allowed to leave because they were not properly attired and 12 little girls perished in the fire. We not only read about that, but we read about other forms of discrimination throughout the world. In America, we have brought women into the system. We have women in the workplace. We have women entrepreneurs. We are dealing with catch-up to make sure that women have the choice to stay at home or go outside. We have women at all levels of government and we are inclusive.

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Susan and I remember when running for public office as a woman was at least a 5 percent minus that you had to overcome. Today it is at least a 5 percent plus to be a woman candidate. That shows how far we have come and what a great nation we are because we bring everyone into the process on a 50/50 basis. We have a great President. We have a President of the United States who has been an entrepreneur, who has been in business, who understands the free market. He is a person who is working with us to try to make it better for women to have the choices in life for what is better for her and her family, and that is exactly what we want to present to you today.

So thank you for being here. Thank you for being part of the process, and let us help you make your lives better for yourselves and your family.

**FINDLAY:** Thank you very much, Senator Hutchison.

I think to keep ourselves on schedule we will take one question, which I understand is from Bangor, Maine.

**QUESTION:** Good morning. Senator Collins, you left some big shoes to fill here. Eighty-four percent of your constituents here this morning at the Center for Family Business have said one more increase in health insurance and they no longer will be able to continue that coverage for their employees. In addition to the proposed association health plans that we heard about earlier, is there anything else that Congress is doing to help us in that area?

**COLLINS:** Thank you for your question. I think the rising cost of health insurance is the number one challenge facing most of

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our small businesses. Just recently, I attended a fisherman's forum in Rockland, Maine and that was the number one issue because these fishermen are self-employed and they simply can no longer afford to buy health insurance.

Whether I am talking to a self-employed individual or the owner of a struggling small business or the human resources manager of a large corporation, the escalating cost of health insurance is a common concern. I am going to be introducing legislation later this week that attempts to bring a variety of private and public approaches together to help make health insurance more affordable and to also reduce the number of uninsured Americans which now stands at about 39 million.

My knowledge of small business is that most small business owners want to provide health insurance. I am sure that the 40 percent or so of you that are not now would love to be able to provide that benefit. If you are not providing it, it is because you simply cannot afford to do so. Since we know that most uninsured Americans are working and many of them are working for small businesses, that needs to be the target of some of our policy reforms. I propose that we have a tax credit that is available for small businesses that provide health insurance.

This would help make health insurance more affordable. Not a deduction that we have now, but an actual tax credit. That would be available under the bill I am going to put in for small businesses providing health insurance and covering 50 percent of the costs. My hope is that a tax credit would encourage more small businesses to start offering insurance and would encourage those that are already providing insurance to continue doing so.

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Let me just close with a story of my own family's experience with small business. My brother called me up this year and said that he was faced with a 40 percent increase in his health insurance premiums. That was on top of a 30 percent increase last year. He simply, like many of you who are nodding here, cannot afford double digit increases in health insurance premiums year after year. He wants to provide that benefit. He does not want to pass on the increased costs to the employees for fear that they will decline coverage and that just worsens the problem. So I think we need a multifaceted approach, but part of it is providing a tax credit to small business. Thank you.

**FINDLAY:** Thank you very much Senator Collins, Senator Hutchison and thank you, Senator Bond. We have heard some great ideas from people that I am sure you agree are three champions of small business.

\* \* \*

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### ADDRESS

*“The thing that we in Washington need to keep reminding ourselves is that jobs are created one at a time and every one of them counts.”*

**- U.S. Secretary of Treasury Paul H. O’Neill**

## INTRODUCTION



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**U.S. SENATOR TIM HUTCHINSON:** I am so delighted and pleased to be a part of the Women Entrepreneurship of the 21st Century Conference. What a great idea and what a great contribution being made by the women of this country to our economy and to our lives.

I have the great distinction and great pleasure today to introduce Secretary Paul H. O'Neill. As President George W. Bush's Treasury Secretary, Paul H. O'Neill brings a rare combination of public and private sector experience to the top economic post in the Administration. His experience as an international businessman wrestling with the challenges of the new economy, combined with his government budget expertise, gives O'Neill a deep understanding and broad perspective on both the U.S. economy and global markets.

Mr. O'Neill was Chairman and CEO of Alcoa from 1987 to 1999 and retired as Chairman at the end of 2000. Prior to joining

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Alcoa, Paul O'Neill was President of International Paper Company from 1985 to 1987, where he was Vice President from 1977 to 1985. O'Neill's unique experience transforming an old economy firm into a new economy success has been chronicled as a case study in Harvard Business School, and studied in business schools all across the nation.

O'Neill has gained valuable insights into international finance and the global economy as head of a major corporation with 140,000 employees spread across 36 nations. Secretary O'Neill's mastery of federal budget details and process stems from his tenure at the U.S. Office of Management and Budget. He joined OMB in 1967 and was a Deputy Director of OMB from 1974 to 1977. He began his public service as a computer systems analyst with the U.S. Veterans Administration where he served from 1961 to 1966.

Secretary O'Neill was born in St. Louis, Missouri on December 4, 1935. He received a bachelor's degree in Economics from Fresno State College in California and a master's degree in public administration from Indiana University. Secretary O'Neill and his wife Nancy have four children and 12 grandchildren. Paul H. O'Neill was sworn in as the 72nd Secretary of the Treasury on January 20, 2001 and Secretary O'Neill, just 139 days into his term of office, oversaw only the third across-the-board tax cut since President Kennedy's in the 1960s and President Reagan's in the 1980s. This was the largest tax cut in over two decades. Please join me in welcoming Secretary of the Treasury Paul H. O'Neill.

**U.S. SECRETARY OF TREASURY PAUL H. O'NEILL:**  
Thank you. You are all really nice. I could tell by your applause that you really liked what the President was able to do in such a

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short time. It had a lot to do with tax reduction. The best part for me, I have to tell you, was the four children and 12 grandchildren.

I am going to get to the questions, so there are just a few thoughts I would like to share with you to remind you of some things. Indeed we did, with the President's leadership, manage to get a huge brick put in place of the foundation of supporting the President's ideas about how we can make this country worthy of our forefathers by accomplishing more than most people would imagine is possible with the tax changes that were made last year.

There is one point I would like to remind you of because I run into it as I go around the country and talk to people. Even with these tax reductions, your federal government is going to extract from you 19 percent of the GDP, which is still 1 percent higher than the average since 1945. That says we still have some work to do in tax reductions.

The other point that is very important which we keep making to people is that the highest marginal rates are paid by small businesses – the rate for entrepreneurs and small businesses. That is why we fought for it so hard. That is why it was right to push down on the top rates because this is where the energy in our economy comes from, the millions of small businesses. That is not to say that the big ones that I was associated with in the past are unimportant. But the great thing about our economy is the fact that there are millions of decision makers out there that distinguish our economy from all others in the world. It is where our flexibility comes from. It is where our energy comes from, getting on top of a good idea and spreading it across the country. You should know the President is very sensitive to that fact and we work on it and think about it every day.



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There was a problem for me in a wonderful way after the tax bill was passed. We had a small group of entrepreneurs come in and talk to us. There was one fellow who was the owner of a florist shop and he said, "Let me tell you what this tax bill means to me. It means I am going to be able to hire one additional employee." The thing that we in Washington need to keep reminding ourselves is that jobs are created one at a time and every one of them counts. In that sense, the 30 percent accelerated depreciation that was put into the stimulus bill is going to be more help. We do not know exactly how, but it is going to provide cash flow out there for people like yourselves making business decisions.

Out of that we believe will come the strength to make sure that this recovery phase that we are in will keep going and will not stall out when we get into the summer months. So, we are really very pleased. The President may say something about that himself, that he was able to sign this bill last week, just in time, by the way, for those people who were otherwise going to lose their unemployment compensation, because without the President's signature, the 26 weeks was over, after September the 11th, on March the 11th. This was a great thing. We are able to make sure that we have got the support now in place.

Now let me say something more broadly about the tax code. You all know this, but I am really happy to reinforce it in your mind. Our tax code is an abomination. Let me tell you, there is a way that it is an abomination that really speaks to my heart. I do not know about yours, but I will bet you do not know that there are five different definitions in the tax code of what a child is. Let me tell you the tragedy of this. Among these five definitions, there is a definition of what a child is for those people who file for the so-called earned income tax credit.

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These are people who are living on the edge of poverty, who have a job.

So the notion of earned income tax credit is if you are one of those people with children and you have low income, you file this form. The Tax Commissioner of the United States says to me, "If he had to file this form, he would need assistance." Now, let me tell you what is so awful about that. Millions of these forms are filed every year and they are wrong. The thing that is so awful about this is it then creates the appearance that these lower income struggling people are trying to rip off the society when a large part of the fault is the complexity in the tax code. That is wrong. It is an example of the kind of thing we are going to go after.

You are going to see in the next few weeks a series of white papers from the Treasury Department where we are going to identify the most outrageous things on both the corporate side, the business side, and the individual side and then try to engage the Congress in fixing these most terrible pieces of the tax code. You should know we are going to work on those bigger problems, too. We really do need to fix this abomination.

Until we can get over the top and take on the bigger picture, we are going to work every day toward simplification, toward making it easier for people to deal with their government. Because believe me, now being responsible for the IRS, I know about the great organizations. There is not a single person in the IRS who can be proud of the fact that they give wrong advice, that they are slow to respond. It is not because these are bad people. It is because we have given them an impossible task to do. My heart goes out to those poor people who are doing the best they can with the garbage we have given them to work on. With the President's leadership, we are going to fix it.

Thank you.

**FINANCIAL PANEL:  
CAPITALIZING WOMEN  
ENTREPRENEURSHIP**

**PANELISTS:**

**James Glassman**  
*Resident Fellow  
American Enterprise Institute*

**Jean Chatsky**  
*Author and Financial Adviser*

**Ric Edelman**  
*President  
Edelman Financial Services Inc.*

**MODERATOR:**

**Donald Lambro**  
*Chief Political Correspondent  
Washington Times*

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*“Investing is an endeavor that rewards partakers, people who believe in the American economy and want to be partners in it, rather than out-smarters, people who think they can beat the system.”*

**- James Glassman, Resident Fellow,  
American Enterprise Institute**

With risk-reducing innovations like derivatives, mutual funds, exchange-traded funds and the packaging of commercial loans as securities, people who raise capital, people like you, now have access, in some cases direct access through the Internet, to masses of investors and savers. In other words, the people who need money for their businesses and the people who need to put their capital to work can find each other much more easily.

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This is a revolution that will not be stopped. Almost certainly, America in the next few years will allow its citizens to put part of the amount that now goes to Social Security payroll taxes into bond and stock investments. When that happens, instead of half of Americans owning stock, nearly all Americans will.

Is this system perfect? No. I have only to utter a single word for you to know the problem: Enron. But look at the whole Enron story. Investors themselves applied a rough and brutal justice, just as they should. Enron's executives and auditors were found to be deceivers and perhaps worse, and investors did not wait for indictments or government reports. They said that if you lie, we do not want to own your stock. They applied capital punishment in the capital markets. It was a lesson and it was a brutal lesson.

The only way to protect yourself against another Enron is to diversify. Enron represented just one-two hundredth of the popular S&P 500 stock index, an index that investors can buy in order to own the whole market. Does the Enron scandal mean that government should now limit the choices that Americans have in their 401(k) investments? Some in Congress want strict controls. Secretary Chao does not and she is right.

Let me just take a second to ask a clicker question because I know that as a former entrepreneur myself, I put almost nothing, almost no money that I had, outside my own company. I know that many of you respond in the same way, act in the same way. I do not think that is such a good idea. So let me just ask a very simple question which is how many of you have what you think are adequate holdings in diversified stocks and bonds for your

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retirement, beyond what you have in your own companies? Just say "yes" if you think you have adequate stocks and bonds, and "no" if you do not. It is fairly close. I think that is good. It is very difficult for entrepreneurs to do that, but it is important.

It is also important for government officials to understand that investors are not babies, they are not ignoramuses. On the contrary, thanks to the work of people like Jean Chatsky and Ric Edelman, from whom you will hear in a second, Americans are becoming educated about finance.

Now, many in the press said that the Enron scandal would lead to an erosion of confidence and that small investors would bail out of the market. Instead, they have bailed in – some \$20 billion in new money float into stock mutual funds in January, the month of Enron. They made the distinction between Enron and other bad actors and the rest of the market. Above all, Americans need to take personal responsibility for their investments and they can do it. After all, two-thirds of all Americans own their own homes. We do them a tremendous disservice to treat them as though they were children when it comes to investing. In my own book, *The Secret Code of the Superior Investor*, and in my columns in *The Washington Post* and elsewhere, I have attempted to extend investor education.

It is one of the great accomplishments of this Administration that especially in the Labor Department and the Treasury Department important efforts are being made in this regard. Investor education is going to help you raise capital as well. I say in my book that investing is an endeavor that rewards partakers, people who believe in the American economy and want to be partners in it, rather than out-smarters, people who think

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they can beat the system. Virtues like moderation and restraint work in investing and, as a former entrepreneur myself, I can say that they work in entrepreneurship. A revolution is afoot and you are going to benefit from it.

Let me now introduce Jean Chatsky, whom you probably know from television. She is the Financial Editor of the Today Show on NBC. She is also editor-at-large of Money magazine and she is the author of the book, *Talking Money*.

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*“Women make great investors because we know what we want from our money. That is the first secret to being a successful investor—the ability to view investing not as an activity in and of itself, but as a means to an end.”*

**– Jean Chatsky, Author and Financial Adviser**

Good morning. Thank you, Jim, and thank you Secretary Chao for inviting me here today. It is an honor and a pleasure to be here.

Over the past few days, I have been thinking a lot about what I wanted to share with you during the few short minutes that we have together. I decided that my job here today is to get



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you thinking in a slightly different direction. You spend your days, and let's face it, your nights and your weekends working to make the businesses that you have started into successful enterprises.

You pour in gallons of sweat equity trying to make sure that when the statistics are tallied, yours will be among the businesses left standing. Looking around here, I am sure that most of them will, but it is my job to tell you that there are another set of statistics that you absolutely have to pay attention to, and those are the statistics about retirement.

On your screen you will see a clicker question. Before I tell you how dismal those statistics are, let's see how you stack up. Let me ask you, how much have you put away for retirement? If you have put away less than \$50,000 click one, more than \$50,000 click two.

According to some new data released just a couple of weeks ago from the Employee Benefit Research Institute, when it comes to stashing away money for retirement, most Americans are not doing very well at all. Most of us have less than \$50,000 socked away. You, as you can see, are doing considerably better than that, but there is a big slice of the population, 15 percent, that has absolutely nothing put away. Because of our country's growing reliance on 401(k)s and other employer-based plans, those of us who work for small companies or for ourselves are quickly falling behind the rest of the population, which sounds pretty dismal.

I am here to tell you that there is hope because, as women, if and when you decide that you are ready to start focusing on investing to meet your retirement needs as well as your other

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financial goals, you have one big advantage. Women are innately better investors than men. Do not laugh. I am absolutely serious. In the next couple of minutes I just want to tell you a little bit about your God-given talents so that you can use them to your advantage.

Women make great investors because we know what we want from our money. That is the first secret to being a successful investor – the ability to view investing not as an activity in and of itself, but as a means to an end. Why? Because having a handle on your goals and how much they will cost frees you. It means that you do not have to invest with an eye toward making as much money as absolutely possible. You can invest with an eye toward meeting those specific goals. That may make you realize that you have to be more aggressive than you have been in the past.

Once you attach numbers to your goals, you may realize that the 3 percent you are earning in a money market is not going to cut it, but you may also realize that you do not have to take outlandish risks swooping in and out of tech stocks in an attempt to make your goals a reality. What most people find is that a diversified portfolio, stocks as well as bonds, cash-like investments as well as real estate, will probably get them there.

The second reason women make terrific investors: We are a little gun-shy and, believe it or not, that helps. Terrance Odean and Brad Barber, who are professors at the University of California-Davis, studied a group of 35,000 discount brokerage customers. They discovered women trade less frequently than men do and it works to our advantage to the tune of about 1.5 percent annually. Now, some of the reason that we do better than

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men is simply due to the fact that because we are trading less often, we are spending less on commission.

The rest is a result of the fact that as women, we do our homework. Before we buy a stock, before we buy a mutual fund, many of us take the time to learn about the various measures that Wall Street is using to evaluate stocks these days from ratios to PEG ratios. We learn about management beyond the name of the person who is running the company, so that we know who is who in the management pipeline. And we learn how to roll up our sleeves and read a balance sheet.

Importantly, we not only make an effort to learn, we make an effort to share what we learn. Whether you do this within the formal constraints of an investment club or whether you simply talk investing over cocktails and cappuccino with your friends, sharing the wealth of information you have under your belt is the third thing that makes women terrific investors. Why is it so important, this sharing of information? Because it breeds success.

A few years ago Alexander Bernasek, who is a professor at Colorado State University, studied a bank in Bangladesh that lends poor people money to start small businesses. The bank organized its loan recipients into groups of five men or five women who were supposed to help one another through their business challenges. With the women it worked spectacularly. They attended regular business meetings. They gave one another straight-shooting advice about their various businesses, and the vast majority of them paid off their loans in-full and on time.

The men, on the other hand, were much more cavalier about their meetings. They did not lend each other as much

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support and, as a result, a higher percentage of them defaulted on their loans. "Perhaps," Bernasek speculates, "the women felt as if they had more to lose." That is key. It is impossible to be a successful investor unless you feel as if you have something to lose, which brings me to my final point.

All of these innate talents are well and good, but they are going to sit dormant until you really get into this game. Investing is a lot like watching a Little League game. If you just happen upon a field, watching a bunch of nine-year-olds trek around the bases is about as exciting as watching grass grow. But when it is your kid on that field, all of a sudden it is the World Series.

In the same way, it is difficult to get excited about the market and investing when none of your own money is at stake. So whether it is a SEP IRA, an investment club or a discretionary account that you pump a few dollars into each and every month, the important thing is that you are in there, that you are saving and that you are focused on your finances almost as much as you are focused on your business, because you are going to need both for your future.

Now it is my pleasure to introduce Ric Edelman, the entrepreneur of the year here in the D.C. area last year, and author of many books on personal finance, including *Financial Security for Troubled Times*, which is something we all could use a little bit of right about now.

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*“Marketing is the key to business success. If you are not sharing the word about how good you are, about the skills and services that you deliver, the benefits and values you bring to your customers and your clients, nobody else will either.”*

**- Ric Edelman, President, Edelman  
Financial Services, Inc.**

Thanks, Jean. Good morning. I, too, want to thank Secretary Chao for inviting me here today.

Normally I speak on subjects pertaining to personal finance and investment strategies, retirement planning and such, but we have had two already outstanding commentaries on that

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from Jean and from Jim. You should probably know that the reason I was asked to speak last is not because I am the best, but because it protected Jean and Jim from me introducing them.

One of the things I want to talk about with you today is, rather than personal finance, to talk about entrepreneurship because it is not as common that I get a chance to talk to fellow entrepreneurs. I want to begin by simply asking one fundamental question. I want you to tell me if you agree or disagree with this statement, and it is coming up on your screen now. The primary purpose of owning a business is to make a profit. Do you agree or disagree with that statement? In a moment, we will have the results. Only about half of the people present at this conference strongly agree with that statement. I have news for you.

If you do not believe that making a profit is the primary purpose for owning a business, you are not an entrepreneur. You might be a hobbyist. You might be a philanthropist. You might even be a socialist, but you are not a capitalist. You need to understand that point right now because I do a lot of speaking to entrepreneurial groups, a lot of business-owner organizations, and very often people who start a business forget why they did it. They forget what the whole point is. We often discover that people would frankly make more money working for an entrepreneur than they earn as an entrepreneur. You have to remind yourself what the entire purpose is.

To help you guide you through this, when we are finished here today I want you to go grab a copy of today's Washington Post. Page one of the business section has an absolutely fabulous story on this subject. One of the areas leading companies, Behnke Nurseries, is about to go out of business after 70 years. They quote the chief executive of the company saying, "Basically, we forgot to

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pay attention to making money." If you think you are going to be able to stay in business to do what you love to do without making money, you are going to fail ultimately.

Jean was a little more charitable than I would have been at the survey results of her question because although it showed that about 60 percent of you do have more than \$50,000 saved, it also means that about 40 percent of you do not. You have got to create the assets to protect yourself and your family, as Jim pointed out so eloquently. As a former entrepreneur, he knows this so well and he was kind of downplaying his own role. Jim was one of the most successful entrepreneurs in the Washington, D.C. area for many years before he moved over to the policy side.

What we have to recognize is that so many entrepreneurs make a fatal mistake. They have all of their money, all of their assets, all of their net worth tied up in their business. It is natural. People used to ask me many years ago what stocks do I invest in. I used to tell them I would invest in a highly speculative growth stock. You are doing the very same thing. You are the only one crazy enough to own the stock in your company. The only reason you own it is because you cannot figure out how to sell it to anybody.

So we have got to get a grip on this, and what it comes down to is a passion. Clearly, you have a passion for what you are doing and that is the first thing that you need, but it is not the only thing that you need. Another thing that you need, and a lot of people make a mistake on this, they think they need expertise. You do not necessarily need only expertise. Expertise is easy to come by. If you do not have the expertise, you can hire that. You can hire the talent that is necessary to execute your business vision.

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There is something that you need that a lot of folks fall very guilty of in the world of entrepreneurship. It is what I call the Kevin Costner Syndrome – the belief that if you build it, they will come. We spend so much time and effort picking our logo and our letterhead and designing the colors and choosing the office space and developing the fabulous widget that we are going to manufacture or sell. What we forget is that if we do not tell people about the existence of that widget, nobody will buy it. Marketing is the key to business success. If you are not sharing the word about how good you are, about the skills and services that you deliver, the benefits and values you bring to your customers and your clients, nobody else will either.

So I would implore you that as you develop your business plan, you do two things. One of them is to devote far more energy and effort to marketing than you currently do because that more than anything else will make or break your business success. The second thing you have got to do is broaden your business plan, which is one fundamental element you ignore in your business plan to your own detriment.

It is funny. When I talk to successful entrepreneurs, and I put you in that category by virtue of you being here today, they can tell me in great detail all of their contingency plans, no matter what might go on in their business – recession, inflation, market competition, health problems among the staff, human resources issues, information technology concerns, rising dollar, falling dollar, abundant supply, new technologies. They can answer any issue, and I will bet you can too, about your business. You have got it all figured out. You have planned for every contingency in your business except for one. You have failed to plan for success.



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What happens when you do start to become successful? What is your exit strategy? How are you going to unload this tiger that you have grown from a little kitten? How are you going to handle that? If you have a business partner, how are you going to handle the eventual divorce, if only due to death, disability, somebody's retirement or somebody's failure to perform? How are you going to handle those issues in the future? You must create a profit center in your business now that says, "Here is how I am going to pay all my expenses, and one of those expenses is me."

My own salary, my own benefits, my own net worth is one of the key success elements you have got to plan for in your business; otherwise, you are missing the point. Make a fundamental decision. Only half of you thought making a profit is the most important aspect of your business. Make a decision to make a profit. That is how you will change America.

Thank you so much for your time and energy today.

**DONALD LAMBRO, WASHINGTON TIMES:** Thank you, Ric. Now, we are going to take some questions from people around the country. Missouri, what is your question?

**QUESTION:** Good morning from Missouri. We would like to know what is the most important role the federal government can play in helping us plan for the success of our business?

**GLASSMAN:** I think the most important thing the government can do is basically get out of the way. Let me just mention one thing, and that is the tax structure. We have a tax system that has all sorts of bad things in it that have accumulated

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over the years. Certainly, we have to pay taxes. The government does many important things, but it really discourages investment and savings. Dividends are doubly taxed. One of the lessons of the Enron scandal is that investors need to see dividends. Dividends are transparent. You can see the profits. You cannot fake the dividends.

And yet, we doubly tax dividends, so companies more and more are not paying dividends. That is only one example. In general, what we need to do, what government needs to do, what people in Washington need to do is understand that this economy really was built by the people in this room. They are the ones who hire the new workers, who provide the innovation, and they need to be free to do that.

**LAMBRO:** Florida, what is your question?

**QUESTION:** I know that the current tax proposals are of great interest to all of our women entrepreneurs. So could you

explain or give a little more information on those as it relates to marriage and families?

**EDELMAN:** The tax law that was changed last summer did much to eliminate the so-called marriage penalty that has existed in the tax code for many years. Unfortunately, there are a lot of married couples for whom the tax penalty was really a tax benefit because of their circumstances, because of the amount of income they earned, because of the number of children they had, because of the nature of their deductions on their Schedule A and B and C. So it is very difficult to really argue for one massive change over another. I think that at this point the benefits of the so-called marriage penalty has largely gone away, and I do not think that there is much else that we can really expect to see coming under tax law changes.

The next set of changes that are likely to come about are going to be in the area similar to what we saw last summer, which was savings and investment. The 529 code changes regarding college savings plans, which deliberately target families with young children, is massive. The changes are absolutely wonderful in terms of the ability to foster the amount of money that you can save for college and the ability to grow money on a tax-free basis. The estate tax rules were loosened. The capital gain rules were loosened. There were a lot of wonderful changes. The only annoying aspect of the tax law that was changed last summer is that all of those wonderful changes disappear after 2010.

So we are hopeful that Congress will make permanent the changes that were created last summer and extend them a little bit further. But as far as paying close attention to the tax code, I think since 1986 the code has been very clear: Make the money, pay the

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tax, move on. The opportunity for making money via tax maneuvering is really gone and you should not look to that as a major way to generate wealth.

**LAMBRO:** Next we go to Arkansas. Arkansas, what is your question?

**QUESTION:** Thank you very much. You all have talked so eloquently about the importance of investing and saving money. However, there are so many small women businesses that are very small – retail shops, flower shops, travel agencies and the rest of it. We are suffering from a downturn in the economy. So what would be your thoughts on how to make some hard decisions and provide for personal wealth and savings when you are trying to pay your bills and pay your employees?

**CHATSKY:** I think that many people, if they bother to take a look at it, have absolutely no idea how much money they spend on a regular basis. If you can get yourself to sit down and just track everything – and I am talking about down to the dollar, for a solid month – you will see that money is going places that you never expected it to go. Financial writers like me and like Ric, we like to use the cappuccino example where if you bother to add up all the money that you are spending on a latte each month, it is \$100 or more. There are many other examples like that.

Only when you get yourself to pay attention can you really put your finger on it and start to make changes. The other thing that is completely critical is to get a handle on your credit card debt. Paying off credit card debt at 18 percent or 20 percent is the surest thing that we have to a guaranteed return on your investment, on your money, at this particular point in time. So

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manage your spending and use whatever extra money that you can gather and throw it right against the Visa and you will be doing okay.

**EDELMAN:** I would also say that building a business – it might be a great idea, but it might not be a great business. I am frankly not quite sure why anybody would be a travel agent today. The financial hits that they are taking, with the airlines refusing to pay commissions in many cases, lowering the amount of commissions, entering a business which has a limited upside. You have to ask yourself a fundamental question: Can I make the money in this business that I want to fundamentally make? Or you could well discover that you are engaged in a hobby that you love, as opposed to a business that can be profitable.

So you need to ask yourself a fundamentally hard question: Do I need to keep hitting my head against the wall or not? And admit when you are faced with an answer that maybe you would rather not face. That is a fundamental aspect. Otherwise, the cafe lattes, which is so critically important as Jean points out, is not going to help dig you out of that hole.

**LAMBRO:** Thank you. Now we do go north to Maine. Maine, what is your question?

**QUESTION:** If Social Security is reformed to allow people to invest a portion of their own money in the stock market, what will be the financial advantage for those people who chose to invest?

**GLASSMAN:** I think that advantage is enormous. What history shows, and I think the future will be at least as good as the

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past, is that over the past three-quarters of a century the average return in the stock market after inflation has been more than 7 percent a year; whereas Treasury bonds have returned about 2 percent a year. That 7 percent really mounts up. Over 10 years, an investment at 7 percent doubles. Over 20 years, it quadruples.

So if you start investing early, as people do with Social Security in effect, or could if Social Security is reformed, you can put your money to work for 40 years. The power of compounding over that time is phenomenal. I think it is absolutely urgent. The fact is that most Americans are not like the entrepreneurs in this room and they are never going to acquire enough wealth to live comfortably in retirement unless they put money into the stock market, and doing it through reformed Social Security is the best way.

**CHATSKY:** The other side benefit that would come from a program like this is additional confidence. We have looked a lot at people who participate in investment clubs. What we have discovered is that the portion of money that they have in their investment club account is never going to grow to be a million dollars, but it gives them the confidence to go out and invest on their own in other ways. I think an offshoot of a program that encourages everybody to invest through Social Security will be giving them enough confidence so that they can go out and open discretionary accounts at other places in their lives.

**LAMBRO:** Ladies and gentlemen, thank you very much. I would like to thank our questioners, and let's have a round of applause for our panelists. Thank you very much.

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### ADDRESS

*"When it comes to entrepreneurship and job creation, ours is an increasingly woman's world."*

**- George W. Bush  
President of the United States**

## INTRODUCTION



AFP PHOTO, STEPHEN JAFFE

**U.S. SECRETARY OF LABOR ELAINE L. CHAO:** Thank you. I am delighted to have the great honor of introducing a man of great courage and a man of great compassion. Some in Washington like to talk a lot about what they have done for women. Well, our next speaker lets his actions do the talking for him. For the first time in American history, there is a woman serving as a National Security Adviser. He has appointed the most senior level woman ever to advise a President, and four women serve in Cabinet-level positions.

President George W. Bush has eased the tax burden on women entrepreneurs. His goal is to keep you free to do what you do best—create jobs and grow the economy. He is also helping women save for their college education, cracking down on domestic violence, reforming education and he is making sure that



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women enjoy a safe and secure retirement. The President is advancing the rights of women, not only in America, but throughout the world.

This week, Afghan girls are going back to school, some for the first time in their lives. And Afghan women are going back to work as schoolteachers and doctors, and each one is contributing to the rebuilding of their culture and their country. Each day in deed and in word, the President and his Administration are giving voice to our hopes and to our values.

Please join me in giving a very warm welcome to the President of the United States, George W. Bush.



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**GEORGE W. BUSH, PRESIDENT OF THE UNITED STATES:**

Thank you very much. Thank you for coming. Thanks for the warm welcome.

Elaine, thanks for your kind words. I am proud of the job you are doing in my Cabinet. I appreciate your advice and counsel, and I appreciate the leadership you have shown at the U.S. Department of Labor.

I want to thank those who organized this summit. I think it is a very important summit. I think it is important to advance the spirit of entrepreneurship and equality and opportunity for everybody who is fortunate enough to be an American. I am honored to be with you and I'm glad you invited me, because I believe small businesses are really important to the future of our country.

I know small businesses are the path to success for many Americans—especially women, the newly arrived, and minority Americans. Small businesses create jobs, and this is incredibly important for our economy at this time. Small businesses embody the American values of hard work, risk-taking, and independence. And so today I want to discuss with you a series of new policies to encourage and reward the work of America's small business women and men.

One of the things this summit recognizes is there has been a fundamental change in our economy. When it comes to entrepreneurship and job creation, ours is an increasingly woman's world. The truth of the matter is—and the reason why I

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say that—is women-owned businesses are growing at twice the rate of all other United States firms. That is a remarkable accomplishment for the United States of America. And the interesting other fact that I want to point out is that women firms now employ seven million Americans.

Small business ownership is a great equalizer in America. The only connections you need are happy customers and a good business plan. The only credentials you need are good products. The only values you need are to be willing to take risks and work hard. For millions of minorities and women and new Americans, small businesses provide a great chance to succeed in America, a chance to realize your dreams.

For some women, a small business brings the satisfaction of success without having to go through the frustrations of corporate life. I suspect there are a lot of women entrepreneurs in this room and around the country who tried corporate life and found that out – and agree with what one entrepreneur said. Nancy Miller put it this way: You succeed or fail based on your own abilities, not on politics or anybody else. She's got a pretty good point there. She talks about the freedom that comes with owning your own business. And it is so important that our country maintain that flame of freedom, the entrepreneurial spirit of America.

The reason I love the entrepreneurial spirit is because it provides people a chance to be creative, to build, to contribute, and to own. Being your own boss, as Sherrin Holder of Virginia describes it, brings a sense of pride and accomplishment, a sense of ownership, and a growing hope for success. She captures the

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feeling of every entrepreneur. You can advance yourself, and you can do good by doing so. As you succeed, you help others to succeed, first and foremost, by providing somebody with a job.

You can dream big dreams in America, and my job as the President is to make sure that if you have a good idea, you can realize those dreams. And as importantly, when you are successful, you can pass on your assets to your children, if you so choose, or to anybody you desire to.

Americans have got to understand that everybody in our country has a stake in the success of small businesses, starting with the fact that small businesses create two-thirds of the new jobs created in America in any given year. It's really important for people to understand, as we're fighting a recession, if small businesses create two-thirds of the new jobs, it makes sense that any economic recovery strategy focus on small business. That is what I want to talk about today.

I do not believe the role of government is to create wealth. That is not the role of government. There are no guarantees in the free enterprise system. The role of government is to create an environment that encourages risk-taking, an environment that facilitates the flow of capital, and an environment in which people can realize their dreams. That is the role of government. And that is exactly what I intend to do as President.

It started right after I was sworn in as President, when I went before the Congress and insisted that they reduce the tax rates on everybody who pays taxes in America. That tax cut came at the right time for our country. Make no mistake about it, the fact that we are willing to allow people to keep their own money

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stimulated demand. When you stimulate demand, that then causes production increases. And when you increase production, you increase jobs.

The tax cut came just at the time our economy was losing steam. It was an important part of the fact that our economy is beginning to rebound. And for those who think we ought to undo the tax cut, they have a mighty high hurdle to cross. That's me.

And here is the thing about the tax cut that I know was incredibly important for the future of our country. Let me put it this way: Many, many businesses are sole proprietorships or are limited partnerships, and therefore do not pay corporate income tax rates. They pay individual rates. Therefore, by cutting all rates, what we did was provide cash flow to the small businesses of America. The tax reduction plan was important for small business growth and activity. The more businesses, the more cash flow a small business owner has in her pocket, the more likely it is the business will succeed and expand and create more jobs. This tax cut not only happened at the right time, it was really good for small businesses in America.

A lot of us in Washington didn't feel like that was enough, and so we fought for an economic stimulus plan, which I am proud to report I was able to sign in the Rose Garden a couple of weekends ago. And with the help of both Republicans and Democrats, the plan made it to my desk. It is a plan that says we are going to help people whose lives were affected because of the attacks of 9/11 by extending unemployment benefits. But it also recognized that people don't want an unemployment check. They want a permanent paycheck. And therefore, we created additional stimulus, mainly encouraging people to invest in plant and equipment.

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If you encourage people to invest in plant and equipment, that will not only help those who are the immediate employer, but also those who manufacture the equipment, or construct the plant, who will also have employment. So it has a ripple effect in our economy. And so I was pleased to sign that bill. And it is going to help, in my judgment, not only in the short-term, but in the out-years as well.

We are seeing some encouraging signs of recovery. But I want to tell you something: I am not a numbers cruncher. I am not one of these bean counters, but I don't believe the economy is strong enough to say that we have recovered. I worry about the fact there are too many people in our country still looking for work. If people who want to work can't find work, we have got to keep moving on the subject of economic security and economic recovery, and that is what I want to talk to you about today.

Again, I will repeat, the small business sector creates two-thirds of the new jobs in America, it makes a lot of sense to focus on how to stimulate small business growth. So I want to talk to you about some of my plans to do so. Basically, the summary is that we are going to lift unfair regulatory burdens. We are going to encourage additional cash flow, and we are going to work to make sure that American entrepreneurs have access to government contracting. Because the economic stimulus package only had a three-year life to it, I believe Congress ought to pass additional incentives for small businesses to invest in plant and equipment, incentives beyond the incentives in the economic stimulus package. As you know, annual tax deductions are limited to a certain amount of money on an annual basis for small businesses, and the size of the purchase is relatively small. I think we ought to

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increase the size of the purchase of plant and equipment, as well as increase the annual deductions for small businesses, in order to enhance cash flow, which will make it easier for people to find more jobs in America.

Secondly, the complexity of the tax code is a tremendous burden on small business, and we must simplify it. I ran into an interesting fact: nine out of ten small businesses owned by women have fewer than five employees. And the amount of time people spend over trying to figure out a complicated tax system is enormous. It is, frankly, not good use of your time.

I talked to the Treasury Department about this very subject and have instructed them to report on ways to simplify the tax code on small businesses as quickly as possible. I will give you one idea – not an idea, but one thing we are going to do immediately by a revenue rule, as it is called.

Service businesses with gross revenues of under \$10 million will be able to use the cash accounting method of accounting, as opposed to accrual method of accounting. Simply put, that will eradicate a lot of time spent on trying to figure out the accrual method of accounting. It simplifies the accounting process for small businesses, which will be a time saver and a money saver, and will help create more jobs by simplifying the regulatory burden on small businesses. We are going to get this done quickly.

Although what I am about to tell you will not have an immediate effect on job creation, it is an important part of any small business owner's plan or strategy. It is this, we have

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eliminated the death tax as a result of the new tax reform. However, because of what I guess you would call a quirk in the law, the death tax will not be totally eliminated in the year 2011. We must make repeal of the death tax permanent. I call upon Congress to do this immediately.

It is patently unfair for any entrepreneur to develop her own business and have that business taxed twice as she tries to leave her assets to whomever she chooses. It is not fair. There are a lot of federal regulations that complicate the lives of small business people all across the country. The SBA has calculated the hidden costs of regulations to businesses with fewer than 20 workers. It comes down to \$7,000 per worker. That is a lot of money, particularly if you are trying to figure out ways to expand your employment base. This is a drag on our economy. Hidden costs are a drag on the U.S. economy.

So today I want to make sure people understand that we are going to do everything we can to clean up the regulatory burden on small businesses, starting with this: Every agency - already it is under current law - every agency is required to analyze the impact of new regulations on small businesses before issuing them. That is an important law. The problem is, it is oftentimes being ignored. The law is on the books and the regulators don't care that the law is on the books. From this day forward, they will care that the law is on the books.

Mitch Daniels, who heads the Office of Management and Budget, will not accept regulations that do not calculate the cost on American small businesses. We want to enforce the law. It is a good law to have a cost/benefit analysis of any regulation on small



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business. If regulations provide a hidden cost on small businesses, which provide a drag on our economy, and if we are trying to stimulate our economy, one way to do so is to enforce the law which says that we will not have costly regulations on small businesses in America. And that is what we are going to do.

Furthermore, if you've got a problem with regulations, if there are nettlesome regulations which are costly for you to operate your business that you don't think make any sense, I urge you to get on the Internet and wire the OMB your problem, so we can analyze it. Now, if you want to write this down, here it is: [www.whitehouse.gov/omb/infoereg](http://www.whitehouse.gov/omb/infoereg). And wire them in.

I talked to Mitch before I came over here. I said, Mitch, I just can't stand up here and say you are going to get rid of regulations and ask people to call in or write in. Give us someplace to send the information. And I said, if I stand up here in front of the women entrepreneurs of America and somebody e-mails in, you better respond -[www.whitehouse.gov/omb/infoereg](http://www.whitehouse.gov/omb/infoereg).



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Fifth, I am proposing measures to make health care more available. I understand the drag on small businesses. It is hard for you to attract good workers. It is hard for you to keep good workers if your health care costs are going sky-high. I understand that. There was a lady who wrote in. She said, I have 12 employees and I was canceled three times by my insurance company in 2001, and the reason they gave me is that they are no longer going to be writing small group plans. Perhaps that has happened to some of you here as well. If we could get into a larger pool where we could get access to lower premiums, then I could insure more people and hire some more people. I think that is a universal complaint all across America. And that is why I strongly support association health plans.

That means that small businesses will be able to pool together and spread their risk across a larger employee base. It makes no sense, no sense in America, to isolate small businesses as little health care islands unto themselves. We must have association health plans. Congress ought to support them, and here is the way they will work.

It means a family restaurant or a local hardware store can insure their workers, say, through the National Federation of Independent Business or the National Restaurant Association. It allows association groups to write health care plans across jurisdictional boundaries to the benefit not only of the small business owner, but to the benefit of those who work for small businesses.

Finally, government contracting must be more open and more fair to small businesses. I know government contracting, if wisely done, can help us achieve a grand national goal, which is

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more ownership in more communities all across America. But you know as well as I do that there are some large hurdles for small businesses. The main one is that agencies many times only let huge contracts with massive requirements, and they tend to go to the same group of large corporate bidders. The term of art in Washington is called "bundling." It effectively excludes small businesses, and we need to do something about that.

Again, I talked to Mitch about this, and I want him to examine it. He understands, like I understand, the capacity for our government to encourage entrepreneurial growth, the capacity for our government to stimulate small business ownership in all communities across America.

So one of the things we are going to do is examine the federal government's contracting policies to make sure that they encourage competition, as opposed to exclude competition; to make sure that the process is open; to make sure the process helps achieve a noble objective, which is more ownership in our country. And wherever possible, we are going to insist we break down large federal contracts so that small business owners have a fair shot at federal contracting.

The government can provide an environment that will encourage risk-taking, and I believe when we do this, it will encourage risk-taking. There are no guarantees in the free enterprise system, as you all know, but we can make the system more open and more inviting. We can encourage people to take risks. And that is exactly what we are going to do in this Administration. It is important for the economic security of the United States of America.

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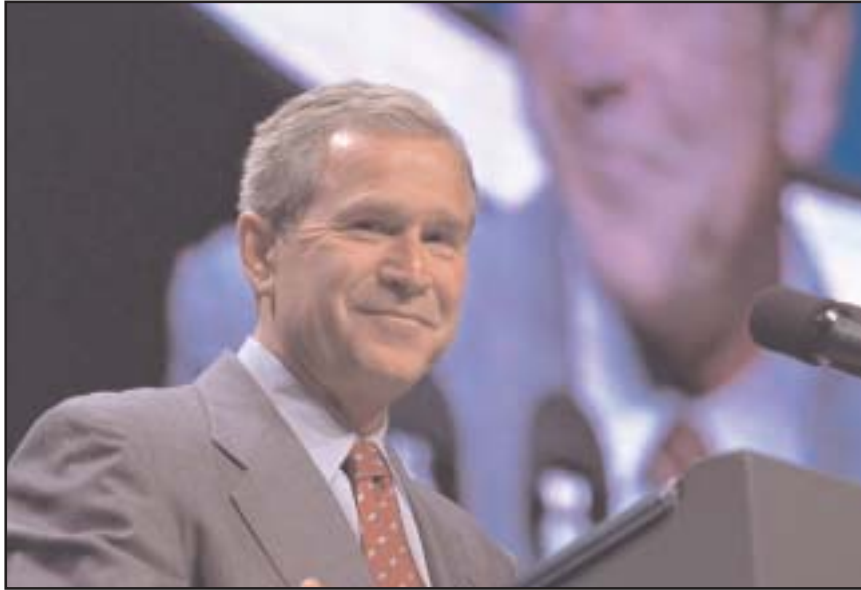
Not only am I concerned about economic security, I am also concerned about our national security. And I want to share some thoughts with you about my thinking about our national security.

First, I know there are many from New York City here who suffered mightily on September 11. And I want to say how much I appreciate that city showing not only our nation, but the world, what it means to be resolute and tough and determined to succeed. Not only watching how New Yorkers responded, but seeing how our nation responded, leads me to conclude that the enemy didn't understand who they were dealing with. You see, they thought we were so materialistic and so self-absorbed that the only thing I was going to do was sue them. They were wrong. They were wrong.

My most important job is to protect innocent lives in America. My most important job is to protect the homeland. We have a strategy in place to deal with a bioterrorist attack. We have a first-responders strategy. We are doing a better job of buttoning up our borders. We want to know who is coming in and why they are here and when they are leaving. We have got to do a better job.

But I want to tell you all that the best way to achieve the objective of securing the homeland is to chase the killers down, wherever they try to hide, and bring them to justice. And I want to assure you that is what is going to happen. It is going to take a while, but the good news is, the American people are patient. I believe the American people understand the difficulty that lies ahead. I know the United States military does, and I am so proud of the way they have accomplished the mission so far.

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I gave a speech in Washington a while that said the first phase in the war against terror is over. That first phase was upholding the doctrine that said, if you harbor a terrorist or feed a terrorist or hide a terrorist, you are just as guilty as those who came and murdered innocent Americans and others from around the world. The Taliban found out exactly what this great nation meant. They are no longer in business.

I was so proud of our country because we sought not revenge, but justice. That is what we seek. We did not go to Afghanistan as conquerors. We arrived as liberators. As Elaine Chao mentioned, this week for the first time many young girls will be going to school. I am so proud of our country. I am proud of our military. I am proud of the children who have raised millions of dollars for Afghan children. I am proud of the compassion of our country. We have shown the world that not only will we seek justice, we have shown the world that we will seek a better society for citizens, starting in Afghanistan, by ridding them of the

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clutches of one of the most barbaric, backward regimes history has ever known.

But there is more to do, and as leaders in your communities, it is important for me to share this with you. Anytime al Qaeda bunches up, we are going to get them. They did so in the Shahikot mountain range, and they now regret that. Because you see, there are still thousands of these trained killers around. And I want to tell you – I cannot make it any more plain than this – they hate America. The reason they hate America is because we are free. We are a free society. They can't stand the thought of the President of the United States coming to speak to women who own their own business.

These are people who are irrational, and we will treat them like the international criminals they are by keeping them on the run. So the second phase, my fellow Americans, of this war is to deny them sanctuary. Anywhere they try to light, we will disrupt them. We will be patient. We will be deliberate. And I can assure you, we will be determined.

I have submitted a budget that significantly raises defense spending. The reason I did was because I want those who risk their lives on behalf of America to get the best pay, the best equipment, the best training possible. I recognize that the price of freedom is high, but as far as I am concerned, it is never too high.

The world watches us. The world tests or really looks at our will. They want to know whether or not we are people who just talk or people who are willing to lead. And they are going to find out we are a nation that, when somebody attacks our values and murders our citizens and still wants to do so, they will find that we are a strong, resolute, determined and united people – much to the chagrin, much to the chagrin of terrorist networks

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around the world. The more firm we are, the more likely it is the world will follow. And the more firm and determined we are, the more likely it is that we will achieve lasting peace.

My dream for the world is lasting peace. I want our children to grow up in a peaceful world, a world in which freedom at its very center is the most important value. We can achieve that. There is no doubt in my mind as the United States remains firm and strong and achieves our clearly-stated objectives, that we have a chance to solve problems that many never think could be solved around the world, and leave behind such a wonderful legacy, not only for our own children, but for children of every country. At the same time, we have an opportunity at home to show the world the true face of America, the heart and soul of the American people.

I want to thank very much Suzanne Tufts for being here today. She is the president and CEO of American Woman's Economic Development Corporation. Right after the enemy attacked, Suzanne and her organization moved quickly to help small businesses affected by the attack, primarily women-owned businesses, to help them, obviously, deal with the shock to their businesses, but also helped them get back on their feet. It is this kind of compassion and care and concern for a neighbor that is the true strength of the country.

Listen, we are a great military power, and that is good. But the true strength of America is not in the halls of government, it is in the hearts and the souls of our citizens. The thing that makes our country so unique is that we are people that have heard the universal call to love a neighbor like you would like to be loved yourself.

I am asked all the time by people, what can I do to help in the war against terror? The answer is, if you want to stand up to

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evil, do something good for a neighbor in need. If you want to stand up squarely in the face of evil, show somebody you love them. Those don't have to be magnificent acts of love. They can be small acts of generosity which, in their total, help define America for the rest of the world. Just walking across the street to a lonely shut-in, is, in itself, part of defiance to evil; or mentoring a child, or thanking a teacher, or generosity with your checkbook, or using your time and talents for your church or synagogue or mosque to help people who are hopeless in our society.

Out of this incredible evil done to America, I see great good. I see not only the good of lasting world peace, I see a nation that is more compassionate and hopeful; a nation that understands that by adhering to the admonition to love a neighbor just like you would like to be loved yourself, we set a clear example of what is possible in other places around the world.

I have been not only amazed, I have been so gladdened by what I have seen and heard about America in the face of this tragedy. Not only are we determined to seek justice, we are determined to right wrongs, to help heal souls, and to help people in need.

It is such an honor to be the President of a country that embraces the entrepreneurial spirit for all. But more importantly, it is an honor to be President of a country full of decent and heartfelt and compassionate Americans.

God bless.

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### ADDRESS

*“We are here to celebrate your continuing achievements. We want to enroll you in our partnership of fresh ideas, new goals and unlimited success defined only by your strength, your determination, and your ambition to work for and live the American dream.”*

**- Hector V. Barreto, Administrator,  
U.S. Small Business Administration**

**HECTOR V. BARRETO, ADMINISTRATOR U.S. SMALL BUSINESS ADMINISTRATION:** Thank you, Secretary Chao, for that generous introduction, and thank you for inviting me here today. On behalf of all of the participants, I want to especially thank you for your leadership and direction in producing this most valuable conference. The future of all women entrepreneurs in the 21st century is even brighter because of strong leaders like you who are dedicated to the success of all of the working people of America.

It is inspiring to see so many of you here. I know how valuable time is to those of you who run your own companies. I think you will agree that it has been worth it. This has been a great two days. The workshops and the panels will be valuable for us all in the future.

I am sure all of you could relate to the workshop on work/life balance – too many priorities, too little time. I know many of you had to do some major schedule juggling to attend these two days. Looking back over the agenda, I am happy to see that so many of the topics segue right into Small Business Administration programs. I invite you to bring your enthusiasm and energy from these two days to our agency to take advantage of the numerous programs we offer to help your companies grow and prosper. I encourage you to let aspiring women entrepreneurs know about the many ways that the Small Business Administration can be their partner.

Our Office of Women's Business Ownership is dedicated to helping you continue to be the strong business leaders of America that you are today. The SBA has a Women's Business Ownership representative in every SBA district office. It is their job to help you access all of the SBA's programs and services, as well as those throughout your community. In 2001, we made possible loans to

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women worth more than \$1.7 billion to help them realize, as so many of you have, their dreams of a business of their own.

Theirs are the stories of people who kept working in the face of overwhelming obstacles, proving that no matter where you begin, you can go as far as you want to fulfill your dream. I understand that the strength we all need to continue when the work is hard comes from having a partner. And I am here today to remind you that the Small Business Administration is your partner. We want to help more new businesses start and grow to success.

I am always excited to participate in a program devoted to the success of women and their entrepreneurial opportunities. I was honored to join the President yesterday in St. Louis when he continued the implementation of his small business agenda, which I am sure you will agree is a tremendous commitment to all business men and women in America. And again, I want to enroll you in our goal to share your knowledge and success stories with new women business owners, to let them know that they can achieve anything they want to do. You are living proof that although the challenges are great, it is worth it.

The U. S. Small Business Administration is celebrating national women's history month throughout March. We take special pride at the SBA in some extraordinary women who were part of America's history just six months ago. We salute the brave and hard-working women of our four New York City Women's Business Centers who responded to the tragedy of September 11 with courage and resolve. From taking coffee and donuts to exhausted rescue workers, to helping the small businesses in the area get the emotional and financial support they so badly needed, the women of the SBA were our quiet heroes in those surreal days.

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Let us begin this new chapter in America's history by looking back and paying homage to the countless women whose perseverance and courage helped make America the great nation it is today. My mother and father taught me that business is about relationships. Being here today has confirmed for me that the SBA has many strong partners. We understand how hard you have worked to get where you are. We are here to celebrate your continuing achievements. We want to enroll you in our partnership of fresh ideas, new goals and unlimited success defined only by your strength, your determination, and your ambition to work for and live the American dream.

I look forward to working with all of you as we share your vision and strengthen the opportunities for women in small businesses everywhere. I wish you much continued success, and thank you for the opportunity to share this event with you.

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### CLOSING REMARKS

**U.S. SECRETARY OF LABOR ELAINE L. CHAO:** Thank you, Hector. That was a wonderful message. And thank you for all you are doing to promote and protect America's small business.

It really has been quite a busy conference. We have had a number of great workshops and we have heard from this country's top political leadership, from President George W. Bush to the Cabinet Secretaries, Administrators and Directors. Clearly, this is one Administration that gives women entrepreneurs a place at the table.

We hope that over these past two days you have increased your knowledge and made some important business contacts. Most of all, we hope you had a chance to express your concerns

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and interests. As you heard from a number of our speakers, you are the future. You create businesses and jobs faster than the national average. In fact, according to a poll taken yesterday, 60 percent of you are planning to hire more people in the coming months. That is a wonderful sign that the economy is indeed improving and we want to make sure that the good economic times continue and that the recovery stays on track. That is why we are working especially hard to reform Social Security, provide tax relief and increase pension security. There are a lot of challenges still ahead.

Let me provide you with some of the polling figures from yesterday. Nearly 80 percent of you had problems with the government contracting process. Are you surprised? Over 76 percent found the costs associated with employee healthcare a deterrent to offering benefits. Nearly 65 percent of you had major difficulty in securing private capital. I can assure everyone in this audience that you have been heard. That is why this President and this Secretary will continue to fight for affordable, accessible healthcare. We will continue to press for more tax incentives for private investment and we will continue to make the federal contracting process much more accountable.

Working together, we will overcome these obstacles and help more women entrepreneurs like you create jobs and help our economy. All of us, whether at the U.S. Department of Labor, the Department of Agriculture, the Department of Treasury, or the Small Business Administration, are reachable and available for your counsel and advice. As the President himself has said, call us, e-mail us, fax us, or send us a letter, because you do make a difference.

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Thank you again for taking the time to join us. I know your time is precious. It is wonderful that so many different women's groups and organizations are together to make this conference a great success. Have a safe trip home and we look forward to working with you to help make your businesses a great success.

Thanks so much.

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