



News Release

409 3rd Street, SW, Suite 210 ★ Washington, DC 20024 ★ 202-205-3850 (p) ★ 202-205-6825 (f) ★ www.nwbc.gov

For Release On:
September 1, 2004

Contact: Julie Weeks,
(202) 205-6828
julie.weeks@sba.gov

Women's Business Center Program Gaining Momentum, Showing Results *Center Clients Starting Businesses, Creating Jobs*

Washington, DC – Between 2001 and 2003, the U.S. Small Business Administration provided \$37 million in funding to up to 92 women's business centers across the country. A new analysis of data provided by these centers to the SBA shows that this investment is paying off in increasing numbers of clients counseled, businesses started, and new jobs created.

The new report, "Analyzing the Impact of the Women's Business Center Program," being published today by the National Women's Business Council, focuses on women's business center program data from fiscal years 2001, 2002, and 2003. During the two-year period from 2001 to 2003 – while funding for the program remained essentially flat (\$12 million in 2001 and \$12.5 million in 2003) – the number of client contacts rose 61%, the number of clients served nearly doubled (a 91% increase), the number of new firms created increased by 376%, and the businesses counseled by these centers generated an estimated economic impact of \$500 million in gross receipts, with \$51.4 million in profits. Over the period, women's business center clients reported starting 6,660 new firms and creating 12,719 new jobs.

"This important new analysis clearly shows that the women's business center program is finding its stride," said Marilyn Carlson Nelson, Chairman and CEO of Carlson Companies and Chair of the National Women's Business Council. "The growth in the number of clients served, new businesses started and jobs being created is definitely helping to fuel the tremendous growth in women's entrepreneurship we are seeing across the country. Women-owned businesses are making a vital contribution to this Nation's economy, and women's business centers are playing an invaluable role in helping these businesses start and grow."

The Women's Business Center (WBC) program got its start in the Women's Business Ownership Act of 1988 (P.L. 100-553, also known as HR5050), which also established the National Women's Business Council. From four "demonstration sites," the program currently provides support to 88 centers with a budget of \$12.5 million in FY2004. The program was designed to pay particular attention to the needs of underserved populations – socially and economically disadvantaged women – and the

(continued)

new report shows that the program is reaching that audience. While one in five (20%) existing majority-owned, privately-held women-owned firms is owned by a woman or women of color, fully 46% of the clients of women's business centers are women of color. And, over the 2001-2003 period, two-thirds of the women's business centers reported an increase in the share of minority clients served.

The analysis also looked at what factors influence the success of particular women's business centers, to attempt to uncover a model for successful program development. The analysis found that there is no single best model for program success. For example:

- While urban centers counsel and train a greater number of clients, non-urban locations create more jobs.
- Independent centers trained more clients, while centers that are affiliated with other local economic development agencies served an information-sharing role, reporting a greater number of contacts.
- The existence of a nearby Small Business Development Center (SBDC) did not appear to impact the level of success of a women's business center, indicating that the WBCs serve a need and a population that is not otherwise served by an SBDC.

The analysis also looked at how much activity a women's business center must undertake to generate clients, start new businesses, and create new jobs. While WBCs do play an important role in imparting information to women and men who go on to start a business on their own, or who decide that entrepreneurship is not for them, the best way to measure program impact is to look at contacts, clients, and client outcomes. An analysis of these WBC metrics indicates that it takes an average of 3.3 contacts to generate a client. Further, for every 25 clients served, one new business is created. In addition, for every 14 clients a WBC serves, one new job is created.

The SBA's Women's Business Center program provides between \$111,000 and \$150,000 per year to qualified non-profit organizations seeking to counsel and train nascent and new business owners – most of them women. These organizations must match that Federal support with funds from other sources. The program is currently facing a difficult funding situation, as authorization for the program is bound up in Congressional debate about the reauthorization of the SBA. Some of the agency's programs – including the WBC program – currently lack statutory authority to carry out their activities. Especially at risk is funding for 53 women's business centers that have been in operation for over five years – the so-called “sustainability centers.” There has been much discussion about what share of the program budget should be directed to existing centers versus funding new centers, but – while the program is currently in limbo – the SBA has been able to allocate only \$5.1 million of its \$12.5 million budget, to 35 centers that are within their first five years of operation. The remaining 53 centers have not yet received word concerning their FY2004 funding, nor has the SBA announced funding for any new women's business centers. The next few weeks are critical for the program, as the current Federal fiscal year comes to a close on September 30.

(continued)

“This is a critical time for the women’s business center program, and indeed for women’s entrepreneurship in general,” said Carlson Nelson. “The National Women’s Business Council urges Congressional leaders and the SBA to quickly resolve the current year funding issue when Congress comes back into session next week, and to move forward on planning for program growth in 2005 and beyond. We continue to support ongoing funding for existing women’s business centers, subject to performance review, and to further expanding the program with additional centers in underserved areas. We are pleased to see that SBA program managers are doing all they can to ensure full funding for as many centers as possible this year. This new report provides documentation that supporting this program is money well spent, and is an investment that is bringing solid returns.”

The NWBC also recommends that the SBA gather more complete information from the women’s business centers on a regular basis. On an infrequent basis, analysis of some individual (client) level data from the centers, masked to ensure anonymity, would provide useful information. More detailed evidence of the program’s economic impact can be generated through a closer examination of existing data, as well as assessing client-level outcomes.

The complete report, “Analyzing the Economic Impact of the Women’s Business Center Program,” as well as a “Research in Brief” summary of the main findings of the analysis, may be found on the NWBC’s web site, www.nwbc.gov.

###

Methodology

This study was conducted for the NWBC by Quality Research Associates (QRA), a woman-owned business based in Kansas City, MO. QRA – using data provided by the SBA’s Office of Women’s Business Ownership as a foundation – analyzed performance measures at the women’s business center (WBC) level, examining such variables as: total number of clients and contacts, number of clients counseled and trained, ethnicity, gender, veteran status, disability status of client, start-ups formed, jobs created, business profits and losses – all aggregated to the center level. Data from fiscal years 2001, 2002, and 2003 were used. QRA also gathered information from WBC web sites for information on the center’s status as a stand-alone or affiliated entity and the exact location of the center. External information was also gathered, including the existence of a nearby Small Business Development Center (SBDC) or a Procurement Technical Assistance Center (PTAC), local population figures by race and ethnicity from the 2000 Census, poverty level figures for the area in which the center operated, and whether the center was located in an urban, suburban, or rural area. All of these data points were entered into a database for purposes of conducting the analysis.

The Council wishes to thank the SBA’s Office of Women’s Business Ownership for their invaluable assistance in providing the data used for this analysis.

The National Women’s Business Council

The National Women’s Business Council is a bi-partisan Federal government council created to serve as an independent source of advice and counsel to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. Members of the Council are prominent women business owners and leaders of women’s business organizations. The National Women’s Business Council is committed to conducting research on issues of importance to women business owners and their organizations; to communicating these findings widely; to connecting the women’s business community to public policy makers; and to providing programs and platforms for change in order to expand and improve opportunities for women business owners and their enterprises. For more information about the Council, its mission and activities, contact: National Women’s Business Council, 409 3rd Street, SW, Suite 210, Washington, DC 20024; phone: 202-205-3850; fax: 202-205-6825, e-mail: nwbc@sba.gov; web site: www.nwbc.gov.