
POLICY AND PROGRESS

Supporting the Growth of Women's Business Enterprise

A Report Prepared for the National Women's Business Council

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The National Women's Business Council
409 Third Street, SW, Suite 210
Washington, DC 20024
202-205-3850

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Susan Phillips Bari, President, Women’s Business Enterprise National Council (WBENC)

Rona Feit

Marsha Firestone, Ph.D., President, Women Presidents’ Organization

Wilma Goldstein, Director, Office of Women’s Business Ownership (OWBO), SBA

Dr. Sharon G. Hadary, Executive Director, Center for Women’s Business Research

Susan Hager, CEO, Hager Sharp Public Relations

Barbara Kasoff, Chief Operating Officer, Women Impacting Public Policy (WIPP)

Virginia Littlejohn, President and CEO, Project Tsunami

Terry Neese, President, Women Impacting Public Policy (WIPP)

Hedy Ratner, President, Women’s Business Development Center

Olive Rosen, Photography by Olive

Andrea Silbert, CEO, Center for women’s Business Enterprise

Ann Sullivan, Federal Legislative Consultant, WIPP

Sheryl Swed, Assistant Administrator, Office of Federal Contract Assistance for Women Business Owners, SBA

Hon. Linda Tarr-Whelan, Managing Partner, Tarr-Whelan and Associates, Inc.

POLICY AND PROGRESS

Supporting the Growth of Women's Business Enterprise

Introduction

The past 25 years have seen a number of valuable studies on women business owners and their enterprises. We have a clear picture of their growth trends, percentages by economic sector, needs, progress and contribution to the U.S. and world economy. There has not, however, been a definitive accounting of the legal and policy changes that have had an impact on the growth of women's business enterprises.

Women's entrepreneurship policies and programs have developed without the existence of an underlying strategic framework. In order to continue moving forward, we believe that a cohesive history of where we have come from and what we have accomplished is critical. This report serves to benchmark the progress that has been made from a policy standpoint, including key programs, legislation and necessary precursors to entry, and policies that have had an impact on the growth and development of women-owned firms.

Questions studied include:

- What impact have the changing federal policies and programs had on women's business enterprises?
- What has been the impact of broad societal changes on women's business ownership?
- What impact has the growing contribution of women's businesses to the economy as a whole had on federal policies and programs?
- What policy barriers still remain, and what should the policy focus of the NWBC and women's business organizations be in the 21st century?

It is our hope that this report will serve to enlighten future policy and programmatic action in the United States, and inform policy discussions in other countries as well.

The Foundations of Women's Business Enterprise

Although it is only in the past 45 years that government policies specific to women-owned businesses have been enacted, the roots of these policy changes reach back as far as colonial times when, despite the legal limitations on their activities, women engaged in trade, market farming, cloth and clothing production and shop-keeping.

For the average colonial woman, however, business ownership was not possible. Under coverture law, based on the idea that women needed the protection and economic support of their husbands, when women married they essentially ceased to exist as legal entities. They became *feme covert* rather than *feme sole*, and had no rights to own or control property, enter into contracts, inherit property, sue or be sued.

There were exceptions to coverture. *Feme Sole Trader Laws* enacted in the early Eighteenth Century allowed women who were neglected, abandoned, or widowed the right to petition to transact business as single women with the full protection of the law.

Whenever any husband...shall neglect or refuse to provide for his wife, or shall desert her, she shall have all the rights and privileges secured to a feme sole trader...That creditors, purchasers and others may, with certainty and safety, transact business with a married woman...she may present her petition to the court of common pleas...setting forth, under affidavit, the facts which authorize her to act...and if...the court be satisfied of the justice and propriety of the application, such court may...make a decree...that she shall be authorized to act, have the power and transact business....And such certificate shall be conclusive evidence of her authority, until revoked by such court for any failure on her part to perform the duties...made incumbent upon her.

- A Feme Sole Trader Law, 1715¹

In 1718, a law was passed in Pennsylvania extending independent trader status to "wives of mariners and others, whose circumstances as well as vocations oblige them to go to sea."

The *feme sole* traders and wives of mariners were exceptions. Little real progress could be made in improving the environment for women entrepreneurs until women achieved full status as legally independent economic actors. Beginning in Mississippi in 1839, some states began to make statutory changes in coverture laws, granting increased legal rights to married women. But it was not until the passage of the Equal Credit Opportunity Act in 1974 that the last vestiges of coverture disappeared. There are still today eight community property states that retain some of the legal disadvantages once common to the married state.

¹ Angel Kwolek-Folland, *Incorporating Women: A History of Women and Business in the United States*, (New York: Palgrave, 2002), 12.

The Revolutionary period brought a burst of activism and political involvement on the part of women. The “Daughters of Liberty” was established in 1767 as the women’s counterpart to the “Sons of Liberty,” the patriot organization that defied the British. The “Daughters” not only boycotted the importation of British textiles, they demonstrated the potential for independence through manufacturing by providing “homespun” fabrics as substitutes for imported goods.

In Edenton, North Carolina, in 1774, a group of 51 women signed the “Edenton Proclamation,” in support of the Non-importation Association Agreements passed in the Continental Congress. The resolution had far-reaching impact; for the first time, women had publicly claimed for themselves the right – unprecedented – to participate in politics. Their boycott had a galvanizing effect on public opinion and was a factor in the repeal of duties on many imports. Though they were ridiculed in the British press, their efforts paid off at home and initiated a trend dangerous to the status quo – women now believed they deserved a voice in political affairs.

In 1777, Katherine Mary Goddard, the only printer in Baltimore, printed the original Declaration of Independence.

Three Major Eras of Progress

The post-Revolutionary period was one of slow progress and broad variance in women’s entrepreneurial options. Ethnic, class and racial differences along with a decentralized economy meant vast differences in women’s economic lives. But the Revolution had reinforced women’s economic importance as household managers, and allowed them more opportunities to enter the marketplace. With the rise of the market economy, female artisans now produced goods for women consumers, opening up the businesses of millinery, dressmaking and related fields. In 1809 the first patent given to a woman was issued: a Connecticut woman, Mary Dixon Kies, was granted a patent for a process for weaving straw and thread for millinery making. In 1885, Sarah E. Goode became the first African-American woman to receive a patent, for a bed that folded up into a cabinet.

The Nineteenth and Twentieth Centuries saw three key eras of change for women in business: the Industrial Revolution; the rise of modern Corporate America; and the period from 1963 onward – the Age of the Entrepreneurial Woman.

- 1830-1880 The Industrial Revolution

The period of the Industrial Revolution brought important changes in the laws affecting women in business. States began codifying the rights of women, allowing them to own property, gain at least some access to capital and negotiate contracts.

The abolition of primogeniture meant women could inherit property, and widows were accorded rights to their husbands' estates. Every state passed either married women's property acts or community property laws.

At the same time, there were new disadvantages for women in business. With the formalization of financial markets, family assets were less important because corporations were able to borrow from banks. Women faced a new and long-enduring barrier – lack of access to capital and credit. Not surprisingly, Victorian era bankers were largely uninterested in lending to women.

Societal pressures were strong. Ladies did not engage in commerce. On the Western frontier, however, women were less concerned about being "ladies." Economic opportunities for women entrepreneurs abounded, and women established a variety of successful businesses in the boomtowns and mining camps of the West.² Even today, the Western pioneer spirit seems to prevail; in 2002, the top five states for growth and expansion of women-owned businesses were all in the West: Idaho, Wyoming, Utah, Nevada and Arizona.³

- Turn of the 20th Century: Growth of Corporate America

By the end of the Victorian era, women were beginning to rebel. A strong women's rights movement was building, and by the turn of the century the growth of female literacy and increasing educational opportunities were creating a class of well-educated, highly aware and activist American women.

As women fought for suffrage in the last quarter of the 19th century, women advocates of economic equality were speaking out as well. Charlotte Perkins Gilman, better known for her short story "The Yellow Wallpaper," was one of the strong proponents of economic equality writing for women at that time. In her book, *Women and Economics*, published in 1898, she proposed a radical revision of gender roles that would de-sexualize the basis of economic institutions. Gilman saw gender differences as social constructs upon which economic structures of the time were based; consequently, radical changes in social constructs could completely reform the economy.⁴

Ironically, one of the more popular "how-to" books for women was Irene Hart's 1895 publication, *How to Make Money Although a Woman*.

² Ibid., pp. 79-80

³ Center for Women's Business Research, *Location, Location, Location*, September, 2003.

⁴ Charlotte Perkins Gilman, *Women and Economics*, (New York: Dover, 1998) iv-v. (Originally published in 1898 by Small, Maynard and Company, Boston).

Improvements were sporadic in the years between the two World Wars. But the changes in the gender composition of the workplace generated by worker shortages during World War II started a slow but steady trend. At the same time, there was a growing awareness of the contributions of small business in general to the American economy. In 1953 the U.S. Small Business Administration was established, and five years later it was made permanent.

- 1963-2000 and beyond: The Age of the Entrepreneurial Woman

Over the past 40 years, women-owned businesses have moved into the mainstream, the public eye and the awareness of lawmakers. They have become a major factor in the growth of the economy and jobs. Between 1972 and 1997, women-owned businesses grew from less than 5% of all businesses in the U.S. to 38%.⁵ Between 1987 and 1996 alone, the number of women-owned businesses grew 78%, while the number of U.S. firms over-all grew 47%. In 1997, one out of every four U.S. workers was employed by a woman-owned business.⁶

As of 2004, there are an estimated 10.6 million privately-held businesses in which a woman or women owns 50% or more of the company. Among them, 6.7 million are majority women-owned. These 10.6 million women- and equally-owned businesses employ 19.1 million people and generate \$2.5 trillion in sales. Between 1997 and 2004, women-owned firms with 50% or greater ownership grew at close to twice the rate of all privately-held firms – 17% vs. 9%. Estimated employment in these firms grew at twice the rate (24% vs. 12%) and estimated revenues increased by 39%, compared to 34% among all privately-held firms.⁷

In this light, it is not surprising that the women-owned business sector today is receiving so much attention. But despite the many favorable policy changes that have marked these years, challenges for women entrepreneurs still remain.

Modern Policy Development

Although the foundations were laid over centuries, the majority of the policy changes relating directly to women-owned businesses have been clustered in the last forty-five years. A decade-by-decade look at the “Age Of The Entrepreneurial Woman” (1963 – 2000 and beyond) provides a clear picture of the modern progress, trends, and setbacks that have occurred for the women-owned business sector of the economy.

⁵ In 1997 the Census Bureau changed the definition of “woman-owned” from 50% to 51%. By this definition, the number of women-owned businesses in 1997 was 28%.

⁶ Center for Women’s Business Research, *A Compendium of National Statistics on Women-Owned Businesses in the U.S.*, 2001.

⁷ Center for Women’s Business Research, *Biennial Update on Women-Owned Businesses*, 2004.

Such an overview must also include the vital social changes that began in the two decades prior to this period. The era of dramatic policy change for women entrepreneurs began in the 1960s with the emergence of feminism and a strong woman's voice. But the workplace changes of the 1940s and the recognition of small business as an engine of the economy in the 1950s were a foundation for this change and cannot be ignored.

The 1940s and 1950s: The Era of Change

Important Federal Policy Actions

- 1953 Small Business Act created U.S. Small Business Administration (SBA)
- 1958 Small Business Act made SBA a permanent independent agency
- 1958 Small Business Investment Act

Women had been in the workforce in their service-oriented jobs and businesses since the earliest colonial days. But the big news in the 1940s was the way women moved into the workforce to replace the men serving in the Armed Forces. They weren't just "Rosie the Riveter"; they were truck drivers, farmers, pilots, construction workers, chemists and store managers. They took over family businesses in construction and transportation, retail and wholesale, media and marketing, and they ran those businesses well. Women's activities in those war years were just a hint of what was soon to come.

Those who have studied the impact of World War II on women report that results were mixed. Barbara K. Mistick, in her paper "The Feminization of Entrepreneurship: A Case for a Women's Model in Fostering Economic Development," states that "The ideological shift that drew women into the work force during World War II as full participants in the economic vitality of the country also provided a major shift away from the social structure that suggested women belong at home while men go to work." However, a 1945 Gallup poll found that only 16 percent of men and 20 percent of women believed women should work outside the home.⁸

While the war opened new opportunities for women in paid employment, the postwar period brought a national craving for domesticity and pressure for women

⁸ Angel Kwolek-Folland, op. cit., 153

to stay at home.⁹ This focus on domesticity not only discouraged women's participation in the workforce, it limited encouragement for women to move out of the traditional service-based businesses thought of as "women's businesses," such as beauty shops, dressmaking, child care and secretarial services. A Business and Professional Women's (BPW) survey in 1954 showed that among their members, women-owned firms remained concentrated in retailing, personal service, real estate, education, hotels and restaurants, and that owners typically derived incomes of between \$2,000 and \$5,000 per year from their businesses. At the same time, the professional women members of BPW averaged between \$4,000 and \$10,000 per year.¹⁰

The 1950s became the era of the "happy homemaker" as families separated by war settled into domestic life in a booming economy.

It must be remembered that the web of policy changes that has helped women entrepreneurs has been intertwined with a series of policies that set the stage for the general "entrepreneurial revolution" of the last 40 years. Women business owners benefited from the whole series of government policies that contributed to the creation of the American entrepreneurial economy. The 2002 report, *American Formula for Growth: Federal Policy and the Entrepreneurial Economy, 1958 - 1998*¹¹ lists five areas as the key to growth:

- Creating financial markets to fund entrepreneurial growth companies (ECGs);
- Providing R&D and intellectual property protection for technologies that underlie ECGs;
- Investing in technically talented people and enabling them to move to ECGs;
- Opening new markets and easing entry for ECGs;
- Establishing a robust and dependable infrastructure.

The establishment and expansion of the SBA and its programs was the cornerstone of the small business policies that enabled this growth. The SBA was established in 1953, over the objections of some small business organizations who thought the government should stay out of business, and the lobbying of the representatives of big business, who insisted it was unfair of government to give preferential treatment to smaller businesses.¹²

⁹ *Ibid.*, 152-153

¹⁰ Note: Since the survey did not use a random sample, these numbers cannot be directly compared to government labor statistics. Survey respondents were self-selected, older and better educated than the general female labor population. It is the comparative income levels that are interesting; the majority of women-owned businesses were still clustered in the personal services area.

¹¹ National Commission on Entrepreneurship, *American Formula for Growth: Federal Policy and the Entrepreneurial Economy, 1958 - 1998*, Washington, DC: 2002.

¹² Mansel G. Blackford, *A History of Small Business in America*, (Chapel Hill: University of North Carolina Press, 2003) 135.

In spite of objections, the SBA was made permanent in 1958, and in that same year, Congress passed the Small Business Investment Act, which authorized government contributions to the financing of private sector Small Business Investment Companies (SBIC's).¹³

The SBA and its programs provided a foundation on which women entrepreneurs could build their own structure of equal opportunity and access. The 8(a) program, SDB certification, SCORE, HUB zone Empowerment Contracting and the myriad other SBA programs of training and assistance to entrepreneurs and prospective entrepreneurs are important resources for all small business owners.

The 1960s: Seeking Equal Rights

Important Federal Policy Actions of the 1960s

- **1961 Commission on the Status of Women established**
- **1961 Kennedy Exec Order 10925, non-discrimination standards in federal contracting (did not include women)**
- **1964 Civil Rights Act**
- **1965 Executive Order 11246 added women and veterans to the non-discrimination standards for federal contracting**
- **1968 Consumer Credit Protection Act, which included the Truth in Lending Act**

If the 1950s were a reaction against the War period, the 1960s were an even stronger reaction against the 1950s. The happy homemaker was not satisfied. Women declared their equality and demanded equal treatment. The legal status of women would change more in the period between 1963 and 1990 than it had in the previous 200 years.¹⁴

The prosperity of the postwar period was a major factor in preparing women for an activist role in society. Educational opportunities for women had increased during the war, and in the postwar period increased even further. More women could afford higher education. More were entering the professions. More women felt free to join the counterculture that flourished in the Sixties. The women involved in the Civil Rights movement insisted on equal rights for women as well as minorities.

¹³ <http://www.sba.gov/INV/act/sbicact.pdf>

¹⁴ Joan Hoff, *Law, Gender and Injustice: A Legal History Of U.S. Women* (New York: New York University Press, 1991) 229-230

The year 1961 was marked by two important shifts in policy. President Kennedy was persuaded to establish a Commission on the Status of Women, an indicator of the increasing awareness of women as a force. More important, however, was Kennedy's Executive Order 10925, which, though it did not mention women specifically, opened a door for change by setting non-discrimination standards for federal contracting. Women and veterans were added in 1965, in Executive Order 11246, concerning Equal Employment Opportunity.

The 1964 Civil Rights Act, particularly Title VII, which barred employment discrimination on the basis of race, color, religion, sex, national origin, or handicap, was a milestone for minorities and women.¹⁵ By allowing more women to enter non-traditional fields as employees, it allowed women to obtain the expertise necessary to start their own businesses in non-traditional fields.

An equally important step for women entrepreneurs was the passage in 1968 of the Consumer Credit Protection Act, which prohibits discrimination based on sex or marital status in the extending of credit, and includes the provisions of the Truth in Lending Act, requiring clear disclosure of key terms and all costs of loans.¹⁶ The 1968 Act was the first of a series of actions designed to protect consumers and provide fair and equal access to credit. The most important credit legislation for women entrepreneurs - The Equal Credit Opportunity Act - was to follow in the 1970s.

The 1970s: Gaining Visibility

Important Federal Policy Actions of the 1970s

- **1972 Title IX of Equal Employment Opportunity Act**
- **1972 Survey on women owned businesses included in the Economic Census**
- **1972 Equal Rights Amendment passed (never ratified)**
- **1974 Equal Credit Opportunity Act**
- **1977 Economic Census added gender**
- **1978 Affirmative Action Act**
- **1978 P.L. 95-507, 8(a) program and Preferential Procurement Goals**
- **1978 President's Interagency Task Force on Women's Business Ownership**
- **1979 Carter Executive Order 12138; established the Interagency Committee on Women's Business Enterprise and the Office of Women's Business Ownership at SBA**

¹⁵ See text and summary of Title VII at <http://www.eeoc.gov/vii/html>.

¹⁶ <http://www.fdic.gov/regulations/laws/rules/6500-200.html>

The 1970s were an era of activism and progress for women business owners as well as women in general. Women entrepreneurs made gains in their legal status, they were recognized as “real” and worth counting, and they began organizing in order to push for even more progress.

In the early 1970s, 12 Washington DC area women business owners began meeting informally to discuss the issues they and other women business owners faced. They began talking to members of Congress and federal agencies, promoting the policy changes that would lead to equality of opportunity for women-owned businesses.

In 1975 the growing group of women organized formally as the National Association of Women Business Owners (NAWBO), an organization that was to become the power behind some of the most important policies of the 1980s and 1990s to benefit women-owned businesses.

“....Our multiple strategy was to demonstrate to the media, to lawmakers, to federal government agency chiefs, to the White House staff and to the business community that women business owners were indeed viable. We were a new and growing constituency.”

- Susan Hager, First President of NAWBO

Policies such as Title IX of the Equal Employment Opportunity Act¹⁷, passed in 1972, mandating equal treatment of women by educational institutions receiving federal funds, marked the rapid changes in the status of women during this period. For women entrepreneurs the gains were equally dramatic.

A census of women-owned businesses was first done as a special project in 1972 and became a part of the Economic Census in 1977.

The 1974 Equal Credit Opportunity Act¹⁸ effectively removed the last vestiges of coverture and is often cited as one of the most important factors in the growth of women-owned business. Married women were now guaranteed the right to credit in their own names - a tremendous improvement in access to credit for women business owners. In 1972, only 4.6 percent of small businesses were owned by women. Ten years later that percentage had risen to 23.9 percent.¹⁹

In 1977, with the addition of gender to the Business Census, women-owned businesses were finally recognized as a segment of the economy worth tracking -

¹⁷ http://www.eeoc.gov/abouteeoc/35th/thelaw/eo_1972.html

¹⁸ <http://www.fdic.gov/regulations/laws/rules/6500-1200.html>

¹⁹ Center for Women’s Business Research, *Breaking the Boundaries: The Progress and Achievement of Women-Owned Enterprises*, 1995.

the first official recognition that women's businesses mattered.²⁰ Now the dramatic growth of women's business ownership could be tracked; and eventually those census statistics could be used to gain the attention and respect of the policymakers.

In 1978, focus on Affirmative Action was generated by the Bakke case (Regents of the University of California v Bakke, 438 US 265), approving affirmative action in higher education admissions. The key decisions on Affirmative Action, however, were made earlier with Title VII of the Civil Rights Act in 1964, and Executive Order 11246 in 1965, covering federal employment and contracting. But enforcement of the affirmative provisions became stronger in the 1970s and led to further advances for women business owners.

P.L. 95-507, enacted in 1978, made major revisions to the Small Business Act. In addition to establishing the 8(a) Program, it set up Preferential Procurement Goals (affirmative action) for participation by small businesses, small disadvantaged firms, 8(a) and small women-owned concerns in Federal contracting programs.²¹

As the decade came to a close, spurred by the recommendations that came out of the 1978 President's Interagency Task Force on Women's Business Ownership²², President Carter signed Executive Order 12138²³, which created the National Women's Business Enterprise Policy and established the Interagency Committee on Women's Business Enterprise and the Office of Women's Business Ownership (OWBO) at the SBA.

OWBO was initially an advocacy office; it was the 1988 Women's Business Ownership Act that made it a program office and expanded its responsibilities. But although it had a limited direct impact in the beginning, it was a recognized office and had at least some federal funding – a precedent for future efforts on behalf of women business owners.

²⁰ Note: The data on C-Corporations majority owned by women was not included until provided for by Title V of the 1988 Women's Business Ownership Act. Until that time only sole proprietorships were included.

²¹ <http://www.sba.gov/gopher/Government-Contracting/law95.txt>

²² President's Task Force on Women Business Owners, *The Bottom Line*, 1979.

²³ <http://www.usdoj.gov/crt/cor/byagency/sbaeo12138.htm>

The 1980s: Establishing Programs

Important Federal Policy Actions of the 1980s

- **1986 White House Conference (Policy foundations of HR 5050)**
- **1987 Civil Rights Restoration Act**
- **1988 Women's Business Ownership Act, HR 5050**
 - **Amended Equal Credit Opportunity Act to include business loans**
 - **Established National Women's Business Council**
 - **Women's Business Center pilot program**
 - **Business census directed to report on C corporations 51% owned by women**

Once the Business Census began counting women-owned businesses, they became "real." Hard numbers were difficult to ignore, but some tried. Numerous articles from the 1970s and 1980s called women-owned businesses "invisible." Even after the establishment of OWBO and the first Women's Business Centers, there was little media coverage of what was going on in the woman-owned sector of small business.

In the 1980s, there was an effort to narrow the application of Title IX (equal access to education) which, though not specific in wording, had been interpreted to include all operations of an educational institution receiving any federal funding. In 1984, in *Grove City College v. Bell*, the U. S. Supreme Court ruled that Title IX banned sex discrimination only in the specific programs within an educational institution that directly received Federal funding. The 1987 Civil Rights Restoration Act²⁴, spearheaded in the House by Rep. Claudine Schneider (R-RI) and Rep. Patricia Schroeder (D-CO), guaranteed a broad interpretation of Title IX - to include employment and contracting.



NAWBO leader Susan Hager speaks out.
-Photo courtesy of Olive Rosen

²⁴ http://www.civilrights.org/library/permanent_collection/resources/1987crra.html

Despite the growing body of data on the importance of women entrepreneurs, it took a concerted campaign by a small group of women from NAWBO to bring national attention to the importance of women-owned businesses and their vital role in the economy. (See sidebar story) The result of their White House Conference on Small Business project in 1986 became the core of the 1988 “Women’s Business Ownership Act,”²⁵ symbolically numbered HR5050 and introduced by Rep. John LaFalce (D-NY).

NAWBO essentially crafted the bill, which covered four vital policy priorities:

- Access to credit - the bill amended the Equal Credit Opportunity Act of 1974 to include business loans. It also required financial institutions to inform applicants of their right to a written explanation for a loan denial, and to refrain from inquiring into an applicant’s marital status.
- Training support - A three-year pilot program to provide training and technical assistance for women business owners led to establishment of the Women’s Business Centers.
- Official Advocacy - The National Women’s Business Council (NWBC) was created as a bi-partisan Federal advisory council to serve as an independent source of advice and policy recommendations to the President, Congress and the U.S. Small Business Administration on economic issues of importance to women business owners.
- Expansion of the census data collected and reported on women-owned businesses to include corporations 51% owned by women.

“You know a group has come of age when its legislation sails into Congress with strong bipartisan support in the midst of an election year. By that standard, the women business owners of America have arrived.”

- Inc, December 1988

Women entrepreneurs were now being recognized as important contributors to the strength of the U.S. economy.

²⁵ <http://thomas.loc.gov/cgi-bin/bdquery/z?d100:HR05050:|TOM:/bss/d100query.html> |

1986 – NAWBO AT THE TABLE

“Power is the ability to take one’s place in what ever discourse is essential to action, and to have one’s part matter.”

-Carolyn Heilbrun, *Writing a Woman’s Life*

In 1986, women business owners were essentially invisible. The federal business census included only sole proprietorships, and NAWBO was a 2500 member organization – too small to be taken seriously. But the women of NAWBO did not become successful business owners by sitting back and waiting; they decided that the only way to establish their credibility was to take a leap onto the national stage, using the 1986 White House Conference on Small Business as their platform.

A small group of women developed and orchestrated a strategy that included research, policy development, political and policy training, candidate selection, and public relations. Virginia Littlejohn, Chair of the effort, says today, “We were very clear about our mission. We wanted to put women entrepreneurs on the map as power players, and to get the small business community to take us seriously. We succeeded.”

The U.S. Chamber of Commerce had 250,000 members in 1986, the NFIB 500,000. NAWBO, with only 2500 members, captured over 200 of the 2000 conference delegate positions – more than either of these two powerful associations. It was time for the power to shift.

The Game Plan

The plan and implementation were orchestrated down to the last detail. The first step was researching and developing a series of policy positions designed to drive positive change, including international trade policies, a modern statistical framework to track the growth of the services sector, and the impact of technology on entrepreneurship. Virginia Littlejohn, 1984-1985 NAWBO President, wrote *Framework for the Future*²⁶, a strategic policy publication to position women as forward-looking and visionary.

The resulting innovative policy positions formed the basis for training prospective delegates in the how-to of winning delegate slots. Women were trained in the strategies of winning elections – how to create a slate of candidates and who should be on it, what to wear in order to stand out in the sea of men, where to stand when making a presentation on policy, and the importance of repeating your name so that people remembered it when it came time to vote.

Women in all 25 NAWBO chapters were trained, and a written curriculum was developed for the later states. State events were monitored closely. By the time the final states chose their delegates, their plan was so successful that they had to hold back to avoid winning all of the positions in the state delegations; they needed a few good men as well.

In addition to the campaign for the elected positions, members were trained in how to win those slots appointed by elected officials. Once delegates were chosen they were coached in how to be elected to head their delegations. In the end, with chapters in only 25 states, NAWBO members

²⁶ This document is no longer available.

chaired or co-chaired fifteen state delegations. In other words, 60% of their chapters led their state delegations - 30% of the 50 states were NAWBO-led.

Top women lawyers were recruited to provide expertise on issues such as insurance reform and pensions. A PR firm, Hager Sharp, provided media relations on a volunteer basis, generating on-site state by state broadcast and print interviews as well as national coverage in the *New York Times*, *Wall Street Journal*, *Inc*, *Business Week*, ABC, NBC and many others. Susan Hager, first National President of NAWBO and CEO of Hager-Sharp, recalls the results: "Our numbers, our issues, our black tie event and the amount and quality of the press coverage made NAWBO the most visible player at that White House Conference."

NAWBO had dominated the White House Conference. Out of the hundreds of policies proposed, 26 of NAWBO's 27 policy positions were included.

Celebrating Success

The highlight of the Conference - and the most sought-after invitation - was the black tie dinner at the State Department for state chairs and international visitors. It was hosted by NAWBO. Women entrepreneurs not only had a seat at the table; they controlled the invitations.

Their success energized the membership of NAWBO, as we They recognized their power. They were in the vanguard of an important movement destined to have enormous political social impact in the U.S. - and ultimately, around the world

A new era had begun for women entrepreneurs.

NAWBO is an organizational member of the National Women's Business Council.



Gillian Rudd at the 1986 White House Conference
-Photo Courtesy of Olive Rosen

The 1990s: Expanding Networks

Important Federal Policy Actions of the 1990s

- 1994 Federal Acquisition Streamlining Act - 5% procurement goals
- 1994 Small Business Reauthorization Act (P.L. 103-403) changed structure of NWBC to its current form
- 1996 Women's Pre-Qualification Loan Program
- 1996 and 1998 Women's Economic Summits
- 1997 Small Business Reauthorization Act made WBC program permanent
- 1998 Small Business Reauthorization Act (P.L. 105-135) expanded NWBC membership numbers
- 1999 Women's Business Centers Sustainability Act

In the 1990s, the business focus of Congress was on job creation, providing women-owned businesses the opportunity to show their strength. In 1992, a research study published by the National Foundation for Women Business Owners²⁷ showed that women-owned businesses provided more jobs than the Fortune 500. Not only the members of Congress, but the financial institutions suddenly took notice of the huge economic contributions of women's enterprises and the market they provided.

"Our 1992 report, 'Women-Owned Businesses: The New Economic Force,' was important because for the first time we had hard data demonstrating the economic significance of women-owned firms. It highlighted not only the number of businesses, but the fact that these businesses employed substantial numbers of people and generated significant revenues. As a result, policy makers, financial institutions, and corporations recognized women-owned businesses as a significant component of this nation's economic well-being."

- Dr. Sharon G. Hadary, Executive Director, Center for Women's Business Research

In the early 1990s, access to capital was the greatest problem faced by women business owners. In 1992, 52% of women business owners financed their businesses using credit cards because of lack of access to bank financing.²⁸ Women business owners participating in the 1992 Symposium on Access to Capital, convened by the National Women's Business Council, named lack of access to bank loans and credit to finance their businesses as the number one problem they faced.

The 1992 Symposium on Access to Capital initiated an emphasis on business financing, and a long series of discussions that continued and grew through the

²⁷ Now the Center for Women's Business Research.

²⁸ Center for Women's Business Research, *Capital, Credit and Financing: Comparing Women and Men Business Owners' Sources and Uses of Capital*, 1996.

1990s. The NWBC brought together women business owners and other stakeholders – including banks and venture capitalists – to devise solutions to the very real problems of funding new businesses and business expansion.

Since that time, access to capital has improved dramatically. According to a study by the Center for Women’s Business Research, by 1996 the number of women business owners who used credit cards as a source of capital had dropped to 23 percent.²⁹ Women were now concerned about capital for expansion and equity financing. Banks were beginning to court women business owners – they recognized that they were neglecting a huge market. But venture capital and growth capital were still scarce. Women began looking at alternative means of providing capital.

The Federal Acquisition Streamlining Act of 1994³⁰, designed to overhaul the cumbersome and complex procurement system of the federal government, also established a goal of 5% for contracts to women-owned small businesses for each federal agency. Also in 1994, The Small Business Reauthorization Act, Public Law 103-403³¹ changed the structure of the NWBC to its current form, including both women business owners and women’s business organizations in its membership. In 1998 the Council was enlarged from nine Council members to 15, including the Chair, under the provisions of Public Law 105-135³².

Despite the redefinition of “woman-owned” in the 1997 Economic Census, raising the qualifying number from 50 percent to 51 percent woman-owned, women-owned firms still showed a steady growth. According to a 1996 survey by the Center for Women’s Business Research, in all 50 metropolitan areas, women-owned firms outpaced the economy in general.³³

In 1996 the NWBC sponsored the first Women’s Economic Summit, a concept that led to a regular series of regional women’s economic summits as well as international meetings facilitating the exchange of best practices across borders.

The NWBC’s 1998 Women’s Economic Summit identified four key strategies to accelerate the growth of women-owned business: improved access to capital, improved access to markets, improved access to training and a women-led agenda. Marsha Firestone, Executive Director of the 1998 Summit, explains,

²⁹ Center for Women’s Business Research, *Capital, Credit and Financing: Comparing Women and Men Business Owners' Sources and Uses of Capital*, 1996.

³⁰ <http://www.sba.gov/test/wbc/docs/procure/biggsba.html>

³¹ <http://thomas.loc.gov/cgi-bin/query/z?c103:S.2060.ENR>

³² <http://thomas.loc.gov/cgi-bin/query/z?c105:S.1139.ENR>

³³ Center for Women’s Business Research, *1996 Facts on Women-Owned Businesses: Trends in the Top 50 Metropolitan Areas*, 1996.

“Multiple issues are reflected in the women-led agenda, policy issues not directly related to growth but vital in accelerating growth of women-owned business.”

2000 And Beyond: Sustaining Momentum

Federal Policy Actions 2000 and Beyond

- 2000 SBA Reauthorization Act redefines procurement goals for Women Owned Businesses
- 2000 SBA established Office of Federal Contract Assistance for Women Business Owners (CAWBO) to implement the procurement provisions of the Reauthorization Act
- 2002 Federal Executive Policy on contract bundling
- 2002 - 2004 National and regional women’s business economic summits
- 2003 Women’s Small Business Improvement Act (pending)

As the first decade of the 21st Century moves through its fourth year, the theme of this decade centers on sustaining the momentum that has been built over the past 40 years. Women entrepreneurs are in a good position today, but the policy changes that provide for true equality of opportunity are still being established, and several recent gains are in jeopardy.

Modern technology has created one of the biggest improvements we see today. E-mail and Internet access has enabled broad and ongoing communication among women business owners and their organizations, and has greatly improved access to the information and assistance available to women business owners. A national women’s business economic summit sponsored by the U.S. Department of Labor and the SBA, “Women’s Entrepreneurship in the 21st Century,” held in 2002, has led to seven regional summits that have brought public policy leaders together with women business owners. Women’s Business Summits have continued to increase awareness of the resources available to women business owners and prospective business owners, and the Internet has made those resources truly accessible.³⁴

In 2000, the SBA Reauthorization Act, P.L. 106-554, redefined procurement goals for minority and women-owned businesses and established the Women-Owned Small Business (WOSB) Federal Contract Assistance Program, which allows agencies to “restrict competition” in contracting with industries in which WOSBs are under-represented. Previous attempts to increase the percentage of contracts awarded to women-owned businesses have met with limited success, but this time SBA’s Office

³⁴ National Women’s Business Council, *Women's Entrepreneurship in the 21st Century: A Summary of Data from National and Regional Summits*, 2003.

of Federal Contract Assistance for Women Business Owners (CAWBO), with a mission of “increasing the number of Women-Owned Small Businesses that successfully compete in the federal marketplace,”³⁵ was charged with working with the agencies to increase their WOSB contracting.

Efforts are under way in Congress to deal with other problem areas, including contract bundling³⁶ and long-term funding for the successful WOSB programs of the SBA. Contract bundling allows federal agencies to combine several small contracts into one large one, which often means that small businesses cannot compete directly but must seek subcontracts. The Office of Federal Procurement Policy (OFPP) and the SBA published proposed rules in January that would make it harder for agencies to bundle contracts.³⁷ Senator Olympia Snowe (R-ME) is among those who believe these regulations do not go far enough, and discussions on the question continue. Numerous comments are posted on the web site for the proposed rules: <http://www.acqnet.gov/far/ProposedRules/2002-029c.pdf>

In 2003, Senator Snowe came to the rescue of the Women’s Business Center program with S. 1375, “The Women’s Business Centers Preservation Act of 2003.” Co-sponsored with Senator John Kerry (D-MA), it was designed to establish sustainment grants for existing WBCs. The bill was eventually expanded into the “50th Anniversary Reauthorization Act,” incorporating Senator Snowe’s bill, the “Women’s Small Business Improvement Act of 2003,” (S. 1154) introduced earlier in the year to strengthen the SBA’s Office of Women’s Business Ownership, the Women’s Business Centers Program, the National Women’s Business Council and the Interagency Committee on Women’s Business Enterprise. The bill also makes the Women’s Business Centers a permanent program while offering opportunities for new centers and renewal grants for existing centers on a competitive basis.³⁸

As of the publication of this report, Senator Snowe’s bill is still pending. Tightening of the contract bundling provisions is also pending, with new SBA rules under consideration, as well as discussion in Congress of further restrictions. The reauthorization of the National Women’s Business Council is also still pending.

Progress in this decade will clearly require maintaining momentum and remaining persistent in pursuing the issues that remain – in particular, fairness in both government and private sector contracting, and maintenance of funding for the vital and successful programs already in place.

³⁵ See CAWBO Fact Sheet, www.sba.gov/GC/cawbofactsheet.doc

³⁶ http://www.whitehouse.gov/omb/procurement/contract_bundling_oct2002.pdf

³⁷ <http://www.acqnet.gov/far/ProposedRules/2002-029c.pdf>

³⁸ This legislation is still pending.

Private Sector Policy Impacts

Concurrent with public policy actions have been important private sector initiatives. With the growing awareness and appreciation of the vital role played by women-owned businesses in the U.S. economy, membership organizations and organizations providing access to credit, training and education, research, and advocacy have come into existence and have flourished through the last several decades.

The dramatic improvement in access to capital for women business owners is due to the changes in bank lending policies that came in response to the statistics on women's business enterprises released in 1992, that identified a huge neglected market for financial institutions. At the same time, women are making some inroads through corporate supplier diversity programs. The framework of vocal organizations, the research of Center for Women's Business Research, the new more focused organizations promotion women's businesses – all have contributed to the improving environment for women.

A good example of private sector policy change is the Wells Fargo Women's Loan Program. Established in 1995, it has served over 337,000 women business owners. The current goal is \$20 billion in loans to women over 10 years. Many other national and community banks have now developed specific programs for loans to women.

At the same time, organizations representing and supporting women entrepreneurs have grown dramatically. Once the basic barriers for women entrepreneurs were lowered, specialized organizations arose to fill very specific needs. Organizations that represent women entrepreneurs and their concerns today include the National Association of Women Business Owners (NAWBO), Center for Women's Business Research, Women's Business Enterprise National Council (WBENC), Women Impacting Public Policy (WIPP) and the Association of Women's Business Centers (AWBC).

For information on these and other women's business organizations, see the NWBC's May 2004 *Best Practices Report*.

WIPP – A STRONG VOICE FOR 21ST CENTURY WOMEN ENTREPRENEURS

Terry Neese and Barbara Kasoff had a vision. In the mid-nineties, as women's business enterprises were growing dramatically, Terry was lobbying on behalf of the National Association of Women Business Owners (NAWBO). Terry served as National President of NAWBO, and Barbara as Vice President of Public Policy. Together, they worked closely with women business owners, cultivating and developing an interest in public policy as well as conveying an understanding of how this interest could impact their businesses. That budding interest, together with a developing

awareness on the Hill of women business owners as an emerging force, began a lifelong commitment to education and advocacy and resulted in the emergence of Women Impacting Public Policy. Terry and Barbara knew that numbers count – and, with nine million women entrepreneurs out there, it seemed to be a good time to leverage this power.

Numbers mean a lot on the Hill – and certainly are the key to a seat at the table. There were several women’s business organizations around – but not only was each independent, each had their own agenda. How could women business owners influence public policy long term if they had no clear, combined voice?

Terry and Barbara began by contacting all the organizations, as well as women entrepreneurs in every state and delivered their message: A single, strong voice for women business owners was needed – a voice that could speak for *all* women business owners. Women entrepreneurs needed to position themselves so that they help draft legislation – rather than battle to change legislation. And so began Women Impacting Public Policy (WIPP), a coalition of women’s business organizations and individual women business owners. The stated mission is to educate and advocate on business issues. Terry and Barbara set out to find the issue areas the organizations had in common, so that they could then use the combined strength of all the organizations to tackle the Hill. “Then,” Terry said, “we began the process on the Hill to reeducate the Senate and Congressional offices, to let them know that where policy on business issues is concerned, we are one.”

Their biggest surprise in this whole process was how fast the organization grew. Twenty-nine groups have joined the coalition, altogether, and WIPP now represents over half a million women. And the members of Congress are listening.

Today, when the White House plans outreach activities, WIPP has a seat at the table. When WIPP speaks, members of Congress listen. And Terry Neese and Barbara Kasoff are leading a powerful and growing force. WIPP and organizations like it will play important roles in shaping future policy.

WIPP is an organizational member of the NWBC.

International Impact of U.S. Progress

The United States has become the role model for the world in encouraging and supporting women’s entrepreneurship. While the urge to run one’s own business is far from unique to this country, the U.S. – and American women - have led the way in modern policy development and organized government programs to help the women’s business sector.

Globalization of the economy has generated a growing interest in programs to encourage women’s entrepreneurship throughout the world, in both developed and developing countries. Women began sharing “best practices” across borders in a formal manner in the 1990s, and that sharing is leading to progress for women in countries across the globe.

“The Chinese have a saying, ‘women hold up half the sky.’ We can hold up our half better if we own the ground we stand on.”

-Rona Feit, Horizon speech to the OECD, 1997

Some key examples of International programs include:

- Organization for Economic Cooperation and Development (OECD)

With membership from just 29 countries, the OECD has long been an influential organization, producing publications and research promoting growth and good government. In the 1990s, they took a first look at women’s role in the economy. In 1997 they held the first Women Entrepreneurs in Small and Medium Sized Enterprises (SMEs) Conference in Paris. Representatives from 40 countries attended, including a large U.S. delegation. The OECD began to pay attention.

At the same time, the Global Enterprise Monitor (GEM) Report identified Women’s Business Enterprises as one of the four key growth strategies for economies of the world. The 2000 OECD Women Entrepreneurs’ Conference, Realising the Benefits of Globalization and the Knowledge-based Economy, continued the exchange of best practices, and women started to talk about venture capital and procurement. At that conference, a multi-country banking alliance was developed.

Today the Local and Economic and Employment Development (LEED) program of the OECD recognizes women’s entrepreneurship as a key element of growth. OECD will hold a third Women Entrepreneurs in SMEs conference in June of 2004 in Istanbul, Turkey.

“Governments can either fuel entrepreneurs or stop them in their tracks. When you consider that these entrepreneurs create jobs and wealth for their communities, develop innovations that make people’s lives better and contribute to national economic growth, you understand the importance of developing policies that make the ground fertile for entrepreneurship to thrive.”

-Karl Schramm, President and CEO, Kauffman Foundation

- Canada and the U.K.

In October, 2003, the Prime Minister of Canada’s Task Force on Women Entrepreneurs issued an extensive report on their study of women entrepreneurs, other stakeholders and resources for women entrepreneurs across Canada. In preparing this report they met with leaders from the U.S. and the U.K. to learn about their experiences in terms of the issues and challenges

facing women entrepreneurs. They began with the same set of premises that were originally established here in the U.S.:

- Women entrepreneurs are the fastest growing sector in our economy.
- Women entrepreneurs face unique challenges and barriers to success.
- Facilitating the growth of women's entrepreneurship is integral to our small business strategy.³⁹

Their recommendations closely mirrored those that we have established in the U.S. and worked toward over the past 25 years.

“Women owned businesses are a good investment...the Canadian Government should continue to invest in women and we in turn will build businesses that thrive, contribute jobs and build communities.”
- Catherine Devlin, Women Presidents' Organization, May, 2003

In the U.K., The Department of Trade and Industry (DTI) Small Business Service (SBS) in 2003 published *A Strategic Framework for Women's Enterprise*, including a set of policy objectives and recommended actions designed to “...create an environment and culture that encourages more women to start and grow businesses, and where every woman with the desire to start or grow a business has access to appropriate help and support.”⁴⁰ The development of the Strategic Framework drew heavily on the experience of American women-owned business, and the barriers identified, the policy objectives and the recommended actions closely reflect the barriers, actions and policies we have seen here in the U.S.

Successes And Continuing Challenges

We can cite numerous success stories in the past 40 years of dramatic change for women entrepreneurs. At the same time, there is still an important role for the programs designed to support women-owned business - issues to be resolved, and barriers to progress that persist.

The Infrastructure of Support for Women Business Owners

The triumvirate of the Office of Women's Business Ownership (OWBO), the nation's Women's Business Centers (WBCs) and the National Women's Business Council (NWBC) has been described as a “three-legged stool” that provides solid

³⁹ Canadian Government, Prime Minister's Task Force on Women Entrepreneurs, “Report and Recommendations,” 2003.

⁴⁰ DTI Small Business Service (UK), *A Strategic Framework for Women's Enterprise*, 2003.

support for women-owned businesses. That supporting structure has evolved into one of the great successes of the past decades, and is critical to maintaining the momentum achieved over the past forty-five years.

The Office of Women’s Business Ownership began as a small advocacy office established by the 1979 Executive Order on Women’s Business Enterprise Policy. The 1988 Women Owned Business Act gave OWBO program responsibility for the Women’s Business Ownership Demonstration Program, which established the first of the Women’s Business Centers. Today, OWBO administers a Women’s Business Center Program that includes close to 100 community-based centers and an Online Women’s Business Center⁴¹ as well as programs providing technical, financial and management information and training, business counseling and assistance in accessing credit, capital and marketing opportunities.

The Women’s Business Centers themselves, funded by Federal grants and state and local government and private matching funds, today help thousands of women to start and build their own businesses successfully. From the small demonstration project of the late 1980s, the program has grown into a major force. Additionally, the relatively new Association of Women’s Business Centers has emerged as an important advocacy organization.

In 1997 the Small Business Reauthorization Act made the WBC program a permanent part of the SBA’s entrepreneurial development efforts, changed the funding structure, and extended the grant cycle from three to five years to enable centers to develop more long-term stability. In 1999, the Association of Women’s Business Centers joined OWBO in pursuing the establishment of “sustainability grants” which would allow centers to apply for a second round of funding. The Women’s Business Centers Sustainability Act of 1999 established a four year pilot program to award grants on a competitive basis to allow center sustainability. The WBCs serve a diverse population of women across the country, and are providing valuable support for women who otherwise would not have the skills and/or knowledge to develop successful businesses.

“When I was first at the SBA in 1990, the Office of Women’s Business Ownership was new and four Women’s Business Centers had been started under a pilot program to assist women-owned businesses. Today there are close to 100 Women’s Business Centers, and I can’t imagine what we would do without them - because there are 424 new businesses started by women every day, and a lot of those women succeed because of the guidance and mentoring they get through the Centers.”

-Wilma Goldstein, Director, OWBO

⁴¹ www.sba/onlinewbc.gov

The National Women’s Business Council has evolved and grown over the years as well. The Council was established as an advisory group of women business owners tasked with identifying the barriers to success for women-owned businesses and reporting annually to the President and Congress on their findings. By the early 1990s the Council had begun bringing together women business owners, policy makers, bankers, representatives of women’s business organizations and other stakeholders to discuss possible solutions to the challenges facing women business owners, and to recommend these solutions to the President and Congress.

In 1994 the Small Business Reauthorization Act⁴² changed the structure of the NWBC to its current form to include both women business owners and representatives of women’s business organizations. In 1998, Public Law 105-135⁴³ expanded the Council’s membership to 15, including the Chair. Today, the Council focuses on four priorities in achieving its mission:

- Conducting research on issues of importance to women business owners and their organizations;
- Communicating these findings widely;
- Connecting the women's business community to one another and to public policy makers; and
- Providing a platform for change in order to expand and improve opportunities for women business owners and their enterprises.

As the “third leg of the stool,” today’s NWBC plays a vital supporting role in expanding opportunities for women business owners and prospective women business owners.

THE WOMEN’S BUSINESS DEVELOPMENT CENTER IN CHICAGO – A MODEL FOR SUCCESS

The oldest, and one of the largest and most successful Women’s Business Centers in the U.S.: not bad for a center started on the basis of a good idea by two long-time feminists who were convinced that “*true* empowerment for women will come only through *economic* empowerment.” Hedy Ratner and her partner Carol Dougal believed that business ownership was the route to self-sufficiency for women supporting themselves and their families. Through small business ownership, women could use the confidence the women’s movement had given them, and give back to the community by doing business in a more humanitarian way. Over the long term, they could improve the political structure through political action and candidacy.

In 1986 they were ready; they put together a business plan and looked for support. They were turned down by the corporations and foundations, but Illinois Governor Jim Thompson felt that

⁴² <http://thomas.loc.gov/cgi-bin/query/z?c103:S.2060.ENR>

⁴³ <http://thomas.loc.gov/cgi-bin/query/z?c105:S.1139.ENR>

the Small Business Development Centers were not doing enough for women and minorities; he provided funding for a specialized development center for Hispanics, one for African-Americans, and one for women.

Their first large grant was a block grant from the city; later the center was chosen as one of the four WBCs to be included in the pilot project established by the 1988 Women's Business Ownership Act. Not only did the center succeed, it became a model that, with Hedy's help, was successfully replicated in six other states. She provided the curriculum, helped them choose their boards, and provided counseling and evaluation, helping each center to work with existing organizations in their area to design a program to fit their needs.

Once the Women's Business Development Center was well-established, they began seeking funds from corporations and foundations – this time successfully. Their funding went from an initial \$150,000 to \$2.5 million today.

“Don't think for a minute that this was easy,” Hedy warns. “It was *hard*. We had to fight for funding every step of the way. “ Government funding along the way came from the city, the SBDC, a PTAC grant from SBA, and an SBA microlending program. The remainder has been raised from private sector foundations, corporations, and the Center's annual Entrepreneurial Woman's Conference.

After 18 successful years serving women in the Chicago area, the Women's Business Development Center continues to grow. Today they offer a bilingual program to assist Latinas with business development, and train and counsel hundreds of women through their Child Care Business Initiative. They have helped women-owned businesses win over \$250 million in government and private sector contracts, have facilitated over \$35 million in loans, and have taught more than 40,000 women entrepreneurs business skills through one-on-one counseling and training workshops. Through their Teach and Venture program they provide resources and equity venture capital to women's high-growth businesses.

It should surprise no one that they expect 2,300 women to attend their 18th annual Entrepreneurial Woman's Conference.

Congratulations to Hedy Ratner, Carol Dougal, and the board and staff of the Women's Business Development Center, for showing what determined women can do.

Hedy Ratner served on the National Women's Business Council from 1994-1997.

Barriers to Progress

The successes outlined above do not mean the job is complete. Despite tremendous gains, key barriers remain:

- Cultural barriers and assumptions

The majority of the cultural barriers faced by women business owners have been lowered or removed over the years. Educational barriers, lack of experience, and cultural expectations have been transformed for most women. There remain some pockets of negative attitudes on a regional and/or ethnic basis, and socialization of girls still biases against certain types of careers and businesses, but for the most part, the culture of the U.S. today is favorable to women's business ownership.

- Structural barriers: Equality, non-discrimination, financial independence, access to credit

Legal and policy changes have wiped out most of the structural barriers that once inhibited women entrepreneurs. Although there remain lingering traces of discrimination in practice, these are not supported by law, and mechanisms are in place for prevention and amelioration. Sadly, one of the few areas that remains a serious challenge is that of government procurement; despite goal-setting and monitoring, the situation is slow to improve and must continue to be listed as a barrier of practice if not structure.

- Barriers of practice: Access to capital, government procurement, markets

Access issues still exist – change in standard practices is slow to come. Access to capital has improved dramatically both for start-ups and growth. Alternative sources of capital for women are increasing, and there are a few venture capital funds focused on women-owned businesses. Organizations such as Springboard Enterprises⁴⁴ provide training and visibility to women seeking equity capital.

Access to markets – particularly both government and private sector procurement – lags far behind. Despite the 5% federal contract goal for women-owned businesses, and the attempts to press agencies to reach that goal, federal contracting with women-owned firms stood at 2.9% in 2002 – up from 2.1% in 1997.⁴⁵ Women fare slightly better in gaining contracts with large private sector

⁴⁴ <http://www.springboardenterprises.org/>

⁴⁵ <http://www.fpsc.gov/fpsc/FPR2002a.pdf>

corporations, but the women-owned business share still sat at 4% in 2003, having risen from 3% four years earlier.⁴⁶

- Recognition: Being counted

Thanks to the increased availability of data on the participation in and contributions to the economy of women-owned businesses, there is recognition today of the important part they play in the health of the U.S. economy. This has not always translated into action; constant and increased visibility for women-owned businesses, their successes, and the efforts on their behalf must remain a priority.

- Implications of federal budget cutting

There is a strong emphasis today on cost-cutting in government, eliminating or paring down wasteful programs and building efficiency and effectiveness into all government activities. Each year budgets for programs seem to shrink, and the prospect for long-term government funding is not good.

This prospect is being dealt with already in programs for women business owners. Numerous public-private partnerships have been developed over the past few years, and private sector groups already play a strong role in funding, support and training activities.

“America grows...through entrepreneurship and the creation of small business and providing capital in the private sector for the expansion of jobs and the purchase of equipment.”

- President George W. Bush, remarks to women business leaders, March 26, 2001

⁴⁶ Center for Women’s Business Research, *Access to Markets: Perspectives from Large Corporations and Women’s Business Enterprises*, 2003.

Recommended Future Directions

Women-owned businesses are flourishing today, and we can point to numerous successful programs designed to assist women in starting and building their enterprises. But there remain areas of need to be addressed by the federal government and the private sector. Following are some of the directions we are recommending for the future:

- **Tools for success**

Today's women entrepreneurs include women from all walks of life: executives and managers, highly qualified professionals, immigrants, inner city women with bold ideas, women moving from public assistance into financial independence. Any and all of these women can be successful with the right opportunities, access to the training and expertise they need, access to start-up and growth capital and access to markets. Many new entrepreneurs need assistance with basic financial literacy, mentors who can guide them through the pitfalls faced in a new business and a support network of like-minded women.

Ensuring that the tools they need are available and accessible is an ongoing need for government, private sector and public-private partnerships.

“One of the most important pieces of infrastructure for the future is the triumvirate of the National Women’s Business Council, the Office of Women’s Business Ownership, and the Women’s Business Centers - the result of the private and public sectors coming together to support a fledgling business sector which has now taken off.”

- Andrea Silbert, Founder, Center for Women and Enterprise

- **Public-private partnerships**

Future directions include expanded use of the Women’s Business Center model, which utilizes matching grants, as well as other innovative types of public-private partnerships. Private industry has been more willing to support programs for women’s and minority businesses because of the benefits to them in access to government contracts and fulfillment of equal opportunity goals.

- Increased visibility – role models and research

In 1999, Robert Hisrich and Candida Brush wrote in a paper titled “Women-Owned Businesses: Why Do They Matter?”⁴⁷ that the percentage of articles about women business owners declined from 1980 to 1995 from 44 percent to 14 percent. They attribute this “invisibility” to the fact that men and women are similar in approaches and practices to business ownership. Little truly comparative literature exists; it is up to the advocates for women business owners – as well as the successful women entrepreneurs – to see that the facts concerning the value and needs of women business owners are placed before the public. This includes not only comparative research but also highlighting individual women business owners of achievement.

- Best practices sharing across borders

Sharing of best practices across borders is already under way through such vehicles as the OECD and other international women’s entrepreneurship conferences, women’s trade missions such as those sponsored by the U.S. Department of Commerce, and online conferences and forums. The growth of a global economy has made these efforts even more important, and U.S. women entrepreneurs and their organizations must focus even more attention abroad.

- Need for development of gender disaggregated business data and analysis

The Center for Women’s Business Research has played a vital role in gathering and sharing quantitative information that demonstrates just how rapid and economically important the growth of women’s business ownership has been. This and other survey research will continue to provide a foundation for advocacy efforts, for continuing to open up financial markets, and creating general public visibility. So, too, regular statistical information from the U.S. Census Bureau is critically important to continually quantify the number and economic impact of women-owned businesses.

However, additional research is needed on the impact of government programs on women-owned businesses – what is the payoff? It is hard to judge the return on investment (ROI) using conventional models. There needs to be a different analysis of ROI - *investment* in the economic growth of the country through women’s business ownership. It is only through development of this model that

⁴⁷ Candida Brush and Robert Hisrich, “Women-owned Businesses: Why Do They Matter,” *Are Small Firms Important? Their Role And Impact*, Acs, Zoltan J., Ed., (Norwell, MA: Kluwer Academic Publishers, 1999) 111-125

accurate longitudinal studies of women's business enterprises and programs can be developed.

How special are we? Implications for the future of women's enterprise development

Any major societal or cultural change requires ongoing vigilance and reinforcement if it is to be maintained. The natural human disinclination to change continues to exert itself in both cultural behaviors and efforts at policy reversals long after the positive change has taken place. The pressure of a rapidly growing women's business sector has created momentum for positive change, but as this sector becomes a greater and greater proportion of the small business economy, can the momentum be maintained?



Susan Chaires, Gillian Rudd, Congresswoman Connie Morella, Laura Henderson, and Congressman John LaFalce at the signing of the 1988 Women's Business Ownership Act.

– Photo courtesy of Olive Rosen

There is already disagreement in some quarters about the need for assistance to a sub-group that not only is a majority of our society, but represents a large percentage of the small business economy. The answer must be made clear: *because* the majority of small businesses are started by women, federal policy *should* be mindful of the unique needs and challenges of women business owners. All small businesses have a steep learning curve and a high failure rate – it would be short-sighted to risk slowing economic growth by combining and “de-specializing” forms of business assistance. The contribution of women-owned businesses to the U.S. economy and the job market is well worth protecting and encouraging.

Because the women-owned business sector is relatively young, it is more vulnerable to regression. With every positive change in society, there is a group who perceive it as negative – remember that the SBA itself was established over the protests not only of big business, but of two of the larger small business organizations in the U.S.⁴⁸, and that in 1984 the Supreme Court tried to narrow the application of Title IX of the Civil Rights Act. One of the most important tasks for the women's business community and its organizations is maintaining continuing vigilance and visibility; we cannot afford now to sit back and enjoy our gains. Like running a business, leading a major societal change requires long-term effort.

⁴⁸ Mansel G. Blackford, *op. cit.*, 134-135.

There is a continuing role for the advocacy organizations in reminding elected leaders and the public of the vital importance of women-owned small business to our economy. Women business owners themselves must not forget their role as mentors and role models to fledgling businesses and budding entrepreneurs. As George Santayana once said, "Those who cannot remember the past are condemned to repeat it." We must keep in mind where we have been and how we came to be where we are today.

The role of all small business in the economy continues to climb dramatically as the importance of technology changes the face of business. Women have an enormous market in front of them - one that is too important to risk losing.

Appendix A: Bibliography

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Appendix B: Web Resources

<http://www.awbc.biz>

Association of Women's Business Centers

<http://www.census.gov/prod/www/abs/economic.html>

Census information

<http://www.census.gov/epcd/mwb97/us/us.html>

Census information, minority and women-owned business

www.womensbusinessresearch.org

Center for Women's Business Research

<http://www.smartagreements.com/bltopics/Bltopi69.html>

Community property states, information

<http://www.summercore.com/cp4/MDCondon.html>

Daughters of Liberty, description

www.nawbo.org

The National Association of Women Business Owners

www.nwbc.gov

The National Women's Business Council

<http://www.OECD.org>

Organization for Economic Cooperation and Development

<http://www.arnet.gov/Library/OFPP/PolicyLetters/>

Procurement policy documents

<http://www.e-magnify.com/>

Seton Hill University Education Center for Women in Business

<http://www.redstone.army.mil/sadbu/data/keysmall.doc>

Small business acts, descriptions

<http://www.smartagreements.com/bltopics/Bltopi41.html>

Truth in Lending Act , briefing

www.WIPP.org

Women Impacting Public Policy

<http://www.womenpresidentsorg.com/>

Women Presidents' Organization

<http://www.womenbiz.gov>

Womenbiz.gov: The gateway for women-owned businesses selling to the federal government

www.WBENC.org

Women's Business Enterprise National Council

www.sba/onlinewbc.gov

Women's Business Centers site

<http://www.fayettenam.com/history/>

Women's history, American

http://www.galegroup.com/free_resources/whm/index.htm

Women's history, American

http://college.hmco.com/history/readerscomp/women/html/wh_000106_entries.htm

Women's history, American

<http://www.wic.org/misc/history.htm>

Women's International Center, "Women's History in America."

<http://www.womenspolicy.org/>

Women's Policy, Inc; a source of information on women's issues in Congress

Executive Orders and Policy Letters

Executive Orders referenced in this document may be read in their entirety in the archives of the Federal Register, http://www.archives.gov/federal_register/index.html.

The National Women's Business Council is a bi-partisan Federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. The Council's mission is to promote bold initiatives, policies and programs designed to support women's business enterprises at all stages of development in the public and private sector marketplaces, from start-up to success to significance.

The *Policy and Progress* report was researched and written by SiloSmashers, a woman-owned, 8(a) Native American firm specializing in business transformation, project management, organizational change, communications and marketing services for both the government and commercial markets. The Communications Team has extensive experience in government communications and change management, and was responsible for development of the federal "E-Gov" brand. In 2003 SiloSmashers was named to the *Washington Technology* Fast 50, the "50 hottest up-and-coming small businesses and 8(a) companies in the government IT arena."

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