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INTERAGENCY COMMITTEE on WOMEN'S BUSINESS ENTERPRISE
and the
NATIONAL WOMEN'S BUSINESS COUNCIL

July 31, 1995

Dear Alexis:

The *Interagency Committee on Women's Business Enterprise* and the *National Women's Business Council* would like to extend a personal invitation to attend our annual meeting to be held on Wednesday, August 9, 1995 from 9:00 - 11:00 am at the White House. The Vice President has been invited to attend.

The purpose of this meeting is to review the draft of our annual report and to discuss the Committee's initiatives and outreach strategy for the next year. The *Interagency Committee on Women's Business Enterprise* was created by Congress to lead a coordinated effort throughout the federal government to ensure that women's economic issues are being addressed in every agency. It is our mission is to promote old initiatives, policies and programs designed to foster women's business enterprise at all stages of development in the public and private sector marketplaces and through new public/private sector collaborations.

Please take some time prior to our meeting to look over the enclosed draft report and prepare any comments for discussion.

Wednesday, August 9, 1995

JOINT MEETING of the Interagency Committee on Women's Business Enterprise and the National Women's Business Council

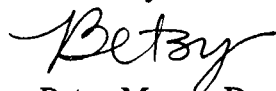
9:00 - 11:00 am

**The White House
Indian Treaty Room, OEOB #474**

If you have any questions concerning the meeting, please call Janine Stanzione at 202-205-6673.

Your support for and active participation in the deliberations of the IACWBE and the NWBC is essential if our actions are to result in constructive change for our constituency. We look forward to your response.

Sincerely,



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



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**INTERAGENCY COMMITTEE on WOMEN'S BUSINESS ENTERPRISE
and the
NATIONAL WOMEN'S BUSINESS COUNCIL**

August 9, 1995

White House, OEOB #474

9:00 - 11:00 am

Chaired by Laura Tyson

- I. **WELCOME and BRIEF REMARKS** by Laura Tyson, Chair
Interagency Committee on Women's Business Enterprise
- II. **BRIEF REMARKS** by Lillian Vernon, Chair
National Women's Business Council
- III. **INTRODUCTION of MEMBERS**
- IV. **GOALS and VISION** by Betsy Myers, Deputy Assistant to the President
and Director for Women's Initiatives and Outreach, The White House
- V. **DISCUSSION of ANNUAL REPORT** by Linda Tarr-Whelan
President and CEO, Center for Policy Alternatives

INTERAGENCY TASK FORCE REPORTS

- Access to Capital (Darcy Bradbury)
- Procurement (Tony DeLuca)
- Training and Technical Assistance (Sarah Kovner)
- Data and Information (Gloria Gutierrez)
- Outreach and Marketing (Jolene Molitoris)

- VI. **NEW BUSINESS: Public Private Sector Partnerships**
Amy Millman, Executive Director, National Women's Business Council
- VII. **WRAP UP** by Laura Tyson, Chair

PLEASE FAX COMPLETED FORM TO JANINE STANZIONE AT (202) 205-7287.

WEDNESDAY, AUGUST 9, 1995

JOINT MEETING of the Interagency Committee on Women's
Business Enterprise and the National Women's Business
Council

9:00 - 11:00 am

The White House
Indian Treaty Room, OEOB #474

NAME:

TITLE:

DEPARTMENT/OFFICE:

PHONE/FAX #'S:

DATE OF BIRTH

SOCIAL SECURITY NUMBER

_____ CAN ATTEND

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ADDITIONAL ATTENDEES:

NAME:

TITLE:

DEPARTMENT/OFFICE:

PHONE/FAX #'S:

DATE OF BIRTH

SOCIAL SECURITY NUMBER

_____ CAN ATTEND

_____ CANNOT ATTEND

Please call Janine Stanzone at 202-205-6673 with any questions. Thank you.

Discussion Draft

"CHANGING THE FACE OF THE AMERICAN ECONOMY: THE PARTNERSHIP"

Annual Report of the

Interagency Committee on Women's Business Enterprise in cooperation with the National Women's Business Council

This is the first report to Congress, the Administration and the American people on an important new partnership initiative based on a simple premise: women's business enterprise is changing the face of the American economy. As this new reality is felt in economic statistics and in everyday life, the government is responding. This report is the product of a new public-private partnership, led by and for women in business and government, laying the groundwork to:

- ☐ free-up the entrepreneurial energy of the fastest growing sector of the U.S. small business community -- women- owned businesses;
- ☐ provide essential tools and create the infrastructure to increase opportunity for women business owners;
- ☐ ensure open and competitive market opportunities for women entrepreneurs, therefore benefitting all businesses; and
- ☐ promote new business growth and development which reflects the lives, perspectives, and full participation of women.

"Changing the face of the American Economy: The Partnership" is the Annual Report of the Interagency Committee on Women's Business Enterprise chaired by Laura Tyson, Chair of the National Economic Council, established by Congress in 1994. The IACWBE has begun a comprehensive examination of existing federal programs and how they work for women, identifying "ideas that work" and pointing to areas to be addressed. Its private sector counterpart, the National Women's Business Council chaired by Lillian Vernon, Founder and President of the Lillian Vernon Corporation, is providing advice, counsel and practical expertise. Working together, these groups offer a new perspective on how the federal government can maximize the entrepreneurial potential of women's business enterprise. This report includes a wealth of information on services and resources that are available. The innovations that are

highlighted in this report offer a vision of ways to re-orient and focus programs and policies to meet the needs of women business owners and to foster competitive opportunities across all sectors of our economy.

Women's Business Enterprise is Important to the American Economy

Women in business are on the cutting edge of a powerful new force that is reshaping the U.S. economy -- a job-generating and value-creating powerhouse that goes by a familiar name: small business. If there is a single identifiable source of vitality in the U.S. small business sector, it is women entrepreneurs.

Small businesses today, more than 20 million strong in the U.S., employ almost three-fifths of the work force and create two out of every three new jobs. They account for the majority of all sales of goods and services, and contribute 40 percent of the gross domestic product. Small firms produce twice as many innovations per employee as do large firms. And small businesses are increasing in number at a rate faster than the growth in the U.S. population. There is, in short, an entrepreneurial explosion infusing the economy with energy and vitality.

The newest business data available from the U. S. Census Bureau reveals the expanded role that women's entrepreneurship plays in this country's economic growth. Woman-owned businesses in the U.S. now number more than seven million, confirming the data released by the National Foundation for Women's Business Owners, in their 1992 and 1995, *Breaking the Barriers* reports. Within the private sector, The National Foundation has documented the growth of women-owned business and its reports have provided an accurate forecast that women entrepreneurs are a rich source of new strategic partners and suppliers.

This is what the new business census data tells us.

[The material in the following section will be updated with the latest numbers that will be coming from the 1992 Business Census. The numbers will be communicated through charts and other visuals that will be included here.]

- Receipts - for the first time the sales employment capacity figures of the largest and most successful women's business enterprises, the C Corporations, have been documented;
- Employment - Women are proven job creators;
- Industrial sectors - the continuing strength of women in the growth sectors, both

service and retail trades, and new trends for emerging business sectors for women, i.e., transportation, utilities, and high tech;

- Regional distributions - the 1987 census documented that the Northeast was the stronghold for women-owned businesses; the 1992 figures indicate substantial growth in the West.

[Visuals will be used to convey the information below as much as possible.]

These firms have been responsible for more than their share of the creation of new jobs as well. Employment growth in women-owned businesses exceeds the national average by a substantial margin: between 1991 and 1994, employment grew by 5.3 percent for all firms in the U.S., but by 11.6 percent among commercially active women's businesses. In fact, women-owned businesses employ 35 percent more people in the U.S. than Fortune 500 companies do worldwide.

Between 1991 and 1994, woman-owned construction firms increased in number by 19.2 percent, while the overall number of construction firms declined by 0.8 percent. In the manufacturing sector, the number of businesses owned by women increased by 13.4 percent, despite the fact that overall there were 2 percent fewer manufacturing companies. Women-owned businesses in transportation/communications, wholesale trade, and finance / insurance / real estate grew by nearly 20 percent -- twice the overall rates of increase.

Women compete well where the playing field is even. Growth in sales among women-owned firms is nearly four times that of the growth in the number of these firms. Average receipts per proprietorship increased 34 percent in the decade from 1981 to 1991, more than three times faster than the 11 percent increase among all non-farm sole proprietorships.

And woman-owned firms endure: 72.2 percent of the commercially active women-owned businesses in existence in 1991 are still in business today, compared to 66.6 percent of all businesses. Only 35 percent are less than four years old, while 39 percent of all firms are. And 28 percent of women-owned businesses have been in business for at least 12 years; for all U.S. firms, that figure is 30 percent.

The New Economic Reality

According to "The State of Small Business: A Report of the President 1994" issued by the SBA's Office of Advocacy:

1993, the second year of recovery from the recession, was a good year for the economy and a very good year for small business. Six times as many jobs were created as in the previous year, primarily in industries traditionally dominated by small firms. Most of the job losses occurred in industries dominated by large businesses. The greatest employment gains were in the services and retail trades where they [women] own over 40% of all proprietorships.

The new economy is entrepreneurial, service-oriented and increasingly led by women. Women start most of their businesses in the service sector of the economy -- three-quarters of women-owned businesses are concentrated in the services and retail trades. Between 1989 and 1993, more than half of the three million businesses begun each year were started by women. The census data illustrates that at a time when large corporations are dramatically downsizing, the strength of much of the economic turnaround is driven by women's business enterprises.

The economy has changed, and now government -- in partnership with the private sector -- must evolve to support the needs of entrepreneurial women. The old infrastructure will not suffice. Women in the federal government who are leading voices in economic policy decision-making are creating an integrated approach to respond. The result has been new energy and a new vision in which women's participation is central, not only as entrepreneurs, but as policy makers and business leaders.

Past hearings, extensive research and discussions with women business owners and advocates have identified ways where "business as usual" actually serves as a deterrent to the growth of this vibrant sector. All too often procurement decisions have been made within tight circles rather than open networks; capital access has been artificially narrowed by a failure to understand service sector needs; training and technical assistance have been almost exclusively aimed at re-employment, not "employability" or development of entrepreneurial skills. If essential data on gender has been collected at all, the inconsistent application of standards and criteria has made it difficult to capture a complete picture of the women's business sector.

Rosabeth Moss Kantor, a professor of business administration at Harvard Business School, remarked at the February 1995 joint meeting of the Interagency Committee on Women's Business Enterprise and the National Women's Business Council, *"We cannot talk about an enterprise culture in the United States, or about job creation, or about economic development, without including women."*

Changing the Culture

Providing incentives for small business to invest and grow has been one of the economic challenges of the mid-1990s. Under the leadership of President Bill Clinton, government officials have initiated programs to attract, support and promote women's business enterprises and open access to financial resources and competitive opportunities.

The theme for the government's approach to fostering opportunities and access to resources for women-owned businesses was sounded in President Clinton's 1995 State of the Union Address to the Congress. The President stated, *"We must forge a new social compact to meet the challenges of this time. As we enter a new era, we need a new set of understandings, not just of government, but even more important, with one another as Americans."*

The President has seen women as key players. He said, *"Never before have American women had so many options - or been asked to make such difficult choices. It's time not only to make women full partners in government, but to make government work for women."*

In addition to the obvious social benefits, support for women entrepreneurs is sound economic policy. By contributing to the success of women in business, the federal government supports an important economic sector, invests in our future, and increases the potential for job creation. By virtually any measure, successful women-owned businesses are one of the keys to a healthy U.S. economy in the 21st century.

But the question is how to ensure that promoting business growth and development means that real opportunity exists for women-owned enterprises; that they can compete fairly in public and private marketplaces. Artificial constraints and outdated systems faced by woman-owned businesses make no sense. Unneeded and unwanted obstacles to access to capital or open competition for public-sector markets need to be cleared away to make way for the new infrastructure that meets the needs of emerging business sectors.

The Federal government's policies and practices of supporting women in business have evolved as women have moved decisively into the business world as administrators, managers, executives and owners. There is a clear recognition that women's business enterprises are essential to the economy and women's work is an important foundation for America's competitive edge. Now it is essential to make economic policy decisions which reflect the lives and perspectives of women.

Creating a New Infrastructure

In the Clinton Administration, women have been appointed as major policy decision-makers. Women steer the economic policy as well as policy governing the budget, energy, environment, health and justice departments. Many of these officials serve on the Interagency Committee on Women's Business Enterprise (IACWBE). There has been an unprecedented commitment to empowering women through greater workplace flexibility to balance the needs of children and families and on women's health and safety. Women have a greater voice in all branches of the federal government.

Within the Executive Branch, the two longstanding advocacy offices which are exclusively dedicated to promoting issues, policies and programs that benefit women's work are the Department of Labor's Women's Bureau and the U.S. Small Business Administration's Office of Women's Business Ownership. The Women's Bureau has just celebrated its 75th anniversary, with the issuance of the ground-breaking study, "Working Women Count. 250,000 working women nationwide participated in their survey, which showed a consensus for change in pay and benefits, support and respect for the need to balance work and family, and performance rewarded with opportunity for training and additional responsibility. Working women count and so do the women creating the jobs.

Established by Executive Order in 1978, the Office of Women's Business Ownership was designated in 1994 to be a permanent office of advocacy for women business owners. The office provides assistance to women seeking to start or grow their businesses through a national network of training and technical assistance, counseling and mentoring services, loan programs and resource information. Their Women's Demonstration Program, Women's Network for Entrepreneurial Training (WNET) - a mentoring program and the Women's Prequalification Pilot Loan Program are the cornerstone of women's business enterprise development in the federal government. These programs are strong components of local economic development strategies.

The Department of Commerce and the Small Business Administration also serve as the ambassadors and chief advocates for the business community. Established in 1969, the Commerce's Minority Business Development Agency promotes national economic growth by fostering minority entrepreneurship in the United States. The agency offers an array of business management, marketing, financial and technical assistance services to minority-owned businesses through its nationwide network of Minority and Indian Business Development Centers and Minority Enterprise Growth Assistance Centers. Under the direction of the first female director, Joan Parrott-Fonseca, the MBDA is continuing to further develop the way the Agency supports the efforts of women business enterprise, by adopting a new vision and strategy to designate all women as a clients for MBDA services. In 1994, minority women comprised 26% of the persons serviced by the Agency and 13 of its Minority Business Development Centers and three of the largest Opportunities Committees were headed by women. With their pilot projects

servicing the needs of all women, a new strategy is unfolding at the MBDA and it includes serving women. The MBDA commitment to expanding the services to respond to the needs of women-owned businesses are a priority for MBDA's new leadership.

Working closely with the MBDA and the Department of Commerce, the U.S. Small Business Administration is dedicated to two principles: customer-driven outreach and quality focused management. The SBA is determined to reach out to small business in an unprecedented way, to listen to their needs, to report these needs back to the President and to suggest appropriate initiatives to help small businesses. The SBA also recognizes the need to change the management culture, the organizational structure and the bureaucratic practices to improve the quality of business in America. Through these changes, they create a more entrepreneurial, customer-driven and efficient government.

Carrying on with this customer-driven philosophy, the government has directed that an Office of Small and Disadvantaged Business Utilization (OSDBU) or an Office of Enterprise Development, be established and supported to serve as an advocate for small business access within each agency. These are the front line agents for change.

To reinforce this overall commitment to women, the Office for Women's Initiatives and Outreach was established within the White House to provide coordination of initiatives across the government. Director Betsy Myers, Deputy Assistant to the President, a successful woman business owner before entering government and former director of the SBA Office of Women's Business Ownership, was a perfect choice to serve as chief advocate for women. Her philosophy is clearly stated: *"Women's issues are economic issues. Women are changing the face of the economy."*

The Partnership

Another successful business woman and advocate for instilling entrepreneurial principles in government decision making is Lillian Vernon, the President's selection as Chair of the National Women's Business Council. According to Ms. Vernon, policy decisions should incorporate the principles she utilizes in running her multi-million dollar business. *"Look at the horizon, think big, create strategic alliances to further mutual goals and above all communicate your message."*

The Administration's policy to support women in business has taken that advice to heart. It includes the private sector as a full partner, and that commitment starts at the top, where the IACWBE influences the policy process and brings the message of the women's business community to the President and other Administration officials.

The IACWBE, chaired by Laura D'Andrea Tyson, who heads the National Economic Council, includes senior policy-level officials of ten Executive Branch departments and agencies — the Departments of Commerce, Defense, Health and Human Services, Labor, Transportation, and Treasury as well as the Federal Reserve, the General Services Administration, the Small Business Administration, and the Executive Office of the President. IACWBE works in partnership with the National Women's Business Council.

The members of the National Women's Business Council, chaired by Lillian Vernon, Founder and President of the Lillian Vernon Corporation, are prominent women business owners and representatives of women's business advocacy organizations. The NWBC was created to serve as an independent source of advice and counsel to the President, Congress and the IACWBE. It focuses on matters of importance to women business owners and the effectiveness of programs and policies designed to support women's business enterprise. The Council has four priority focus areas of program and policy development:

- A. Expand public and private market opportunities for women-owned businesses;
- B. Promote the development of a research agenda and data collection to create a comprehensive profile of the women's sector and public awareness of this profile;
- C. Strengthen the networking capabilities of the women's business sector and the training and technical assistance infrastructure that serves it; and
- D. Expand the financial resources available to women business owners and insuring their access to them.

The Interagency Committee established issue task forces that met throughout the year with the NWBC to coordinate government's response to enhancing the opportunities for women entrepreneurs. The Task Force groups pulled together key agency personnel to identify government programs and innovations in the areas of Procurement, Training and Technical Assistance, Access to Capital and Research and Data Collection. An additional effort has been made to effectively communicate the committees to the business community.

An extensive effort was undertaken by the issue task forces of IACWBE to complete a database of all of the relevant programs and policies which support women's entrepreneurship, across the agencies of the federal government. This data revealed that results can be dramatic when there is a strong focus, accountability for performance and clear recognition of the customer-based principles of reinventing government. These programs were categorized in basic issue groups:

- ☐ Expanding market opportunities
- ☐ Building entrepreneurial capacity
- ☐ Opening access to financial resources
- ☐ Increasing data collection and research

The sections which follow showcase those best practices and highlights those innovative programs and policies.

IACWBE Report -- Executive Summary

Draft 8/1/95

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AN EXPANDED OUTLINE OF TASK FORCE PROGRAMS, POLICIES AND INNOVATIONS WILL BE DISTRIBUTED AT NEXT WEEK'S MEETING. WE LOOK FORWARD TO YOUR COMMENTS AND SUGGESTIONS.