

THE MEGAPHONE OF MAIN STREET:

WOMEN'S ENTREPRENEURSHIP

presented by
SCORE 

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Contact SCORE:

media@score.org

703.487.3677

www.SCORE.org

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Why Focus on Women's Entrepreneurship?

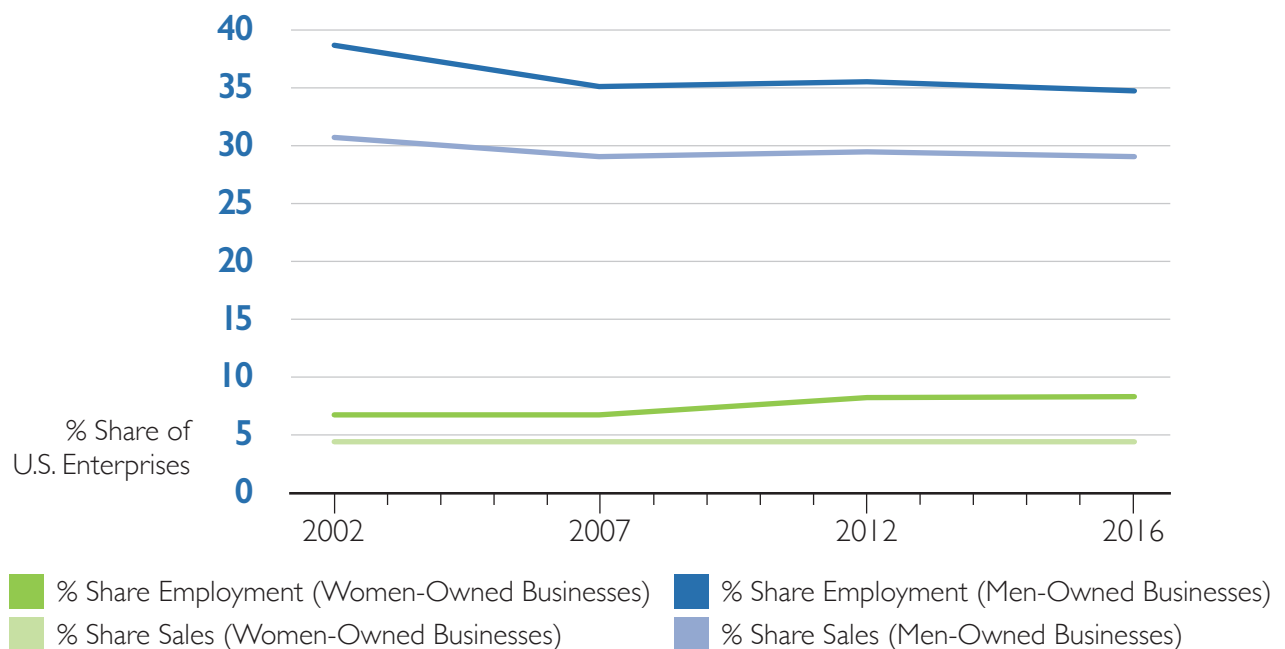
Women-owned businesses currently make up 39% of the 28 million small businesses operating across the United States, and this rate continues to rise.¹ The U.S. Census Bureau shows that the number of women-owned businesses increased by 45% from 2007 to 2016, a rate five times faster than the national average.² Despite this dramatically rapid growth, research continues to show significant gaps between women including men-owned businesses in several key areas including financing, revenue and hiring practices.

Women-owned businesses employ nearly 9 million people and generate more than \$1.6 trillion in revenues; however, they account for only 4% of the nation's business revenues – a share that has remained steady for 20 years.³

That being said, during the same time period small, male-owned businesses have declined in their number of employees and revenue shares, with employment increases being made in larger firms.⁴

The graph below illustrates this complex picture of how gender operates within U.S. entrepreneurship – showing that while women entrepreneurs employ fewer workers and generate smaller revenues than their male counterparts, male entrepreneurs have also been struggling with declining employees and revenue shares.

Number of Employees & Revenue Share⁵



Prevailing research, including the report, “Tackling the Gender Gap: What Women Entrepreneurs Need to Thrive,” published by the U.S. Senate Committee on Small Business and Entrepreneurship, cites some of the main obstacles to women’s equality in entrepreneurship as a lack of mentorship for women and unequal access to financial capital.⁶ Previous research by SCORE supports this assertion that finding financing is indeed a difficult challenge for small business owners of both genders.⁷

This report delves into the story behind the particular challenges that women entrepreneurs face, sourcing both qualitative and quantitative data directly from more than 20,000 small business owners across the nation. It serves as the third volume in SCORE’s data report series entitled, The Megaphone of Main Street, which provides a snapshot of the successes and obstacles currently facing American small business owners.

This report centers around three main research questions:

1. Are women-owned businesses as successful as male-owned businesses?
2. Do women-owned businesses face greater obstacles when it comes to financing?
3. Is mentoring linked to increased business success? Does mentoring look different for female entrepreneurs than male entrepreneurs?

Survey data reflects entrepreneurs in all phases of operations, including those in the pre-start, start-up and operational stages of the business lifecycle. The small businesses included represent many industries and geographical locations, while the small business owners themselves represent diverse demographic backgrounds, including age, gender, race/ethnicity, and educational background.

About SCORE

SCORE is the nation’s largest network of volunteer, expert business mentors, with approximately 10,000 volunteers in 300 chapters nationwide. Since its founding in 1964 as a resource partner of the U.S. Small Business Administration, SCORE has helped more than 11 million current and aspiring entrepreneurs through mentoring, workshops and educational services. In 2017 alone, SCORE helped to create 54,506 new small businesses and add 61,534 new, full-time, non-owner jobs to the American economy.

Key Findings

PART 1: Women-Owned Business Success

- Women are slightly more likely than men to start businesses.
- Among mentored businesses, women-owned businesses are as successful as men-owned businesses as measured by business starts, revenue growth, job creation, and number of years in business.
- Women are significantly more likely to launch businesses within the healthcare (10%) or education sectors (9%) than men (5% in both cases). In contrast, men are significantly more likely to start businesses in the construction and manufacturing industries (12%) than women (4%).

PART 2: Financing and Female Entrepreneurs

- 62% of women entrepreneurs depend on their business as their primary source of income.
- Among entrepreneurs seeking financing over the lifespan of their business, men were more likely to try to seek financing for their business (34% as compared to 25% of women).
- Among those entrepreneurs who sought financing in the past year, men were again more likely to obtain loans or equity financing than women (38%, versus 31% of women).
- Male and female entrepreneurs sought financing for similar reasons related to starting or growing their business, with the exception of one: Men were more likely than women to seek financing for the purpose of launching a new product (26%, as compared to 22%).

PART 3: The Impact of Mentoring on Business Success

- Mentorship increases the likelihood of a business opening and staying open.
- Working with a mentor for five or more hours greatly increases an entrepreneur's likelihood of business success.
- Women entrepreneurs experience greater success when they are mentored, regardless of their mentor's gender.

Women-Owned Business Success

Highlights

- Women are slightly more likely than men to start businesses.
- Among mentored businesses, women-owned businesses are as successful as men-owned businesses as measured by business starts, revenue growth, job creation, and number of years in business.
- Women are significantly more likely to launch businesses within the healthcare (10%) or education sectors (9%) than men (5% in both cases). In contrast, men are significantly more likely to start businesses in the construction and manufacturing industries (12%) than women (4%).

Data collected through this survey demonstrates that among respondents, women-owned businesses are as successful as men-owned businesses. For small businesses that are currently in operation there is no difference in reported performance between men-owned and women-owned businesses.

Business Success According to Size and Revenue Growth

Is your business...	Overall	Men-Owned	Woman-Owned
Struggling?	34%	33%	34%
Maintaining its current size?	32%	32%	32%
Moderately expanding in size/revenue?	29%	28%	29%
Aggressively expanding in size/revenue?	6%	7%	5%

The findings above challenge commonly accepted national statistics, which find that, on average, women entrepreneurs are half as likely as men to start a business.⁸

It should be noted that all survey respondents are SCORE clients, and have received mentoring and/or educational services from SCORE. While all reported findings are statistically significant, the absence of a control group of businesses that have not received mentoring precludes generalizing these findings to the general population of both mentored and un-mentored businesses across the U.S.

Women Entrepreneurs Speak Up

Women entrepreneurs listed several different reasons for choosing to start their small businesses when they did. These reasons coalesced into a few key themes: 1) Having the necessary experience to successfully start their own businesses 2) Being financially ready to launch a business 3) Following a passion 4) Desiring flexibility in their personal and professional lives.

Experience

“I really started [my business] as “soon” as was appropriate for my age and experience level. Because it’s safer to create your own job than to rely on an employer.”

Financial Readiness

“I did not have the finances, or the reputation to go out on my own [before now]. Also my kids are getting older, and that helps with my attention to go more toward work.”

“Starting a business was always something that I wanted to do. Why now? I felt that I had enough experience and capital to start the business now. Any sooner and I couldn’t support myself through the non-income phase.”

“I was using my full-time job to build up skills and a savings account. After the 2008 crash, it became more and more common to work for yourself, out of desire or out of necessity. Near the time I had wanted to leave my job and break out on my own, I was laid off. That was the kick in the seat that set my path in motion.”

“I started [my business] in my mid-thirties. Why not sooner? Because I was a single mom raising two sons, and needed a steady job and paycheck. When my sons were in their teens, I started laying the groundwork for my business by moonlighting. Then I was laid off, with several months of severance pay, so I immediately started my business full time. I was terrified. I worked my butt off. Within six months, I was making more than my previous salary. Starting my own business was the right decision. I’ve been running it for the past 32 years. Now, I’m back in startup mode, launching a new line of business online.”

Passion

“20 years ago it was a lifestyle decision. Today, I’m building an enterprise for my family and employees.”

“I wanted to make a living at what I loved.”

“My dad was an entrepreneur and I learned from watching his satisfaction of filling a need, which customers appreciated.”

Flexibility

“I was tired of working in the corporate world. I wanted to manage my own time and my life. I didn’t start [my business] sooner because I was a single parent with aging parents, and couldn’t take a chance.”

“Left a corporate career after burnout and always have had an entrepreneurial spirit. Creating balance and control over my own schedule was paramount for me as a mom of two young kids at this point. I just decided what the business was going to be and went for it. Really could not have done it any sooner as the sole breadwinner. Had to get to a point of financial freedom first.”

“I had always wanted to run my own business from a young age. I guess I felt it was in my blood. I wanted the flexibility. And, I wanted the convenience of being able to work from home with kids.”

The concept of business success could potentially have as many different definitions as there are business owners. Here, small business success is defined and measured by four key metrics, which are:

- A. Businesses started
- B. Revenue growth
- C. Hiring (full and part-time)
- D. Number of years in business (longevity)

A. Businesses Started

For survey respondents who identified themselves as being in the pre-start/idea phase, or the start-up phase of the business cycle (less than one year of business operations), women were more likely (47%) than men (44%) to follow through with launching a business in 2017.

Entrepreneurs Who Started/Acquired a Business in the Last Year

Did you start or acquire a business in the last year?	Total	Male Business Owner	Female Business Owner
Yes	45%	44%	47%
No	55%	56%	53%

National statistics show that women entrepreneurs are more likely to start a business later in life, while male entrepreneurs are more likely to launch a new business at a younger age.⁹

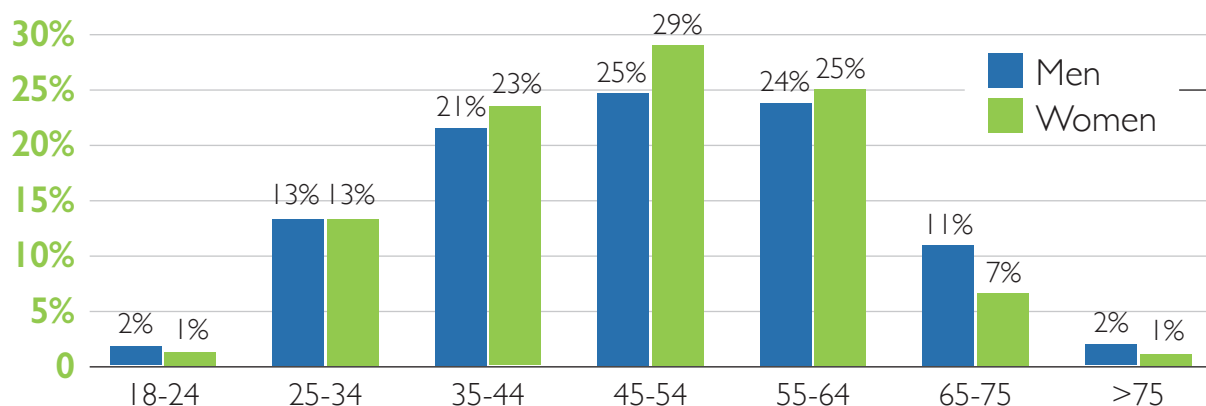
The following two graphs somewhat support these statistics, finding that among mentored businesses, there is an equal distribution of people who start a business across age groups, regardless of gender, for entrepreneurs between the ages of 25 and 75. Among younger entrepreneurs (ages 18-24), men slightly outnumbered women, with 46% of this age group being men, and 41% being women. Among older entrepreneurs, women outnumbered men. 42% of respondents between the ages of 65-75 were women, while 35% were men. Past the age of 75, 54% of entrepreneurs were women, while just 29% were men.

As mentioned above, as all survey respondents had received SCORE services, this finding cannot be generalized beyond the population of mentored businesses in the U.S.

Entrepreneurs Who Successfully Started a Business

% of pre-start and startup who started business by age	18-24	25-34	35-44	45-54	55-64	65-75	>75
Male Business Owner	46%	47%	48%	44%	43%	35%	29%
Female Business Owner	41%	51%	50%	48%	44%	42%	54%

Distribution of Start-Ups by Age and Gender of Business Owner



B. Revenue Growth

Survey respondents were asked to evaluate their business trajectories and predict the direction of their revenue in 2018. For businesses that are currently in operation, there is no difference in anticipated revenue growth when it comes to gender, with 59% of male entrepreneurs and 57% of female entrepreneurs predicting revenue increases, 15.5% of both men and women predicting static revenue, and 9.5% of men and 9% of women predicting a decrease in revenue.

Will revenues:	Male	Female
Increase	59%	57%
Stay the same	15.5%	15.5%
Decrease 1-10%	4.5%	5%
Decrease 11-20%	2%	2%
Decrease > 20%	3%	2%

Women Entrepreneurs Speak Up

Tell us about your hiring practices and outlook

While some women small business owners announced plans to hire new employees and/or contractors, the most common answer by far was that they wanted to hire, but could not afford to.

Hiring

“Absolutely, I’ve got job posts in various locations and am continuously looking for more staff.”

“For production, it’s best to hire employees. For marketing and short-term goals (legal, trademark, logo, brokers, etc.), I would hire contractors on a pay-for-service basis.”

Want to Hire, But Can’t

“I would love to hire employees but don’t have the cash flow. If my cash flow were higher but variable, I would stick to contractors until I knew I would have enough work/income to support an employee.”

“I am in the process of hiring interns for both affordability and to offer valuable experience to the next generation of workers. I would hire more and full time if I could afford to do so!”

“We usually start off with contractors; and, as we grow and funds allow, we hire them on as employees or at least offer them the position first. I would love to hire more full-time employees, if funds allowed for it.”

“My business is still getting off the ground, so it’s a one woman ship for now. Luckily, my husband and a few friends donate their time when needed. I would love to have another full-time employee and hope to do so by year two. “

No Plans to Hire

“My family is reliable and available. I would not want to hire outsiders because I don’t have enough nervous energy to monitor them and I have a high work ethic.”

C. Hiring

Hiring plans and practices have traditionally been analyzed as a partial indicator of the health of a business, with increases in hiring suggesting that a business is expanding and, ultimately, creating more jobs. For businesses that are currently in operation, men-owned businesses were slightly more likely to hire in the past year (30%, compared to 27% of women-owned businesses). While the difference is statistically significant it is, nonetheless, relatively small. More than 60% of both men-owned and women-owned businesses reported staying the same size.

Did you experience a change in the number of employees in the last year?	Male-Owned Business	Female-Owned Business
Increase	30%	27%
No Change	62%	65%
Decrease	8%	8%

D. Number of Years in Business (Longevity)

The number of years a small business has been in operation have also been analyzed as a partial indicator of the health of the business. This survey showed little difference between the longevity of men and women-owned businesses, with one exception: Businesses that had been in operation for more than 20 years were more likely to be owned by men (17%) than women (13%).

How long have you been in business?	Men-Owned Businesses	Women-Owned Businesses
1 year	5%	4%
2 years	11%	13%
3 years	12%	14%
4 years	8%	10%
5 years	8%	10%
6-10 years	20%	21%
11-20 years	17%	15%
Over 20 years	17%	13%

Women Entrepreneurs Speak Up

How did you decide on your business type or industry?

Many women entrepreneurs reported choosing a particular industry based on previous professional experience. Others chose their industry based on a perceived gap in the market, or to follow their passion.

Experience

"It's what I've done for 25 years as an employee."

"I am licensed and educated in the industry in which I chose to conduct business."

"It is aligned with the skills sets I have, and it does not require a large capital investment."

Opportunity

"I wanted to offer a solution to a problem I was facing, and make a product I couldn't find on the market."

"I saw an opportunity - a gap in the market and a pain point."

"Based on need assessed from a part time job. There is an overwhelming need for quality women-owned firms in the construction industry."

Passion

"[I decided] to follow my passion and do what I love!"

"I have been making jewelry for more than 12 years now, and I just wanted to turn my passion into an income producing activity."

"I have been coaching as a volunteer for 8 years. Running is my lifestyle and true passion. I love to help others progress."

"It was never really a decision. I've always been at home in the horse world, and I know my passion and talent lies here."

"I knew that I wanted to support new mothers, and I gathered the education I needed to meet those goals."

What Types of Businesses are Women Starting?

In agreement with outside research that reports a difference in the types of industries in which men and women have historically started business, this survey shows that women are significantly more likely to launch businesses within the healthcare (10%) or education sectors (9%) than men (5% in both cases). In contrast, men are significantly more likely to start businesses in the construction and manufacturing industries (12%) than women (4%).

	Total Responses (Men and Women)	Men-Owned Businesses	Women-Owned Businesses	National Distribution Women-Owned Businesses ¹⁰
Other Professional Services	17%	15%	19%	21.9%
Retail Sale/Trade	11%	9%	12%	9.6%
Health Care and Social Assistance	8%	5%	10%	15.3%
Arts, Entertainment and Recreation	8%	7%	9%	4.6%
Construction /Manufacturing	7%	12%	4%	3.7%
Educational Services	7%	5%	9%	3.5%
Accommodation, Travel, Restaurant, Food Services	5%	5%	6%	2.7%
Advertising, Public Relations, Marketing	5%	5%	5%	
Management/IT Consulting	4%	5%	3%	
Real Estate, Rental Leasing	3%	3%	2%	7.1%
Wholesale Sales/Trade	3%	4%	3%	1.5%

Financing and Female Entrepreneurs

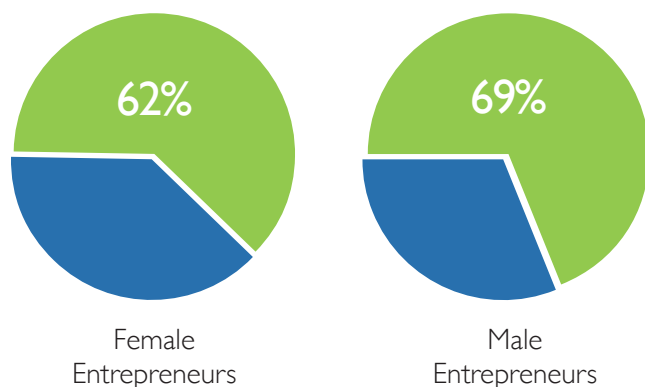
Highlights

- 62% of women entrepreneurs depend on their business as their primary source of income.
- Among entrepreneurs seeking financing over the lifespan of their business, men were more likely to try to seek financing for their business (34%, compared to 25% of women).
- Among those entrepreneurs who sought financing in the past year, men were again more likely to obtain loans or equity financing than women (38%, compared to 31% of women).
- Male and female entrepreneurs sought financing for similar reasons related to starting or growing their businesses, with the exception of one: Men were more likely than women to seek financing for the purpose of launching a new product (26%, compared to 22% of women).

Female workers have a significant impact on the U.S. economy. Women make up half of the U.S. workforce, and serve as the primary or sole breadwinners in 40% of households with children.¹⁶

Research now challenges the old assumption that women entrepreneurs are more likely to run “lifestyle businesses” that provide additional income as opposed to serving as a primary source of revenue.¹⁷ Accordingly, this survey shows that 62% of women entrepreneurs reported depending on their business as the primary source of their income. While this figure is lower than the 69% of male entrepreneurs who reported depending on their business as their primary source of income, it nonetheless suggests that women-owned businesses are much more than casual hobbies.

Percentage of Business Owners Whose Business Provides their Primary Source of Income



Women Entrepreneurs Speak Up

Did you seek financing for your business? – Yes

“Yes. Because the growth occurred so quickly, my own personal finances were not able to cover start up costs, even with help from family, mortgage, etc. Depending on the rate of growth, I think that loans are inevitable.”

“I am currently seeking financing. My business is growing so fast, with new opportunities that presented [themselves] in summer of last year. I am currently seeking capital to ensure that I'm taking full advantage of these opportunities.”

“Yes. We used credit cards to start business. I was able to get a loan for 6% interest. Whew! compared to 19%. Life saver!!!”

“I used three lines of personal credit. All [are] paid off now; we are profitable. I will not go into debt.”

“Yes. Because I needed equipment that I could not secure without capital.”

“Other than a couple of short-term loans to cover the gap between payments and receivables on a handful of occasions in the early years, no, [I] self-financed. I sleep better at night when not indebted to anyone.”

“Yes, [we are seeking financing] for the first time. I want to expand and grow faster than the organic rate I have previously been working with, which can only be possible with additional funding. This financial boost will help me to take the next steps that I can [to] ultimately grow this business to the next level.”

Did you seek financing for your business? – No

“We have been cash positive since day one and have zero debt. We'll keep bootstrapping forward.”

“We are funding it ourselves. We don't want investors 'messing' with our vision.”

“Starting a business is risky enough. I don't want to risk our life savings or our family's savings. I don't want to put in more than what I had saved for and earned from the business. Even though I know the business will be successful if I make all the right decisions, it may not be worth it to gamble my family's future.”

Did you seek financing for your business? – Tried But Failed

“Many years ago, we tried. No one wanted to lend us anything. When we built our building, we got help from family, and we have paid that all off. I don’t like owing anyone anything, so I don’t plan to borrow from anyone.”

“I applied for a business credit card. I was turned down. Turns out I didn’t need it, and I haven’t needed it.”

“I tried to work with a local bank, but the two men I talked to pretty much told me that small business loans are impossible. So, I decided to use credit cards to finance my equipment needs. I wish there were other avenues out there, but I felt like I just didn’t have enough information and help to find other resources.”

“I received no funding - only rejections. In order to get an SBA loan, you have to be in business for a number of years and be profitable. How can I be profitable without funding? It’s a system designed for failure. If I’m in business for years, why do I need a loan? I needed help with start-up costs.”

Men Are More Likely to Seek Financing

Previous research from SCORE¹⁸ and other sources has illustrated the great challenges that both male and female entrepreneurs face when seeking and obtaining financing for their businesses, with the majority not securing any kind of loan or traditional financing.

- Among entrepreneurs seeking financing in general, men were more likely to try to seek financing for their business (34%, compared to 25% of women).

Men Are Also More Likely to Successfully Obtain Financing

- Among those entrepreneurs who sought financing in the past year, men were again more likely to obtain loans or equity financing than women (38%, compared to 31% of women).

Funding Sources

Entrepreneurs fund their businesses through a variety of sources including loans, personal savings and credit cards.

Male-owned businesses were more likely than female-owned businesses to secure equity or investor financing, but most business owners (women and men alike) relied on credit cards, personal savings and other (non-SBA) loans.

Distribution of Funding Source Since Oct. 2016, by Gender

	Total	Male	Female
number of respondents	4,204	1,855	2,053
SBA loans	20%	22%	20%
Other loans	52%	52%	54%
Equity raised from investors	15%	15%	11%
Used credit cards	42%	42%	46%
Borrowed from family and friends	24%	20%	25%
Personal savings	40%	40%	40%
Home mortgage/401(k)/Etc.	14%	14%	15%

Reasons To Seek Funding

Entrepreneurs pursue financing for a variety of reasons related to starting or growing their businesses. In most categories there was no significant difference between the responses of male and female entrepreneurs, with the exception of one: Men were more likely than women to seek financing for the purpose of launching a new product (26%, compared to 22% of women).

For what purpose did you seek funding?	Male Business Owner	Female Business Owner
To grow the business	58%	59%
Help with cash flow	47%	48%
Purchase new equipment	40%	38%
Launch new marketing campaign	30%	30%
Purchase inventories	29%	28%
Hire new employee/contractor	27%	26%
Launch new product	26%	22%
Open new location	18%	19%
Refinance existing debt	10%	9%

The Impact of Mentoring on Business Success

Highlights

- Mentorship increases the likelihood of a business opening and staying open.
- Working with a mentor for five or more hours greatly increases an entrepreneur's likelihood of business success.
- Women entrepreneurs experience success when they are mentored, regardless of their mentor's gender.

The findings from this research study corroborate outside research indicating that mentorship is closely linked to small business success.

First, mentoring increases the number of entrepreneurs who transition from merely thinking about starting a business to actually launching that business. Research by Gallup shows that adults with access to a mentor are five times more likely to start a business than those who do not have a mentor.¹¹

Second, mentoring also increases the number of businesses that survive. Data from the SBA shows that 25 of every 100 businesses launched in the U.S. will fail within their first year of operations.¹² The encouraging news for entrepreneurs is that for businesses that receive mentoring, the rate of failure is reduced by almost half, with only 13 out of 100 failing.¹³ Even more positively, SBA data shows that owners who receive three or more hours of mentoring report higher revenues and employment growth.¹⁴

Corroborating these findings, this survey show that 87% of businesses launched by SCORE clients within the past year are still in operation. This is an improvement over the national average of 75%, referenced above. These statistics indicate that mentoring and education work to help businesses survive.

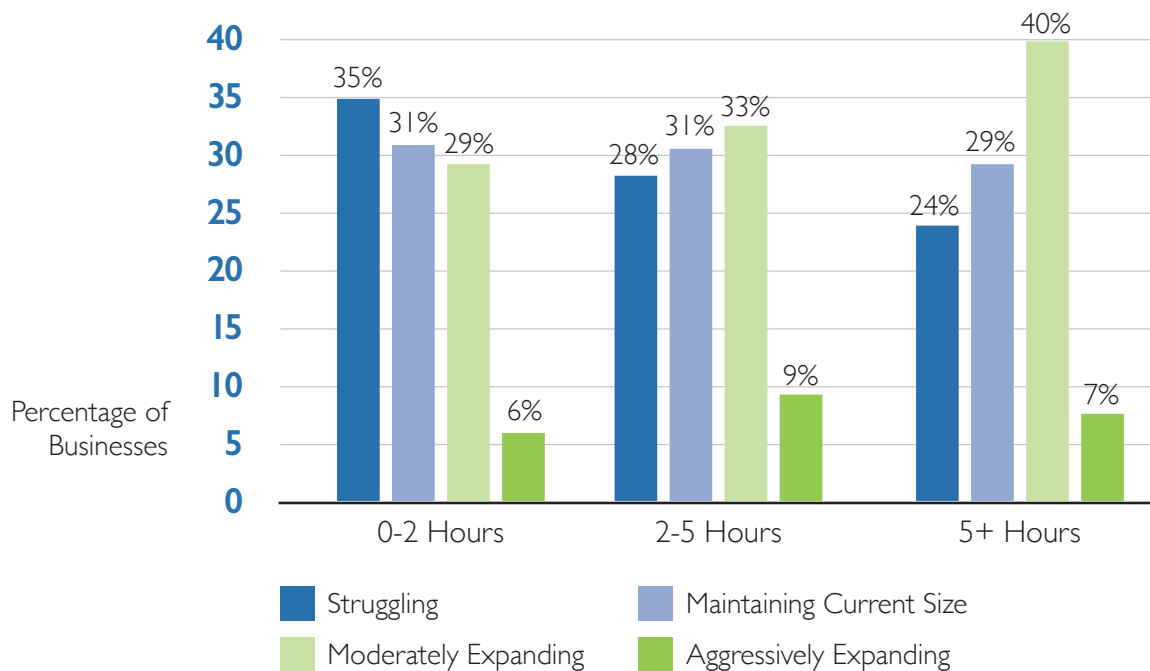
A particularly surprising finding from this survey data was the absence of a statistically-significant difference in satisfaction rates according to whether an entrepreneur had a mentor of the same gender. Women entrepreneurs connected well with qualified business mentors, regardless of whether those mentors were male or female. This challenges prevailing assumptions that women entrepreneurs will have a higher likelihood of business success by connecting with female mentors, as opposed to male mentors.

How Much Mentoring is Needed to Positively Influence Entrepreneurial Success?

In agreement with this previous research showing that mentoring makes a significantly positive impact on the success rate of a business, this survey shows that 41% of business owners who received 2-5 hours of mentoring report an expansion in size or revenue, and an even higher 47% of business owners who received 5 or more hours of mentoring report expansion.

This amount of mentoring greatly increases the likelihood that a business will be successful for both men and women-owned businesses, with no statistically significant difference between the two genders.

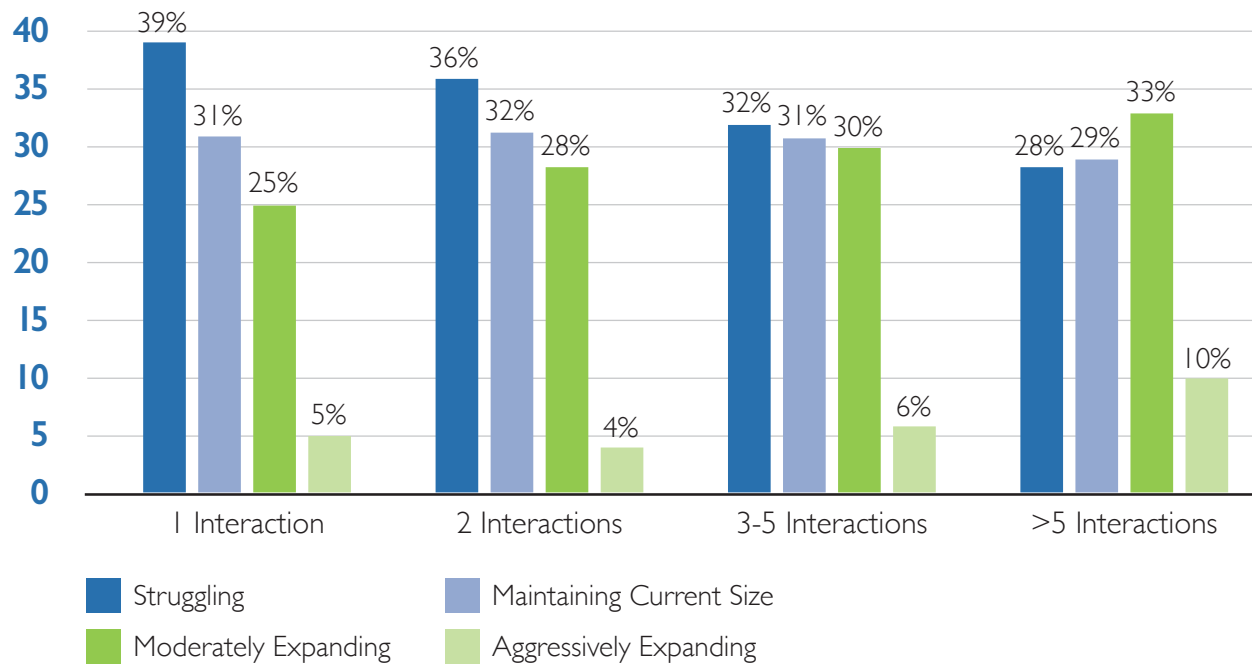
Mentoring Hours Correlated with Business Growth



Along the same lines, there is a positive correlation between the number of interactions an entrepreneur has with a mentor and the growth of his or her business, as measured by size and revenue. A mentoring interaction was defined as a one-on-one mentoring session or an educational workshop.

30% of business owners (both men and women) who had just one interaction with a mentor reported business growth, while 32% of business owners who had two interactions reported growth. An even higher 36% of business owners who had three to five interactions reported growth, while 43% of business owners who had five or more mentoring interactions reported growth.

Mentoring Interactions & Growth



Do Women Entrepreneurs Have More Difficulty Working with Mentors Than Men Do?

A prevailing narrative in national research on small business and entrepreneurship suggests that female entrepreneurs have a harder time accessing and connecting with mentors than do male entrepreneurs. In a 2014 report by the Kauffman Foundation, nearly half of women entrepreneurs surveyed stated that a lack of available mentors was their primary challenge in business.¹⁵

Because survey respondents in this report were all recipients of SCORE services, this study cannot attest to how easy or difficult it might be for women entrepreneurs to find qualified mentors. However, it does show that once women entrepreneurs connect with their SCORE mentors, they are equally successful as their male counterparts.

This survey also shows that both male and female entrepreneurs successfully work with their mentors over many years, suggesting the valuable nature of the mentor-client relationship.

How long have you worked with SCORE?	<1 Year	1 Year	2 Years	3 Years	4 Years	5 Years	6-10 Years	11-20 Years	20+ Years
Male Business Owner	35%	11%	19%	11%	6%	6%	9%	3%	1%
Female Business Owner	38%	13%	19%	10%	5%	5%	6%	3%	1%

Women Entrepreneurs Speak Up

What qualities are most helpful to you in a mentor?

“My mentors kept it real. Their brains worked in ways that mine do not. I think of them often in my current decision-making processes.”

“Taking the time to accurately assess the situation is most important, because I need that person to understand what I am looking for, before they tell me what I need.”

“My mentor doesn't sugar coat things. She tells it like it is, and that's what I appreciate so much about her. She pushes me to look at things in different ways. She's also great at assessing situations and having thoughtful feedback.”

“I especially appreciate the listening I have received from mentors. I often know the answer, but am too emotionally close to the situation.”

“I love the mentors who drill me with questions about my business and ideas. It helps me get clearer and know what my goals are in a more pragmatic, productive way. Other mentors have connected me to people and contacts that are extremely useful for my business.”

Is it important to you to have a female mentor? - Yes or No?

“I have three mentors - two male mentors that were assigned to me, and another female mentor that I met on my own. I don't think gender matters in these relationships. I connected with the woman because she was younger and had social media marketing experience that the others did not.”

“Yes. I think especially in my industry - fashion/design/retail - a woman's perspectives is particularly helpful, as women are my target customer, and I work mostly with women. Women are also able to understand the unique challenges to females in business and provide a tangible example of what I can become.”

“I just want someone who wants to help me and is able to provide valuable feedback.”

“Not necessarily. If I'm looking for business advice, I don't need a woman mentor because I don't see business as gender-specific, in general.”

“Yes, I would like to find a successful female mentor who has built her business from the ground up. Most females think and grow their businesses differently than men.”

“Yes and no. No because business problems aren't gender-specific. Yes because there are some real issues women in business face that men don't, and having that understanding can be very helpful.”

“I think it's often critical for women to have female role models for success.”

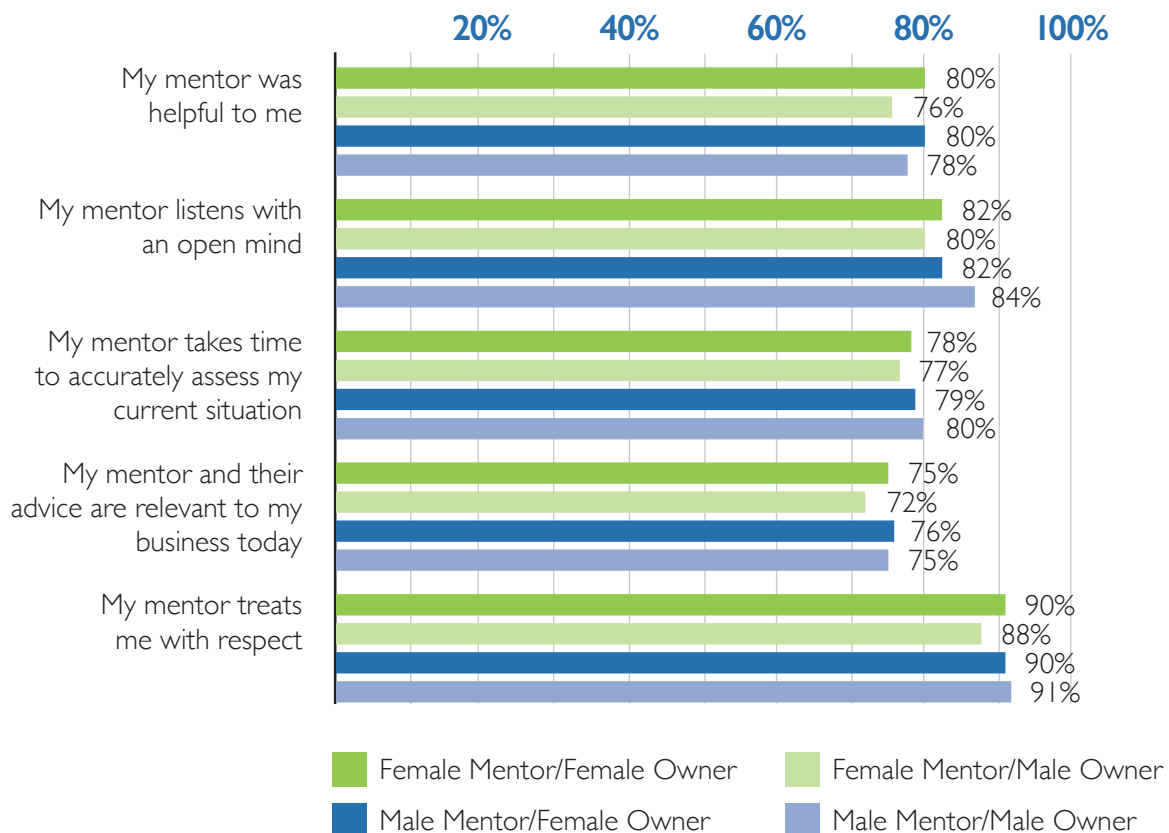
What Makes A Good Business Mentor?

Nearly a decade ago, SCORE developed a proprietary mentoring methodology that identified and defined the characteristics of an effective business mentor. Initial data was collected via interviews and surveys sampling hundreds of mentors and entrepreneurs, and then refined over the course of nine years of client satisfaction surveys. As a result, SCORE defines the traits that constitute an effective business mentor as:

- Helpfulness
- Listening skills
- Accurate assessment of the situation
- Providing relevant advice
- Treating clients with respect

In a surprising finding that refutes the prevailing assumption that women entrepreneurs derive more benefit from having female (as opposed to male) mentors, the data below shows no statistically-significant difference in satisfaction rates according to whether an entrepreneur had a mentor of the same gender.

Mentoring Satisfaction Rates



According to this data, the gender of their mentor mattered less to entrepreneurs than their mentor treating them with respect and listening with an open mind.

Along the same lines, entrepreneurs varied in the type of assistance they needed based on their business stage, but not according to their gender. When asked what services were most critical to their business success, there was no statistically significant difference between responses given by male and female entrepreneurs, but there were differences in services needed according to whether a business was in the pre-start/idea phase, the first year of start-up operations, or in business for over a year.

For example, businesses in the pre-start phase were understandably most concerned with obtaining start-up assistance (31%). The concerns of business owners in the start-up phase were equally divided between finding start-up assistance, human resources issues, growth/business expansion and marketing strategies. Among business owners who had been operating for more than a year, the greatest number (32%) were concerned with human resources issues, while almost as many (30%) were concerned with growth/business expansion.

Services Critical to Business Success

Which of the following services are most critical to your business success?	Pre-start	Start-up	In Business
Start-up assistance	31%	19%	3%
Human resources issues	10%	19%	32%
Growth/business expansion	10%	19%	30%
Marketing strategies	9%	18%	17%
Writing a business plan	12%	7%	5%
Managing day-to-day finance/cash flow	3%	4%	8%
Not-for-profit assistance	5%	4%	5%
Alternative funding	7%	5%	3%
Government contracting	3%	4%	5%
Legal advice	4%	2%	2%
Online sales	2%	5%	4%
Valuating the business idea	4%	2%	1%
Social media marketing	2%	3%	3%
Website assistance	1%	2%	2%
Accounting/payroll and benefits	2%	2%	2%
Exit strategy/transitioning	0%	0%	2%
Traditional business loans	1%	1%	1%
Pricing	1%	2%	1%
Real estate/leasing	1%	1%	1%
Valuating and choosing technology	0%	0%	1%

Conclusion

Women-owned businesses are a large and fast-growing force in the US economy. Research to date has posited that women-owned businesses are still at a disadvantage in terms of performance, contribution and growth. This report dispels these conclusions with results from a large and comprehensive survey of 20,000 entrepreneurs spanning all demographic groups and business stages.

Women-owned businesses are just as successful. Across all independent measures of business success, women-owned businesses (compared to male-owned businesses):

- Reported the same levels of business success and anticipated revenue growth
- Demonstrated slightly higher levels of business starts
- Reported slightly lower levels of employee hiring
- Had just as strong business longevity (with the exception of very established businesses of 20 years or older)

Women are more likely to start service businesses. Female-led businesses are more likely to be in professional services, retail, healthcare and education whereas male-owned businesses are more likely to be in construction and manufacturing.

Women-owned businesses are not “lifestyle” businesses with 62% of women entrepreneurs depending on their businesses as their primary source of income.

Men are more likely to seek financing than women for their businesses but all owners (male and female alike) are looking for financing to help grow their businesses.

Mentoring has an important impact on success for both men and women-owned businesses. With even a few hours of mentoring help and more than 3 interactions, owners are more likely to see improved business success.

But the gender of the mentor does not matter in terms of impact. Instead, feeling respected and listening with an open mind were better indications of a successful mentoring relationship.

An important distinction of this survey set, in addition to its size and breadth of coverage, is that all survey respondents were SCORE clients, which means they have received mentoring and/or educational services from SCORE. The absence of a control group of businesses that have not received mentoring precludes generalizing these findings to the general population of both mentored and un-mentored businesses across the U.S. Therefore, one area for continued research would be to replicate this same survey with a large group of non-mentored small businesses.

Methodology & Demographics

Methodology

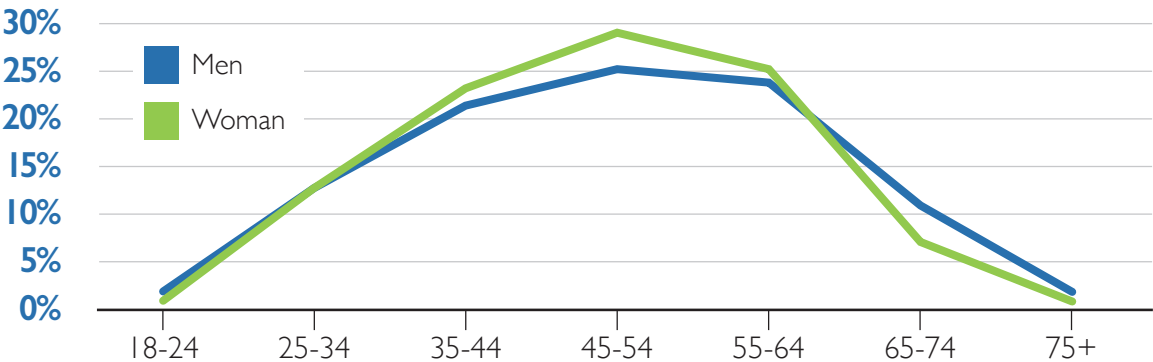
- SCORE's 2018 Megaphone of Main Street: Report on Women's Entrepreneurship is drawn from data collected during SCORE's ninth annual Client Engagement Survey, issued by PricewaterhouseCoopers.
- An online survey was issued to 280,956 SCORE clients from Oct. 30 to Dec. 1, 2017.
- 25,117 surveys were returned, constituting a 9% response rate.
- After controlling for outliers, exclusion demographics (i.e., businesses with more than 500 employees or more than \$10M in revenue) and incomplete responses, the results were analyzed from 12,091 female entrepreneurs and 8,416 male entrepreneurs.
- Qualitative data (in the form of responses to open-ended survey questions) was gathered from 1,020 female respondents to the original survey via a follow-up questionnaire consisting of open-ended questions.

Business Owner Demographics

Drawing from SCORE's large and diverse population of clients, the 20,507 entrepreneurs who responded to this survey reflect the diversity of the U.S. entrepreneurial market. This survey contains the following measures of validity:

- Large sample size: Answers collected from 20,000+ SCORE clients
- Geographic representation: Samples collected from all 50 U.S. states plus Washington, D.C.
- Broad coverage of industries
- Diverse set of entrepreneurial backgrounds and education
- Consistency: Respondent demographics have remained consistent over the past eight years

Business Owner Age



Business Owner Demographics (cont.)

Education	Male	Female
Non HS Grad	1%	0%
HS Graduate	5%	3%
Some College	19%	16%
Trade/Tech School	7%	6%
College Graduate	33%	35%
Some Postgraduate	8%	8%
Postgraduate Degree	26%	32%
Total Respondents	8,400	12,078

Race/Ethnicity	Male	Female
White	64%	60%
Black/African American	17%	25%
Hispanic	9%	7%
American Indian or Alaska Native	2%	1%
Asian American	6%	4%
Pacific Islander	1%	<1%
Other	3%	2%
Total Respondents	8,200	11,574

Business Information

Business Stage	Male	Female
Pre-start	42%	43%
Start-up	36%	35%
In-Business	20%	21%
Transitioning	2%	1%
Total Respondents	8,200	12,078

Business Size/Revenue	Male	Female	Total
< \$1 Million	88%	95%	93%
\$1-5 Million	10%	5%	6%
> \$5 Million	2%	0%	1%

Years In Business	Male	Female
1 Year	5%	4%
2 Years	11%	13%
3 Years	12%	14%
4 Years	8%	10%
5 Years	8%	10%
6-10 Years	20%	21%
11-20 Years	17%	15%
20+ Years	17%	13%
Total Respondents	3,069	4,237

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