WOMEN-OWNED BUSINESSES AMONG THE LEADERS IN JOB CREATION

I am often asked what proportion of the business clients that SCORE helps are women. Our 2011 data shows that 47% of our clients served were women. Women-owned small businesses are a major part of our economy. I will share with you today the most recent data on this topic of which I am aware.

Women-owned firms continue to grow in number and economic stature, according to the Second Annual State of women-Owned Business Report, commissioned by American Express OPEN and released in March of this year. This report states that “They are standing toe-to-toe with competitors in a broad range of industries, including construction and transportation, where women-owned firms are just as likely as all firms in those sectors to generate more than half a million dollars in annual revenue.”

The growth in the number of businesses (up 54%), employment (up 9%) and revenues (up 58%) of women-owned firms over the past 15 years exceeds the growth rates of all but the largest, publicly-traded firms. As of 2012, it is estimated that there are more than 8.3 million women-owned businesses in the United States, generating nearly $1.3 trillion in revenues and employing nearly 7.7 million people according.

The report includes detailed analysis of data from the U.S. Census Bureau, offering updated estimates of the number of women-owned firms nationally and in all 50 states plus the District of Columbia. It compares the growth rates of women-owned businesses over two different time periods: 1997 to 2002 and 2007 to 2012. New to the 2012 report is analysis of the top 25 metropolitan areas and major industry groups. Among the most notable findings are:

- Between 1997 and 2012, when the number of businesses in the United States increased by 37%, the number of women-owned firms increased by 54%, a rate 1.5 times the national average. The number of women-owned companies has risen by 200,000 within the past year, equivalent to just under 550 new women-owned firms per day;
- Women-owned firms are just as likely as all firms to generate in excess of half a million dollars in revenues annually in two industries: construction, where 13% of women-owned firms and 11% of all construction firms are pulling in more than $500,000 per year; and in transportation and warehousing, where 6% of each are generating $500,000 or more in revenues;
- Women-owned firms are exceeding overall sector growth rates in seven of the 13 most populous (largest by number of businesses) industries: wholesale trade; finance and insurance; other services; real estate; health care and social assistance; construction and arts/entertainment/recreation;
- Looking at the growth in the number of women-owned firms, comparing the 1997-2002 and 2007-2012 time periods, reveals that one of the biggest challenges for any small business is growing beyond the $250,000 to $499,999 revenue mark and at the 5 to 9 employee size class. Statistics show this revenue mark to be a particularly difficult hurdle for women-owned enterprises and as a result they perform below national averages.
- In that same analysis, women-owned firms in the 2007-2012 period show stronger relative growth than do women-owned firms in the earlier period at the very highest revenue category – $1,000,000 and above.
The states with the fastest growth in the number of women-owned firms during the past 15 years: Georgia (95%), Nevada (92%), North Carolina (83%), Mississippi (75%), and Texas (75%).

The states with the lowest growth in the number of women-owned firms between 1997 and 2012 are: Alaska (11%), Iowa (21%), West Virginia (22%), Kansas (25%), Ohio (25%).

This is great news for women-owned businesses right? The answer may be “to a point”. While it’s true that women-owned firms continue to grow in number and economic stature, OPEN president Susan Sobbott notes, “Even as women-owned firms continue to grow in number at rates exceeding the national average, enterprises at the $250,000 to $499,999 revenue mark are at a turning point in their development. In order to further advance and grow these businesses, new management tools must be implemented.”

Still, women-owned businesses should celebrate their toe-to-toe standing with competitors in a broad range of industries, including construction and transportation, where they are just as likely as all firms in those sectors to generate more than half a million dollars in annual revenue.

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