



## **ANIE BORJA REMARKS: VETERAN WOMEN IGNITING the SPIRIT of ENTREPRENEURSHIP (VWISE)**

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Thank you for the opportunity to be here in a room with women whose innovation and business acumen has potential to make real progress to create jobs and bring new products and services to market.

It's also an honor to talk with women who have served our country as you have, and for this I'm truly grateful to each of you. I come from a military family - every man in my family has served, with the exception of my youngest brother. And while I did not take that path myself, I have a deep appreciation for the sacrifice and pride of being a military brat, and know the type of guts and skill that you have to succeed as you transition into civilian life and business.

It's also wonderful to be back in a warm climate. It's quite cold in DC, so it's a nice treat to be here to talk business and the potential for growth for women entrepreneurs.

A quick note on the National Women's Business Council. We serve as trusted advisors to the President, Congress, and the United States Small Business Administration, on issues that affect the growth of women owned businesses. This includes analyzing programs and initiatives in both the public and private sector that affect access to capital, access to markets, key issues such as intellectual property, trade and access to training and support for launching new businesses. We take all that and make sound recommendations and considerations for policies that we feel can move the needle for women entrepreneurs.

We have a robust research agenda. In fact over half our budget is dedicated to research on issues that have potential to increase economic participation for women. We also look at the motivations and performance of women as business leaders, and analyze those strategies that are working in order to formulate policies to help others replicate those models to increase their chance of success. This is what I want to talk about today. Many of the speakers you have heard throughout your training here have motivated you, given information on how-to's and resources available. What I'd like to do is break down the realities of the landscape in which you will be running your businesses, so you have a good understanding of it. I'd like to do this by looking at why it is that when men and women start businesses, men tend to go farther, faster. So we're looking at aspects and traits as to why that happens so that you can identify and then mitigate issues that may slow you down.

The fact is, women are proven to enhance business. Studies by Catalyst have shown that Fortune 500 companies with more women on their boards tend to be more

profitable. McKinsey showed that companies with a higher proportion of women at board level typically exhibited a higher degree of organization, above average operating margins and higher valuations.

But in the small business landscape, there is still work to be done. I'm going to talk to you a bit about where those pressure points are, so you know the areas of greatest opportunity to improve when you begin making decisions to build your business.

Now I've always been a fan of top 10 lists, and I tend to give presentations in that format as well. This way if you zone out, you just have to wait for the next time I say a number and you'll know how much longer I have left. It's a built in mechanism to set expectations.

A quick footnote before I start, I'll be talking about a number of data points, many of which come from the Survey of Business Owners, conducted by the U.S. Census, which happens on the 2's and the 7's every five years. So some of the data feels somewhat dated simply by the sheer fact that it is. It takes time to process and then analyze the data, but it is currently the only reliable source of data that covers the whole of the United States without bias, or having to extrapolate data.

At the Council we are in the middle of a Census tracking project where we obtained data on the businesses surveyed since the last SBO, so can analyze the "health" of businesses – whether they grew, contracted or died. This is more recent data – from 2007-2010. The first publicly available data that shows how women-owned businesses, and women veteran-owned businesses have fared during the recession.

Also, regarding Florida, all stats I'm going to use here are from the SBA Office of Advocacy, Florida State Profile report from 2011 – again the most recent available data, government data.

And so we begin:

## **1. Women and veterans have impact**

I find the best way to know where you're going, is to first know where you are. Many of you in this room will build or are running businesses, contributing to the overall productivity of the economy.

The fact is women-owned businesses contribute significantly to the US economy. According to the last Census Survey of Business Owners, **7.8 million** firms are owned by women – 7.8 – accounting for 30% of all non-farm, privately held U.S. firms. Women-owned firms have sales (or receipts) of \$1.2 trillion, and those businesses with paid employees had 7.6 million workers. That's 7.8 million firms collectively making \$1.2 trillion, and those with employees putting 7.6 million people to work.

So there's real heft there. And potential for growth in those numbers.

Veterans, which you may have already heard over the course of this training, own 2.4 million firms, 4% of which are owned by women veterans. Veteran-owned firms



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generate over \$1 trillion in sales, and employ nearly 6 million workers. So you are in good company, with room to improve on those numbers.

The number of women-owned businesses has grown over time. Between 1997-2007 that number grew 44%, twice as fast as male-owned firms, and they added roughly a half a million (500,000) jobs while other privately held firms lost jobs. In part this is because women-owned firms were most likely to be in industries that experienced job growth – such as health care and education services.

It is also important to note that during that same time, the number of businesses owned by minority women increased faster than those owned by non-minority women, with minority women-owned firms accounting for more than half of the increase in the women owned businesses.

That is the national scene.

## **2. Sweet sunshine, the local landscape - FLORIDA**

In 2009, there were 2 million small businesses in Florida. They represent 98.9 percent of all employers and employ 42% of the private sector workforce. The large companies who are big employers in Florida are Disney, Publix Super Markets, Comcast Universal, and others.

In the last SBO, in Florida roughly 1 million (1,036,000) businesses were male owned, and 580 thousand (581,000) were women-owned. This is about the normal ratio as the rest of the country. In general you see male-owned firms at about 2x that of women-owned firms.

So, one million male-owned, and half a million women-owned. Not bad, right? But when you look at receipts (or sales), those male-owned businesses had receipts just shy of a half billion dollars – 424 million (\$423,904). While women-owned businesses had receipts of about \$62 million (\$62,195,000), just 14.6% of what male owned firms have. Women lag behind in sales by \$360 million.

Veterans (including both men and women) owned 262 thousand firms and brought in \$85 million in receipts (\$84,567,000).

So you fare a little better than women in general, but there's still room to improve.

## **3. Women play “small ball”**

For those of you who aren't baseball fans, the term small ball comes from ball clubs whose strategy is to score runs by hitting singles and doubles and sacrifice “fly”-s, so that runners advance to home plate base by base, not by slugging out homeruns.

In general women-owned businesses are typically smaller than male-owned businesses. Although women own 30% of privately held companies, these businesses account for only 11% of sales and 13% of employment among privately held companies.



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Most of Florida's small businesses are very small, as 80% of all businesses do not have employees, and most that are employer firms have fewer than 20 employees.

In 2007, again the survey of business owners, in Florida male owned firms employed 2.5 million people, women-owned employed just shy of a half million (469K).

Now let me be clear, for those of you who want to start small and stay small, this is great. You have created your business, you provide a service, you employ yourself and possibly another person or two. You're living the dream.

But for those of you who want to stretch your wings more, these numbers show there's room for improvement.

#### **4. Size matters.**

Women, like veterans, know how to do more with less. I'm going to give you a couple of stats here to keep in mind, because I'm going to come back to this.

Roughly 68% of women-owned firms have sales receipts of less than \$25K annually, compared to 46.3% of men-owned firms having the same amount of sales.

Only 3.7% of women-owned firms had receipts of \$500,000 or more, whereas 11.1% of men-owned firms were in this category.

As referenced earlier, women were much more likely than men to indicate they did not need startup financing. Women also were less likely to take on additional debt to expand their businesses. Some of this is attributed to the types of businesses women traditionally start. Businesses with lower barriers to entry.

It's interesting to note that the small size of women-owned businesses has implications for raising capital. In the first year of operation, men raised about 80% more capital than women did (\$134K vs. \$71K).

I tell you this not so that you will go out and borrow large amounts of money you may not need. But because I want you to think about how women in general view financing.

#### **5. The X-factor**

So I've laid out the landscape, how many firms, workers employed, sales made. Here's where things get meaty. Initial studies show that when all other factors are controlled for, gender does not affect new venture performance. However, several factors vary between the genders – differing expectations, reasons for starting a business, motivations, opportunities sought and types of businesses started - it is these that result in different growth outcomes.

It is also important to know that despite previous literature from decades ago, our initial lit review finds - **1.** no evidence of gender differences in self-confidence in the ability to undertake organizing a business. **2.** We also found no evidence that women



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entrepreneurs perceive that they face greater problems in starting a business than male entrepreneurs.

Example: Let me tell you about Angela. Angela was no stranger to hard work. She began working in the fast food industry at the age of 15, as soon as she was old enough to obtain a work permit. The day following her high school graduation she left for Army Basic Training. During the 8 years she served, Angela deployed to Iraq, Afghanistan and Kuwait with the 18<sup>th</sup> Airborne Corps. In 2006 she left the Army with the rank of Captain. Soon after she and her husband started a general contracting company in Youngsville, NC. In the beginning, their focus was on the design and building of office, retail space and warehouse facilities. However, with her military background, she soon expanded to more specialized services. The company now constructs firing ranges and realistic live-fire training facilities. These simulated warfare environments provide live ammunition training to help warfighters save lives. In 2009, Angela was accepted into SBA's 8(a) program. Prior to entering the 8(a) program, Angela's company had two employees and sales over \$1 million. Since joining the program, the firm has over 46 employees with nearly \$5 million in revenues. The firm, Amidon Contracting Services, has contracted with the Department of Defense, US Army Special Operations Command, Fort Bragg, Seymour Johnson AFB, GSA and others.

By taking advantage of available resources, understanding her market and driving to deliver more, Angela was able to take her business to the next level and continues to grow.

So confidence levels are not holding women back.

In fact, it is actually the men entrepreneurs who were significantly more likely than women entrepreneurs to believe that they face problems being taken seriously as business people and in receiving support of those close to them.

## **6 + 7. Wonder Woman vs. Superman**

My brother and I often have hypothetical competitions when it comes to performance of superheroes, movie stars, sports legends. Where we taut their redeeming characteristics and investigate their weaknesses to analyze who would be the best one to save the world, hang out with, introduce to your friends, possibly date. It's a bit of a non sequitor, but I thought it was a good transition to the next point. Which is differences. If you understand the differences in how men and women make business decisions, you can see what strategies to which you might be more open, though they may not be second nature.

Here are some of the differences between men and women that affect how each grows their business:

Men:

- + In general, men have more business experience prior to opening their own business



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- + Men spend more time on their ventures
- + Men are more likely to start a business to make money, had higher expectations for that business, and do more research to identify business opportunities.
- + Male entrepreneurs were more likely, to found technologically intensive businesses, businesses that lose their competitive advantage more quickly (in line with the disruptive innovation that is paired with technologies) and businesses that have a less geographically localized customer base
- + Male entrepreneurs are significantly more likely than female entrepreneurs to identify opportunities through research; to believe that the existence of new business opportunities depends on action. Male entrepreneurs were also significantly more likely than female entrepreneurs to view as important, gathering information on the odds of a positive outcome occurring with their ventures
- + To recap: High expectations, identify opportunities through research, reinforce expectations & calculate odds of positive outcomes in their businesses.
- + There is robust evidence that men are significantly more likely than women entrepreneurs to prefer high-risk/high-return businesses
- + This is interesting: Male entrepreneurs were significantly more likely than female entrepreneurs to see business owners as community leaders, suggesting that male entrepreneurs are more highly motivated to start businesses to achieve recognition than women are.

#### Women:

- + Women business owners were more likely to prefer low-risk/low-reward businesses
- + Women were more likely to start their businesses to balance family demands, expand work flexibility, to work from home, and to achieve greater job satisfaction and pursuit of personal interests.
- + Women entrepreneurs had a larger average household size.
- + Women were less likely than men to purchase their business. They stand theirs up from scratch.
- + Women were more likely to have positive revenues, but men were more likely to own an employer firm.
- + Women seem to be not as willing or able to pursue venture capital or external sources of funding, or to share ownership.



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Remember, men own two times the amount of firms than women and yet make 10 times the amount of receipts. These differences may account for some of the reasons why.

## **8. Building business takes capital**

For all of you in the room, this seems like a very obvious point. It takes money to make money.

It's important to explore debt financing, but also to explore equity financing options. Women obtain only a small fraction of venture capital as a source of financing (.1%), and most women rely on personal resources to maintain and grow their business.

Going back to the numbers – women are more than likely to say they do not need start-up financing and less likely to take on additional debt.

Research has shown that women are no less motivated than men in building their business, they are just less willing to pursue equity financing or to share ownership. So you may want to keep an open mind.

Let me tell you about a colleague of mine. Her hobby was making organic body and beauty products in her kitchen and then selling them at flea markets in Brooklyn. After demand for her products spread via word of mouth, she founded a beauty-products company, in honor of her mother, who was the first person to encourage her to sell her products outside of family and friends. After a couple of years, my friend received notoriety from magazines and some celebrities, eventually ending up featured as one of Oprah's favorite things, which catapulted her business into prime time. She pulled together money to purchase a commercial storefront and moved production out of her house. But she still needed capital to really launch her marketing and sales. For my friend, private equity investment was the best choice to raise that capital, which she did from a celebrity investment team and surrendered an ownership stake in the company. Today, as some of you have heard from her already this morning, Lisa Price's business, Carol's Daughter, has grown into a \$36 million venture, sells products in stores like Sephora and Dillard's and is a top selling product on HSN. We are fortunate to have Lisa sits on the National Women's Business Council. She is a great example of keeping an open mind as you explore strategies to grow your business.

## **9. Expectations matter.**

I want to explore expectations as a differentiating factor for women. Remember men are more likely to start businesses to make money, and they have higher expectations for their businesses.

Research shows that women are more likely to start their own businesses to achieve work-life balance, not to create wealth. This informs the decision on whether to grow your business or to maintain a size that is smaller.

Many of the speakers yesterday touched on work-life balance.



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The rise of flexible work arrangements combined with the rise of impact investing in entrepreneurship provide more opportunity for women to build wealth-creating, high growth businesses, while also pursuing personal interests and family commitments.

You can have it all. But you'll need to work at it.

Again, for many business owners, the decision to grow is tied to your own personal preferences. So if it is your goal to start a business and stay small, that's great.

But for those of you in the room who are thinking bigger and want bigger, these initial findings are important to understand and to respond.

Work-life balance and wealth creation can, and indeed do, exist in the same plane. One difference here is expectations. High expectations matter. The research shows that male entrepreneurs have higher expectations for their businesses than do women entrepreneurs.

And this can be seen in the numbers: across the country, men run roughly two times the number of businesses that women do, and yet make up to 10 times the receipts.

If you want to grow, you have to think big and adjust your expectations to make room to reach that goal.

One last story. Anne came from humble beginnings in the streets of downtown Detroit. She learned to dive in the historic Detroit River where her father would take the family to watch the big freighters pass on the river between the U.S. and Canada. They would guess the country of the vessel's flags and its eventual destination, and this began a long fascination and love of ships. Anne moved to Florida to start a dive company of her own, with a bucket and a scraper, cleaning yachts and pleasure boats on Madiera beach, at the time a home to large fishing fleets. Over time, her customers grew to include cleaning and underwater repair of commercial fishing boats, as well we tugboats and barges. The very first underwater hull cleaning freighter customer was a 500ft Exxon ship in Port Tampa. Using only hand scrapers and ten divers – three of which were her brothers – they accomplished the job in just two days. Seeing a path for growth, Anne recognized she needed more. She began attending classes at the University of South Florida SBDC (Small business development center) in Tampa, where she developed a new business plan, and successfully completed the application process for certifications as an SBA 8(a) firm and a woman-veteran owned firm. She secured an SBA 7(a) loan from the Synovus Bank of Tampa Bay which enabled the company to purchase advanced diving equipment. This allowed them to compete in the commercial diving field and successfully grow the company to perform international commercial diving operations, where they would they would soon supply dive teams to ports worldwide to customers such as the U.S. Coast Guard, Navy, Military SeaLift Command, Army Corps of Engineers, commercial cruise lines and merchant ships. Their second 7(a) loan, again from Synovus Bank, helped them purchase both an 80 ft and 40 ft crew boat to create a sea launch service to deliver equipment and personnel to ports around the globe. Anne's business, Sea Sub Systems, went from a local business to a global resource for advanced underwater services.



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Expectations matter.

Finally, this brings us to number ten.

### **10. The road map.**

You've followed along with all this data and statistics about the current landscape for business owners and entrepreneurs just like you, and common self-imposed barriers that can hinder the growth of your business.

There is not one silver bullet that allows you to automatically achieve at a higher level. What we do learn is to identify areas where our expectations may be more positive, our mindset toward asking for capital may be more open, or our perception on risk might be explored more fully to be certain we aren't missing opportunities to grow.

As you heard from many speakers during this training, there are a number of resources available to you as veterans, and as women, to help start and grow your business.

Look into additional resources offered by Syracuse. Also, SBA has a number of solid programs and products, such as Patriot Express Loans, the Boots to Business program, their resource partners – WBC, SBDC, SCORE – that will provide training and capital essential to grow your business.

I hope that some of the messages here have sparked some recognition and self-assessment so you have additional data to react to as you make decisions to grow your business.

It's a pleasure to be among such innovators and entrepreneurs. And if you are ever in DC, please do stop by and share how your business is doing.

Thank you!



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