



**2010 POLICY PRIORITIES OF  
WOMEN BUSINESS OWNERS**

*Prepared for the National Women's Business Council by the Enterprise Center at Salem State University and written by Kate Victory Hannisian of Blue Pencil Consulting, this report reflects the discussions, policy recommendations, and opinions from the Salem town hall meeting, and as such does not necessarily reflect official policies or positions of the NWBC, the U.S. Small Business Administration or any other agency of the U.S. Government.*



## Introduction

On June 16, 2010, a summit of women business owners was held in Salem, Massachusetts, at the historic Hawthorne Hotel. Since the earliest Colonial times, Salem has been a major commercial center in a regional economy based on industries as varied as international maritime spice trade and textile manufacturing. Now, as the Greater Boston/North Shore region builds a twenty-first century economy based on tourism, technology and creativity, women entrepreneurs have the opportunity to play a key role. At this summit, women business owners on Boston's North Shore shared their priorities, challenges and concerns to help the National Women's Business Council (NWBC) to articulate policy recommendations for the consideration of the President, Congress, and the U.S. Small Business Administration (SBA).

Hosted and facilitated by the NWBC in conjunction with the Enterprise Center at Salem State University, this summit was the ninth in a series of town hall meetings held around the country beginning in March 2007. The Salem event brought together over 200 women entrepreneurs, NWBC members, and government agency representatives for candid, lively discussions of business challenges and possible policy solutions. As at other NWBC town hall meetings before and since, a subsidiary benefit was the opportunity for business-to-business networking among the region's women business owners.

The National Women's Business Council is a bi-partisan federal advisory council created to serve as an independent source of advice and counsel to the President, Congress and the SBA on economic issues of importance to women business owners. Council members are prominent women's business owners and leaders of women's business organizations. The Council's mission is to promote bold initiatives, policies and programs designed to support women's business enterprises at all stages of development, from start-up to success to significance.

The Enterprise Center at Salem State University ([www.enterprisectr.org](http://www.enterprisectr.org)) acts as the North Shore's small business incubation and growth center, helping to grow businesses at every stage of development through skill building and support, and serving as the voice of the small business community through advocacy and action.

Women business owners are eager for knowledge, but seem to lack awareness of the full spectrum of resources available to help them start and grow their businesses.

## Overview

This report focuses on policy recommendations on seven key topics identified by women business owners in the Greater Boston/North Shore Region.

These include:

- access to capital,
- education and workforce development,
- federal procurement,
- healthcare costs and coverage,
- microenterprise,
- taxes, and
- work-life balance.

The themes and policy recommendations from the Salem summit echoed those raised at the earlier town hall meetings. One theme stood out across many sessions: the Greater Boston/North Shore region's women business owners are eager for knowledge, but seem to lack awareness of the full spectrum of resources available to help them start and grow their businesses. Participants readily shared information with each other about a wide range of resources, but many of the women business owners in attendance admitted to limited awareness of these resources, particularly those related to access to capital, taxes, and education and workforce development. This demonstrates a continuing need for stronger outreach efforts to women business owners by resource and training organizations and agencies.

For women business owners who have struggled with the recent challenging economic environment, there have been several developments of interest since the June summit. A requirement that five percent of federal contracts go to women-owned small businesses became final in October 2010 and is slated to take effect in 2011. The Small Business Jobs Act allows the SBA to offer enhanced loan provisions through the end of 2010 and to strengthen the ability of small businesses to compete for federal contract opportunities. However, even with these developments, many challenges remain for women business owners. At the Salem summit, participants offered comments and specific recommendations for how policymakers can help them move forward and grow their businesses, thus playing an important role in overall economic growth in the U.S.

Women start with less capital than men and are less likely to take on additional debt to expand their businesses.

## Access to Capital

Access to capital is a key tool for starting and growing a business, and a topic that generated much discussion at the Salem summit. Women-owned firms with revenues of \$1 million or more are more likely than any other women-owned firms to access commercial loans or lines of credit.<sup>1</sup> Yet, even these businesses lagged behind those run by men in accessing credit (56% of women versus 71% of men.) Women-owned businesses also tend to rely more on their business earnings as their primary funding source.

The NWBC report, *Launching Women-Owned Businesses on to a High-Growth Trajectory*,<sup>2</sup> noted: “A recent Kauffman Foundation publication reporting on a survey of high tech firms concluded that women and men entrepreneurs are equally likely to succeed given similar conditions.” However, as the Kauffman publication made clear, women entrepreneurs were not necessarily facing similar conditions; during their early years of business operation, women entrepreneurs “remained unwilling or unable to develop external sources of equity capital, which could fund further innovations, employment or growth.”

“Women start with less capital than men and are less likely to take on additional debt to expand their businesses,” according to the report *Women-Owned Businesses in the 21st Century*.<sup>3</sup> “They are more likely than men to indicate that they do not need any financing to start their business. It is difficult to distinguish preferences from constraints in these data. For instance, women may encounter less favorable loan conditions than men or they may be less willing to take on risk by seeking outside capital.”

Salem summit participants confirmed these findings, noting that credit cards and home equity loans sometimes provide funds, but can leave a business owner drowning in debt. Several women business owners shared stories about being so frustrated with or confused by the process of accessing capital that they used credit cards to fund their businesses. Said one, “There have got to be new ways that we as women entrepreneurs can secure capital.”

One participant suggested during the microenterprise session that very successful women entrepreneurs be encouraged to create micro lending

Women business owners seeking capital for the first time often need basic information about preparing to approach lenders and investors.

funds, “because they get who we are and where we are because they were there once, too.” Participants saw other policy possibilities here, including the creation of tax credits for investors who lend money to small and microenterprise ventures, or government-sponsored tax incentives to help make money available in these pools.

Women business owners can take advantage of existing financing options and resources designed specifically to serve them—provided they are aware that these resources are available. The key policy recommendations on access to capital that emerged from the Salem summit call for improved outreach efforts by resource organizations.

- **First, resource organizations could expand their outreach efforts to women business owners who need improved awareness of information resources on how to prepare to approach lenders and investors.** As Salem summit participants shared their own stories of struggles to gain access to capital, it became clear that women business owners seeking capital for the first time often need basic information about preparing company documents, available funding sources, and approaching capital providers.
- **Second, resource organizations could improve their outreach efforts to women business owners who need an improved understanding of the different types of funding sources and the associated advantages and disadvantages of each.** Salem summit participants indicated that women business owners need to better understand what different capital providers are looking for (such as how venture capitalists and community bankers differ in their expectations), as well as the common information set required by all capital providers and investors.

## Education and Workforce Development

Participants at the Salem summit expressed the view that sole proprietors are their own employees and as such need to develop themselves professionally in whatever way they can, just as owners of businesses with employees need to continually train and develop their workforce. Sole proprietors indicated they would like to be able to access grant money to train themselves, but said they saw no clear path for accessing this pool of money. Workforce investment boards, for example, often have grants

Business owners need more training to learn how to hire effectively, and mature professionals need more technology training.

available to train employees at local companies. But because sole proprietors are not considered employees, they are thus not eligible to access this grant money to train themselves.

Women business owners offered two policy recommendations on how government agencies and resource organizations can improve educational resources for business.

- **First, agencies and resource organizations could provide business owners with more training for the crucial hiring/interviewing process.**

Because the hiring process is so critical to the success of any business, and there is much room for costly error, small business owners – some of whom may not have had prior management experience – need help. They need more training to learn how to hire effectively. Women business owners said they particularly need training in the skills associated with the interviewing process, such as behavioral interviewing.

- **Second, these same resource organizations could provide more technology training for small business owners.**

Women business owners expressed a need for training on a broad spectrum of technology topics, from social networking tools to bookkeeping programs. Summit participants perceived a lack of accessible technology training for business owners, especially mature professionals, and how to relate this technology to improving their businesses.

## Federal Procurement

When the Salem summit was held in June 2010, participants were awaiting news of a final rule that would create a program that permits federal contracting officers to set aside procurements for women-owned small businesses and economically disadvantaged women-owned small businesses. In October 2010, the regulation that establishes a federal procurement program for women-owned small businesses became final. The program will become effective in February 2011, and contracting officers at federal agencies will be able to start setting aside contracts for women-owned businesses in early 2011.

The set-aside has been in statute since 2000, so it is exciting news for women business owners that there will finally be a federal program to assist

Even with the new federal procurement program for women-owned small businesses, challenges remain, including the need for a simpler registration process to become eligible for government contracts.

agencies in meeting the goal of awarding five percent of all federal contracts to women-owned small businesses. (In fiscal year 2009, women-owned small businesses received 3.68% of federal contracts.) To participate in the program, firms will need to either self-certify or be certified by a third party as a woman-owned small business. Information about the program is available at [www.sba.gov/wosb](http://www.sba.gov/wosb).

Despite the new requirement, some challenges remain that women business owners say they are eager for federal policymakers to address. Two policy recommendations emerged from the well-attended Salem session on federal procurement.

- **Policymakers could simplify the registration process for becoming eligible for government contracts.** Salem summit participants had a number of recommendations on how to do this, including:
  - Set up the Central Contractor Registration (CCR) system so that if a business is entered in this registry at [www.CCR.gov](http://www.CCR.gov), its information would automatically be updated in other systems. Linking these systems would greatly simplify the process and remove potential errors.
  - Clarify which certifications, registration numbers and NAICS codes are necessary. Certification does not translate directly into business opportunities. Some participants expressed dissatisfaction with having to declare themselves “disadvantaged” to be eligible for certain types of certification.
- **Agencies and resource organizations could offer additional matchmaking events to increase access to subcontracting opportunities with government contractors.** This is an effective activity for businesses just starting out in government contracting. In terms of winning contract business, a database listing has limited utility; high-touch marketing efforts and in-person networking and matchmaking events with prospective clients are keys to success.

Participants with experience in government contracting advised that instead of trying to start a company based on doing business with the government, women business owners should start by working as a subcontractor for another firm that has a large federal contract. They also noted that “government work” doesn’t necessarily have to be for federal-level entities,

Women business owners asked policymakers to consider making sole proprietors eligible for health insurance tax credits.

since cities, counties and their respective departments can be much more accessible to smaller businesses seeking contract work.

Participants also noted that registering on the CCR will help counter the fact that women-owned small businesses are “woefully under-reported” in certain statistics. Women-owned small businesses can stand up and be counted by entering themselves into the CCR if they meet all the requirements of a woman-owned small business.

## Healthcare Costs

Salem summit participants shared their concerns that the high cost of health insurance chills business growth and slows hiring. They commented that high health insurance costs may be discouraging some people from starting businesses if they are afraid to leave their current employer-sponsored health insurance plan because they fear they won’t be able to afford such insurance independently.

Some 60% of all uninsured people (28 million) in the U.S. are small business owners or their staff or families, according to a 2009 survey by the National Association for the Self-Employed (NASE).<sup>4</sup> Said one Salem summit participant, “The basis of this country is small business. That is the enterprise of this country. We are this powerful group and we have to rally. I thought I was in a vast minority, but here I find out I’m in this vast majority.”

The Affordable Care Act, a health care reform law enacted in March 2010, includes a tax credit for small businesses (those with fewer than 25 employees) that offer health insurance to their employees.<sup>5</sup> However, participants worried that small businesses purchasing health insurance may not necessarily have access to the same discounts available to larger firms, nor are they always permitted to negotiate rates as a group. The self-employed said they found themselves purchasing health insurance in the higher-priced individual market.

The women business owners at the Salem summit expressed the hope that the cost issue will be addressed under the new national health insurance law, and offered several key policy recommendations on healthcare.

Owners of microenterprises would like all levels of government to make a clearer distinction between “small businesses” and microenterprises.

- **First, policymakers could write regulations that would allow sole proprietors to be part of the tax credit program, helping them cover the costs of health insurance.** As new regulations are written, summit participants would like policymakers to consider making sole proprietors who pay for their own health insurance eligible for a tax credit. Since there are an estimated 23 million sole proprietors in America, according to the National Association for the Self-Employed (NASE), this is not a trivial question.
- **Second, policymakers could consider sole proprietors in drafting future healthcare coverage laws.** For example, summit participants said they would like to see sole proprietors included in the exchanges (to be established in each state) through which individuals and small businesses will be able to purchase health insurance, starting in 2014. Before the exchanges come into effect, employers – but not sole proprietors – will be eligible for a tax credit for a portion of the costs of health insurance for their employees. A sole proprietor is considered a business owner, not an employee, and thus is often left out of the equation.

## Microenterprise

The entrepreneurs who run microenterprises can face just as many complexities and difficult choices as their counterparts in the largest Fortune 500 firms. Participants in the microenterprise sessions shared long lists of what keeps them awake at night as women business owners who wear many – or most – of the hats in their companies. Concerns and challenges of women running microenterprises range from business development, administrative tasks, operations, capital, and cash flow to sourcing, time management, health insurance and the need for mentors and networking.

Owners of microenterprises said they want to support each other and stay in touch with policymakers, but are unsure about how to do so. Salem summit participants questioned whether existing business associations were set up to meet the needs of microenterprises, noting that some of these organizations have entrance requirements that present high hurdles to the smallest companies.

Women business owners at the summit agreed that the government – from the federal level on down – could make a clearer distinction between “small

The small business community suggested that the IRS could improve its outreach efforts by creating a website dedicated to small businesses and the self-employed.

businesses” and microenterprises. Said one participant: “I would like to send a message to Washington and ask them to stop calling us ‘small businesses.’ We’re not small businesses, we’re micro businesses, and until that distinction is made we’re never going to get the attention that we need and deserve out of our tax dollars.”

Participants voiced microenterprise-related concerns that have policy implications.

- **First, policymakers could address the sole proprietor’s sense of being alone.** Sole proprietors said they feel nearly “invisible” from a statistical perspective (from not being reported as part of Census data but only as a Schedule C on tax returns). Those running microenterprises said they want recognition and parity with their larger counterparts.
- **Second, policymakers could encourage resource organizations and agencies to create more networking opportunities for women business owners.** Women business owners seemed eager to continue networking at a level beyond meeting prospective clients and partners, expressing the wish to come together to discuss the “business of business.” They want to use networking with other women to learn how to operate their businesses at a higher level.

## Taxes

Keeping up with changes in tax reporting and filing requirements can be a challenge for many members of the business community, including women who own small businesses. Women business owners raised several tax-related issues, including their desire for parity in the deductibility of health insurance costs. Since the Salem summit, policymakers have enacted a temporary health insurance deduction for sole proprietors and the self-employed, effective for the 2010 tax year. An extension of this deduction to future tax years would be one possible way to achieve this parity.

Participants also expressed concern about the potential record-keeping burden that the new Form 1099 reporting requirement will impose on small businesses and sole proprietors when it takes effect in 2012. This requirement would require companies to obtain 1099s from all vendors from whom they buy more than \$600 worth of goods and services per year,

Resource agencies and organizations serving women business owners could help address work-life balance issues by providing more networking events that provide connections and learning opportunities.

including independent contractors and entities as varied as airlines, hotels and office supply stores. Participants indicated they were unsure how they will meet this requirement, suggesting an opportunity for the IRS to both provide education and to consider modifying the requirement for small businesses.

Women business owners suggested that the IRS could improve its outreach to the small business community in two key areas.

- **First, the IRS could improve its outreach efforts regarding available resources for the small business community.** Participants reported that they often found the IRS website difficult to navigate and cumbersome to use, and complained of difficulty finding information relevant to small businesses and sole proprietors. Although the IRS offers regular legislative and regulatory updates online and distributes e-newsletters targeted to different categories of taxpayers (including small businesses and the self-employed), many business owners said they were unaware of these resources.
- **Second, the IRS could create an easier-to-navigate website dedicated to small business owners.** Because the IRS small business / self-employed division deals with enterprises ranging in size from sole proprietors up to corporations with \$10 million in assets, participants saw the need for a stronger separate focus for just small businesses. Participants agreed that small businesses would find a dedicated segment of the IRS website more effective and useful.

## Work-Life Balance

This was the first NWBC town hall meeting to specifically invite participants to discuss the topic of work-life balance and associated policy concerns. Nearly two-thirds of the participants in one of the two work-life balance sessions had a home-based business, highlighting the challenges faced by sole proprietors and women owners of microenterprises. Some new entrepreneurs who had transitioned out of larger companies reported struggling with the transition from too much structure to too little. One home-based businesswoman described her biggest challenge as “just trying to help my family understand that I am not on an eternal coffee break.”

There is a real need for better ways of connecting available information resources with the women business owners who need them.

Women business owners suggested areas where policymakers may be able to help address these concerns, with two themes in particular resonating with women in the Greater Boston/North Shore region.

- **First, resource agencies and organizations that serve women business owners could provide or sponsor more networking events that provide connections and learning opportunities.** Women business owners said they need opportunities to network with other entrepreneurial women, both to stave off isolation (especially if they have a home-based business) and to have a professional exchange of issues and solutions. Participants said they need help with and information on setting better boundaries, an umbrella term that encompasses such issues as time management, delegation, and the need to practice self-care as part of a whole life plan.
- **Second, policymakers could acknowledge the ranks of sole proprietors and self-employed individuals in the labor force.** At present, the self-employed are ineligible for unemployment benefits; participants said they would like to see policymakers allow sole proprietors and owners of family businesses access to unemployment insurance.

## Summary and Conclusions

As at the NWBC's prior town hall meetings,<sup>6</sup> women business owners at the Salem summit confirmed the importance of networking and mentoring, expressing the desire for more opportunities to learn from each other and from those who've successfully walked the path before them. That so many women business owners admitted to a lack of knowledge about available information resources points to a real need for better ways of connecting these resources with the people who need them.

The issue of advocacy was one theme that ran through all of the Salem panel discussions, as was the feeling of statistical "invisibility" among sole proprietors, who reported feeling that their concerns can easily fall under the radar. The NWBC can advocate to help increase the visibility and the power of women business owners, many of whom are sole proprietors.

To conclude, here are the highlights of the policy recommendations from women business owners in the Greater Boston/North Shore Region.

Women business owners offered key recommendations to policymakers on issues crucial to business growth.

#### **Access to capital**

- Resource organizations focused on helping women entrepreneurs could improve their outreach efforts so these business owners can take advantage of existing information on capital access.
- Agencies and organizations could expand their outreach and marketing efforts to women entrepreneurs, seeking an improved understanding of the different types of funding sources and the associated advantages and disadvantages of each.

#### **Education and workforce development**

- Agencies and resource organizations could provide women business owners with more training for the crucial hiring/interviewing process.
- Resource organizations could provide technology training for women business owners, especially mature professionals, in areas ranging from social networking to bookkeeping software.

#### **Federal procurement**

- Policymakers could simplify the registration process to be eligible for government contracts, by: 1) setting up the Central Contractor Registration (CCR) system so that being entered into the registry at [www.CCR.gov](http://www.CCR.gov) would automatically update a company's information in other systems; and 2) clarifying which certifications, registration numbers and NAICS codes are necessary.
- Agencies and resource organizations could offer additional matchmaking events to promote subcontracting opportunities with government contractors.

#### **Healthcare costs**

- Policymakers could adjust regulations so that sole proprietors can participate in the tax credit program that would help them cover health insurance costs.
- Policymakers could consider sole proprietors in drafting future healthcare coverage laws.

#### **Microenterprise**

- Policymakers could address the sole proprietor's sense of being alone, and offer microenterprises recognition and parity with their larger counterparts.

Women-owned businesses are already a significant economic force, and can become even more so in the future if they can connect with the right information and capital resources to help them grow.

- Resource organizations and policymakers could also create more opportunities for women running microenterprises to come together to discuss the “business of business.”

#### **Taxes**

- Policymakers could encourage the IRS to improve its outreach efforts on resources available to the small business community.
- The IRS could create an easier-to-navigate website that is dedicated to small business owners.

#### **Work-life balance**

- Resource organizations and agencies could organize more networking events for women business owners, both to help them stave off isolation and to engage in a professional exchange of issues and solutions.
- Policymakers could acknowledge the ranks of sole proprietors and self-employed individuals in the labor force, and consider allowing sole proprietors and family-owned businesses access to unemployment insurance.

Today, women-owned businesses are already a significant economic force in the U.S., and they can become an even bigger force in the future. According to the Center for Women’s Business Research, 28.2% of all businesses in the U.S. are owned by women, and one in five firms with revenue of \$1 million or more is woman-owned.<sup>7</sup> However, only 4.2% of all revenues are generated by women-owned businesses in the U.S., highlighting the importance of connecting women-owned businesses with the right information and capital resources to help them grow. Salem summit participants and the NWBC hope that policymakers will take this report’s recommendations to heart and take actions that will allow women-owned businesses to reach their full potential, and then, in turn, acting as a powerful engine that helps move the U.S. economy forward.

## Endnotes

- <sup>1</sup> *Economic Blueprint: Access to Capital Principles*, Women Impacting Public Policy (WIPP), [http://www.wipp.org/resource/resmgr/issues/bluepring\\_access\\_to\\_capital.pdf](http://www.wipp.org/resource/resmgr/issues/bluepring_access_to_capital.pdf)
- <sup>2</sup> *Launching Women-Owned Businesses on to a High Growth Trajectory*, October 2010, National Women's Business Council. <http://www.nwbc.gov>
- <sup>3</sup> *Women-Owned Businesses in the 21st Century*, U.S. Department of Commerce Economics and Statistics Administration, for the White House Council on Women and Girls, October 2010, <http://www.esa.doc.gov/WOB/>
- <sup>4</sup> Survey, National Association for the Self-Employed, February 2009, [http://www.nase.org/media/researchstatistics/surveyresults/09-02-28/Have\\_You\\_Ever\\_Gone\\_Without\\_Health\\_Insurance\\_Feb\\_2009.aspx](http://www.nase.org/media/researchstatistics/surveyresults/09-02-28/Have_You_Ever_Gone_Without_Health_Insurance_Feb_2009.aspx)
- <sup>5</sup> Information on the Affordable Care Act, <http://www.healthcare.gov>
- <sup>6</sup> *Voices From the Field: A Report from the National Women's Business Council Town Hall Meetings*, 2007, <http://www.nwbc.gov/idc/groups/public/documents/nwbc/voicesfromthefield.pdf>
- <sup>7</sup> *The Economic Impact of Women-Owned Businesses in the United States*, Center for Women's Business Research, October 2009, <http://www.nwbc.gov/idc/groups/public/documents/nwbc/economicimpactstudy.pdf>

---

## ABOUT NWBC

---

The National Women’s Business Council is a bi-partisan federal government council created to serve as an independent source of advice and counsel to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. Members of the Council are prominent women business owners and leaders of women’s business organizations. The Council’s mission includes conducting and supporting research on issues of importance to women business owners and their organizations in order to promote bold initiatives, policies and programs designed to support women’s business enterprises at all stages of development in the public and private sector marketplaces.

