

**REPORT OF THE
SECRETARY OF COMMERCE AND TRADE ON**

**THE BARRIERS TO THE FORMATION,
FINANCING AND OPERATION OF
WOMEN-OWNED BUSINESSES IN
VIRGINIA**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 39

**COMMONWEALTH OF VIRGINIA
RICHMOND
1995**



COMMONWEALTH of VIRGINIA

Office of the Governor

George Allen
Governor

Robert T. Skunda
Secretary of Commerce and Trade

January 23, 1995

TO: The Honorable George Allen
 Members of the General Assembly of Virginia

Senate Joint Resolution 102, agreed to by the General Assembly in 1994, requests that the Secretary of Commerce and Trade study the barriers to the formation, financing and operation of women-owned businesses in Virginia.

As directed by this legislation, I hereby submit the attached report, which includes the findings of the study conducted by my office.

In addition, I wish to express my sincere appreciation to the many individuals who assisted in carrying out the request of the General Assembly for this important study, especially those who directed the study at the Small Business Development Office, Virginia Department of Economic Development.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. T. Skunda", written over a horizontal line.

Robert T. Skunda
Secretary of Commerce and Trade

Study of Virginia's Women-Owned Business

Senate Joint Resolution 102

Index

	Page
i. Introduction	3
I. Profile of Virginia's Women Business Owners	4
II. Business Issues	8
III. The Barriers Faced by Women Business Owners	10
IV. Procurement	14
V. Recommendations	17
Appendix I. Comments from Survey Responses	20
Appendix II. The Survey Instrument and Process	21

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Introduction

The Small Business Administration projects that by the year 2000, women will own 50% of all businesses in America. As of 1987, 31 percent of all of Virginia's businesses are owned by female entrepreneurs. According to the Bureau of Census, from 1982 to 1987, the Commonwealth saw the number of women-owned business rise from 56,882 to 94,416. This is an increase of 66% in five years. Over that same period of time, receipts from these businesses increased by 239%. The Virginia Small Business Development Center (VSBDC) estimates that there are now over 100,000 women-owned businesses in Virginia today. Unfortunately, due to the limitations in the data gathered by the Virginia Employment Commission and other state agencies, more insightful statistics are unavailable. In the past the sex of business owners was not a concern, and therefore was not tracked.

However the statistics that are available show that, like the rest of the nation, Virginia is part of a growth trend in the area of female entrepreneurship. The United States House of Representatives Committee on Small Business has concluded that the increase in women entrepreneurs is the most significant recent economic phenomena in the United States.

Senator Jane H. Woods, representing the 34th District, sponsored Senate Joint Resolution 102, which requests a study be performed to determine the barriers to the formation, financing and operation of women-owned businesses in Virginia. To this end, the VSBDC has performed a survey from their database of women-owned business on behalf of the Secretary of Commerce and Trade. This survey has been designed to look into women business owners' perceptions of the business climate and the issues of financing and procurement, as well as gathering demographic information on this rising economic group. Please see Appendix II for a sample of the survey instrument and explanation of the methodology.

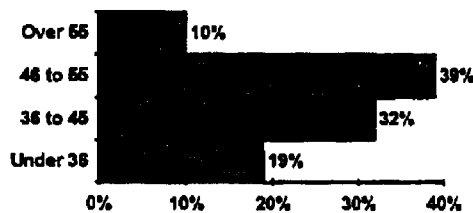
Profile of Virginia's Women Business Owners

This report is an analysis of the information gathered from a survey of women-owned businesses by the VSBDC: Virginia's Business Development Network. Over 450 surveys were mailed to members of the National Association of Women Business Owners in Virginia and certified Women Business Enterprises. A total of 177 responses were received for a response rate of 39%.

The demographic characteristics of Virginia's women business owners show some areas of commonality. According to the survey, the female entrepreneur respondents were most likely to:

- * be between 46 and 55 years of age,
- * be married without any children at home,
- * have pursued a post-secondary education,
- * have owned their businesses between one and five years.

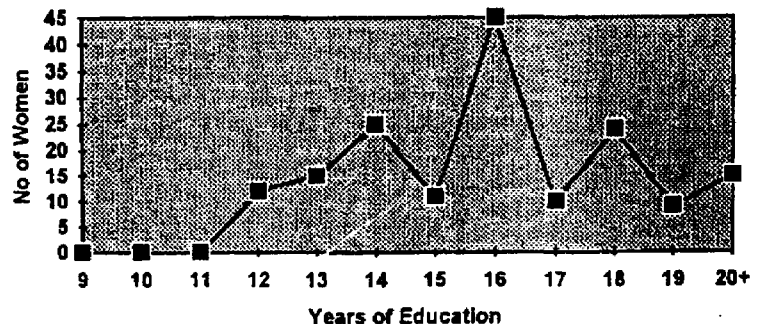
Women Business Owners by Age Group
Table A-1: 1994



Over 70% of the women surveyed are married, however 63% do not have children at home. This follows logically when looking at the age brackets women business owners represent. Most of the business owners, being over the age of 46, would have already raised their children. Of those women in the lower age bracket, only 1/3 report having children at home.

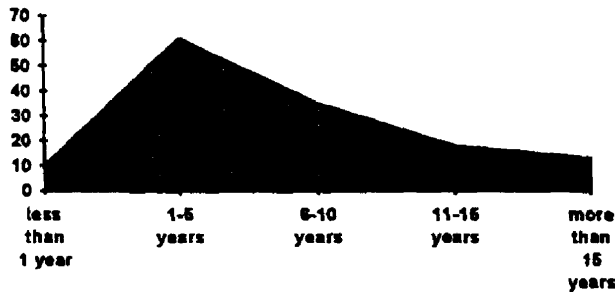
Women business owners tend to be very well educated. The majority of women have not only pursued a post secondary education, but have also acquired advanced degrees. Note the rise in numbers at 14, 16, 18 and 20 years. Of those surveyed who have only a high school education, 92% are over the age of 46, representing the upper age brackets and a past

Women Business Owners by Education
Table A-2: 1994



generation. When discussing the lack of formal business education for women later on, several people commented that this had been a more serious problem in the past, but that the younger generation of women starting their businesses had more opportunity to gain this education.

**Women Business Owners by
Years of Ownership**
Table A-3: 1994



Most statistics show that women are starting businesses at more than twice the rate of men. In looking at this chart, it appears that Virginia is no exception to this rule. The majority of the women are in the start-up phase of business ownership. Historically, women have been directed toward more traditional roles in the business marketplace, yet the 1990s have

seen a boom in the entrepreneurial approach to earning income by women. The cause of this increase of women-owned businesses is the subject of much theorizing.

The glass ceiling struggle of women working in the corporate world is well documented. It is often cited as a driving force behind this increase in female entrepreneurship. Child and elderly care issues are also seen as a major factor. Table B-2 indicates a high rate of home-based businesses among women business owners. This situation allows women to provide care personally and in their homes, while also earning income.

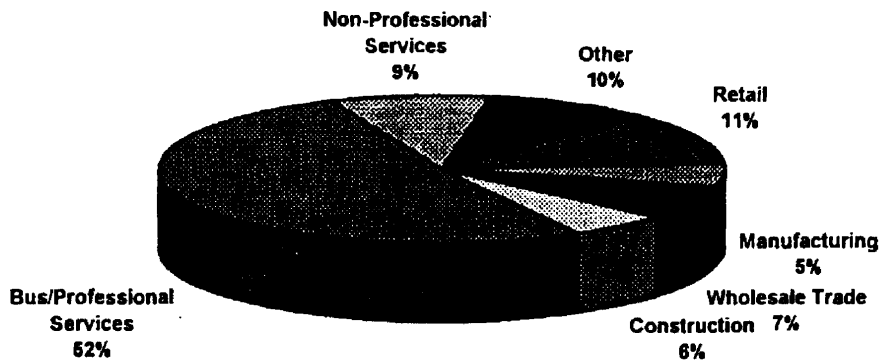
The demographics of the businesses owned by these women also show some areas of commonality. According to the survey, the businesses tend to:

- * be in the business/professional service industry,
- * have one location,
- * employ between one and four employees,
- * have gross annual sales over \$100,000.

The 1987 census of women-owned businesses indicates that there were 94,416 such firms in Virginia at the time, a increase rate of 66% from 1982. If this 66% rate of increase has continued, there are currently 156,000 businesses in the Commonwealth that are owned by a female entrepreneur. Women-owned businesses exist in every industry nationally and the same holds true for Virginia. The 1987 census shows 55% of the businesses in the service industry, 3% in construction, 2% in manufacturing, 2% in wholesale trade, and 19% in retail trade. The remaining 19% are in a variety of industries, including agriculture, high tech, real estate, insurance and finance.

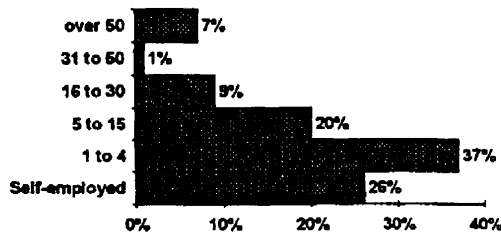
For the purposes of clarification, women participating in the survey were asked to differentiate between professional and non-professional services. The majority of women are employing people in the professional services field, which is seen as the thriving American industry of the future. Manufacturing, construction and wholesale trade have increased in percentages, while retail has dropped from the 1987 figures. The field in which women have started their businesses seems indicative of their high level of education. Professional and business services often require technical backgrounds in management, training, marketing, and technology.

Women-Owned Businesses by Type of Business
Table B-1: 1994



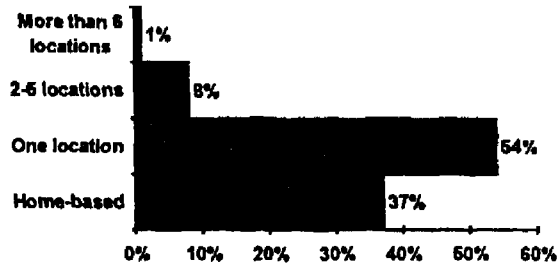
The National Foundation of Women Business Owners contends that women-owned businesses employ more people than the Fortune 500 companies combined do world-wide. This translates to over 11 million people employed by women business owners nationally. This fact points to the growing importance women-owned businesses have on our economic future. Not only because the economy of United States is becoming more and more service oriented and the majority of women-owned businesses are service companies, but also it is anticipated that more and more of the population will be employed by these

Women-Owned Businesses by Number of Employees
Table B-3: 1994



small women-owned businesses.

**Women-Owned Business by
Number of Locations**
Table B-2: 1994

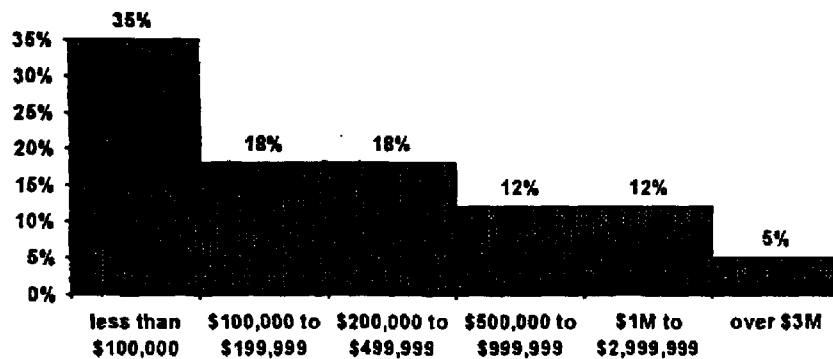


The majority of women-owned firms have a single location. Considering the professional services industry, a single location is not a sign of lack of growth, but rather of success. Note the high percentage of home-based businesses. Service companies are often easier to operate out of a home to start and then graduate to a separate location. As discussed earlier, basing the office of a business in a home, provides many

women the option of continuing to provide care for children or elderly family members while still managing a business.

The annual receipts of Virginia's women-owned businesses increased by 239% from 1982 to 1987. The graph below demonstrates that like all small businesses, women-owned firms span the range in annual sales. A large number of companies report less than \$100,000 in annual sales. This is consistent with the fact that most of the respondents indicate owning their businesses for 1-5 years, meaning that they are still in the start-up phase of their business. However, the majority of these companies report sales well in excess of \$100,000. Of those surveyed women business owners, 46% gross over \$200,000 in sales revenues each year, making their impact on Virginia's economy significant.

**Women-Owned Businesses by
Annual Sales Revenues**
Table B-4: 1994



Business Issues

The purpose of Senate Joint Resolution 102 is to study the barriers to women-owned businesses in Virginia. One of the vital elements needed in order to determine hindrances to business growth of any sector is an understanding of the concerns the sector has about the business climate in which they operate.

Surveyed women business owners were asked to rate the importance of several issues to their businesses. Such a rating of issues, whether their impact is real or imagined, is a valuable guide to understanding the concerns of women business owners.

Issues	High Importance		Medium Importance		Low Importance		No Importance	
	%	No.	%	No.	%	No.	%	No.
<i>Health Care*</i>	41%	63	27%	41	18%	27	14%	21
<i>Workers' Compensation</i>	20%	30	22%	33	26%	40	32%	49
<i>Business/ Sales/ Property Taxes*</i>	35%	53	30%	45	18%	28	17%	26
<i>Workforce Training*</i>	30%	46	21%	31	21%	33	28%	42
<i>Unemployment Compensation</i>	10%	13	17%	26	30%	44	43%	66
<i>Environmental/ Recycling Mandates</i>	6%	10	9%	14	12%	18	73%	110
<i>Americans with Disabilities Act</i>	1%	2	7%	11	14%	21	78%	118
<i>Government Financing</i>	16%	24	19%	29	12%	19	53%	80
<i>Regulations/ Reporting Requirements*</i>	41%	62	24%	37	18%	27	17%	26

As can be seen from the chart above, the issues concerning women business owners are those that face all of small business. Health care, business/sales/property taxes, regulations and reporting requirements, and workforce training are the top concerns that the surveyed women feel have an impact on the success of their companies. (These issues are highlighted with a "*" in the table above.)

The least concerning issues are also consistent with the demographics of women business owners. The majority of female entrepreneurs provide business and professional services, which are often little affected by environmental or recycling mandates, a low rating issue. Americans with Disabilities Act also rated of low concern along with government financing issues. It is interesting to note that while few women attached great importance to government financing, it will be seen later that the majority are very concerned about commercial financing. Obviously women business owners do not look to government for the solution to all of the problems they face.

Women business owners were also asked about the changes and expansions that their businesses underwent during the last year. Only three people responded that their businesses had not grown in any way. Over 95% of the women-owned businesses experienced improvement of their business. (Note that the percentages will not add to 100% as respondents could indicate more than one answer.) These responses indicate that women-owned businesses are a dynamic and growing sector of the economy, and are not reaching any plateaus in their growth.

Improved operating procedures	49%
Developed a new product/service line	26
Expanded into a new market	45
Purchased a building facility	2
Sought additional financing	21
Added new employees	28
Upgraded technologically	46
Sought professional advice	46
None of the Above	1

The survey also asked which areas of business training the women entrepreneurs felt would be most beneficial to their businesses. Education in marketing techniques was the area that the women business owners indicated would be most useful to their companies, with assistance in government procurement strategies following a close second. (Note that the percentages will not add to 100% as respondents could indicate more than one answer.)

Marketing strategies	56%
Developing a business plan	28
Managing cash flow	35
Understanding financial statements	35
Managing employees	27
Government procurement strategies	46
Technology training	24

Barriers to Women Business Owners

Although all business owners face adversity, it is generally agreed that the obstacles are more difficult to surmount for women than for men. The common obstacles recognized nationally include: insufficient access to capital, lack of business knowledge, and fewer business contacts and support networks. This is true for Virginian women business owners as well, according to our survey.

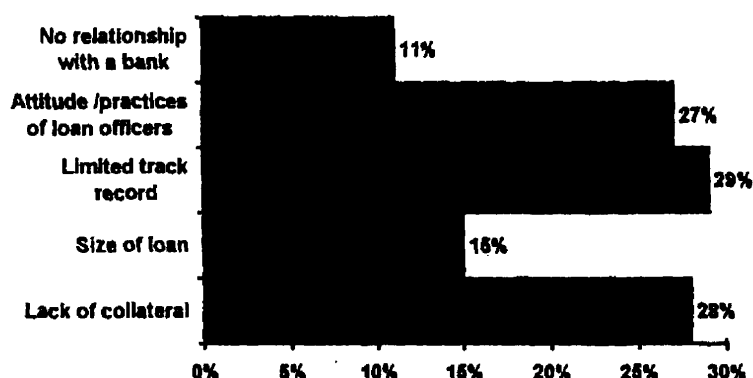
Fifty-six percent (56%) of the respondents felt that women business owners have difficulty accessing short-term capital all the time, 37% agreed that this was true some of the time, with only 7% feeling it was not a problem. Nearly three fourths of the women business owners felt that there is a lack of formal business-related education among women, and over that amount felt that more technical business training was needed for potential and existing women business owners. Another concern was the lack of equivalent networking opportunities for women in terms of information sharing, mentoring, and business connections, with 75% of the surveyed women agreeing.

Rating the above barriers against each other in terms of importance, women had a hard time choosing. Obviously education and business training is less of a concern than financing needs and information networks, in that the latter two often have perceived immediate impact on the success or failure of a business. However slightly, short-term financing needs is the barrier women feel has the greatest impact on her business' success.

	Highest Importance	Medium Importance	Low Importance
Short-term financing needs	46%	23%	31%
Educational/business training	17%	40%	43%
Business contacts/ information networks	40%	28%	32%

The National Foundation for Women Business Owners indicates that the most serious self-described barrier to growth among women-owned businesses is the availability of capital. Two thirds (2/3) of their membership report difficulties in working with their financial institutions. There are several factors that disadvantage women in particular in their efforts to secure capital: inadequate collateral, no previous track record, need for small loan amounts and gender bias. The women business owners in Virginia have indicated the same barriers to accessing the capital needed for their companies' growth. When asked to indicate what has been the specific barriers to accessing capital, women felt that the three greatest problems were having a limited track record, the lack of collateral and the attitude/practices of loan officers. (Note when looking at the chart on the following page, the percentages will not total 100% as the respondents could indicate more than one answer.)

**Barriers to Financing According to
Women Business Owners
Table D-1: 1994**



Not having a lengthy track record is a problem faced by all starting businesses. Banks assume a greater risk in lending funds to applicants that do not have a demonstrable business history. It is not uncommon for owning a business to be the first traditional managerial experience for a woman. With the exception of the new micro-loan phenomena, both government and commercial funds have been documentably difficult for women business owners to access.

Nearly 1/3 of the respondents felt that the lack of collateral was a serious barrier to acquiring commercial funding. It is proposed that the lack of collateral stems from the industry in which women tend to open their businesses. Services and retail companies lack hard assets for collateral like machinery and equipment. While they do not often require large amounts of cash for start-up, the hard assets of the company still tend to be insufficient to secure the loan, a fact which compounds the problem of needing small loan amounts. Micro-loans are considered costly and risky to financiers.

Finally, the lender's conscious or unconscious views about women may influence whether a woman will get a business loan. According to previous national studies, many bankers doubt women can successfully manage a business. Bank loan officers rate women lower than men in leadership, autonomy, risk taking, endurance, lack of emotionalism, low need for support and readiness for change -- all seen as critical attributes for successful entrepreneurs. These gender biases further enhance the obstacles women are facing in attempts to access capital. Again in Virginia, nearly 1/3 of the surveyed respondents perceive these biases are one of the main barriers to getting financed. The VSBDC has come across many stories of discrimination of women by the lending institutions. Practices of requiring a man to secure a loan and requiring a husband's biographical information to consider the worthiness of a woman-owned company are seen as only symptoms of a discriminating financing atmosphere.

The National Foundation of Women Business Owners sums up the situation well.

Business financing is one of the most important issues facing small businesses today. It is a key concern among women business owners, who are encountering significant barriers to access to capital. These barriers are hindering the growth of these businesses -- businesses that are growing at a faster rate than the national average despite these hindrances. Removal of these financial barriers would encourage even stronger growth in this important sector, and would result in much greater economic growth throughout the economy.

[Financing The Business: A Report on Financial Issues from the 1992 Biennial Membership Survey of Women Business Owners, pg. 21]

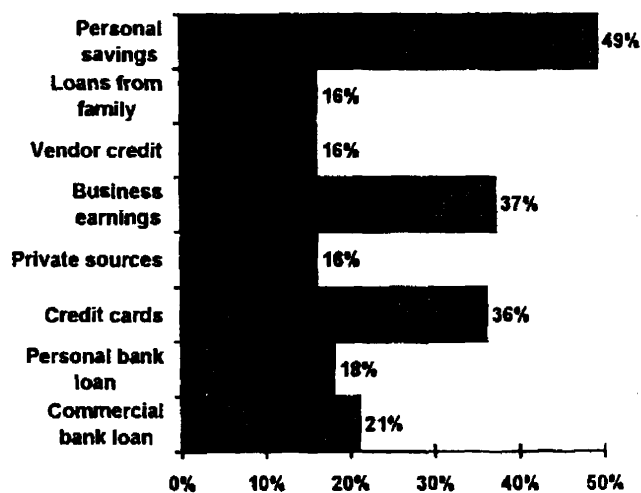
The survey shows that only 21% of the women business owners in Virginia have sought short term financing within the past year. This falls way short of the national average of 75% women business owners seeking such financing. This shortcoming may be a result of the barriers and Virginia's conservative banking atmosphere. This is supported by the fact that while less than 1/3 sought financing, the majority of surveyed business owners felt there are barriers preventing them from accessing capital.

Only 21% of the women business owners surveyed have been able to access funds through commercial bank loans. This is a dangerous trend and yet women are finding ways to finance their short-term capital needs. Typically, the money for growth comes from a combination of a variety of sources, including female entrepreneur's personal savings, personal credit cards, and the earnings from their businesses. This creative combining of resources has resulted in Virginia's women-owned businesses being more dynamic than the national standard. According to the National Association of Women Business Owners, women-owned businesses tend to be stable, however, surveyed Virginian women-owned companies indicate growth and expansion is more likely. The question to be posed is what could these companies be doing with more accessible capital resources.

It is standard for all businesses to acquire 85% of start-up capital from personal assets, family and friends. Women business owners, however, use credit cards as a financing mechanism in disproportionately high numbers. Over 1/2 of women business owners have used credit cards for short-term financing compared to 18% of all small businesses. Male-owned firms tend to use bank loans and vendor credit more than credit cards. This is considered to be a dangerous trend by many sources.

**Financing Short-term Capital Needs
Table C-2**

When we look at existing businesses among the Virginian women business owners we surveyed, their personal savings are the main source of short-term capital, along with earnings from the business. This indicates that not only start-up businesses, but in this case also existing women-owned businesses have an alarming lack of access to credit. Women business owners are adjusting to this lack of credit by heavily using their credit cards when they cannot provide the cash for capital personally or through their business.



Some women are not having problems with approaching banks for business loans. Three-fourths of the respondents who have gotten a commercial bank loan have been in business for at least 6 years. It suggests that once women have acquired the track record and sales of sufficient stature, commercial loans are easier to acquire. However, this leaves newer companies, which do not have the rapid growth potential of manufacturing and high technology, without access. This group includes the majority of female entrepreneurs.

The Access to Capital Symposium: Financing for Women Business Owners was held on September 10-11, 1992 in Washington, D.C. The participants at the Symposium, sponsored by the Federal Reserve, indicated that the main problems were that women business owners do not fit the standard profile for traditional lending sources, they require small loans and venture capital, and there is a lack of access to the network of financing sources. They made three recommendations for solving these problems. It was suggested that banking practices be changed to include more unsecured credit and better use of contract financing and account receivable funding. The number and types of lending pools/funds, including public/private partnerships and joint ventures, needed to be increased. Finally, banks should be allowed to create special categories for small business loans. The results of this Symposium were given to the National Women's Business Council.

Procurement

In 1992, a group of women business owners approached the VSBDC: Virginia's Business Development Network about providing assistance to women-owned businesses and formed the Women's Business Enterprise Taskforce. One of the concerns this Taskforce discussed was the barrier faced by women business owners in the area of procurement. Several women had experienced difficulties bidding on jobs offered by other states and large corporations, citing the lack of a WBE (Women's Business Enterprise) Certification. The Task force's perception was that contracts that might have gone to Virginia based companies were being lost due to a technicality.

The issue was researched and it was discovered that Virginia was one of only sixteen states that does not certify women business owners [except in the case of highway construction companies through the Department of Transportation (DOT) as required by the federal government]. Many states and large corporations have goals for doing business with women business owners and minorities. These goals often require that businesses be certified as a Women's Business Enterprise (WBE) or a Minority Business Enterprise (MBE) in order to qualify. Some states combine the two into one group known as a Disadvantaged Business Enterprise (DBE). State governments usually administer a certification program that is then required by the state purchasing officials as proof of a company's status. Virginia's Department of Minority Business Enterprise currently has regulating authority for certifying minority-owned businesses.

Any recognition of women as a disadvantaged economic group in need of certification or procurement goal must be mandated by the General Assembly. Therefore, in an effort to assist with this issue immediately, the VSBDC developed a WBE Self-Certification. This program was funded in part by Signet Bank for its first year, indicating the private sector interest in having businesses certified. Self-certification, while not officially accepted by many states and corporations, has provided women business owners an opportunity to get their foot in the door. Where in the past, they were told that they had to be certified in their state of operation or they would not qualify, now owners have a chance to explain. Often the self-certified WBEs have the VSBDC explain to other states and private organizations that Virginia has no other certifications for women.

The survey attempted to gauge the access to Virginia's current procurement bidding process by women business owners and their success. Only 70 of 177 respondents have tried to do business with the Commonwealth. Of those who have attempted to do business with Virginia, 29 had at one time received a contract. This means that only 40% of the businesses have even attempted to do business with the state and, of these, only 40% have ever done so successfully. Therefore only 16% of all surveyed women have ever won a contract from the state of Virginia. Because the Department of General Services does not track the sex of ownership of businesses, it is unknown what percentage of the state's contracts go to women.

The majority of women are interested in the possibility of doing business with the Commonwealth, but most are uncertain how to get information and where to go to get assistance with their questions. As seen from the section on barriers, women feel that training on government procurement strategies is greatly needed. It is recognized that the Department of General Services' Division of Purchases and Supply occasionally holds seminars on "How to do Business with the Commonwealth", but obviously the women business owners are not aware of this opportunity.

Of the women who have tried to do business with the Commonwealth, 30% feel that there are barriers to women doing business with the Commonwealth of Virginia. When asked to explain what the barriers were, the comments were very similar.

Many women commented on the lack of information or the clarity of it:

- *I got the letter to make a bid and couldn't understand it. Bid process jargon needs to be explained better.*
- *We need a BBS with procurement opportunities on it, making it accessible to all businesses.*
- *I tried to get an explanation of whether I was eligible to bid on a contract, spending a lot of money and time and never did get an answer. I was constantly passed from person to person.*
- *The greatest barrier is a lack of understanding the regulations.*
- *A how-to-seminar would be nice. I don't know if the state could use my services.*
- *Cost of seminars to find out about procurement opportunities is prohibitive to small businesses.*
- *We need more notice of opportunities.*
- *Updates on available programs and support data should be mailed periodically to small business & minority-owned.*
- *There should be regular faxing of bid opportunities to subscribers.*

There were many complaints about the system by which contracts are awarded. There is a definite perception among women business owners that contracts are awarded based not on quality but on price. Payment delays are also seen as a serious problem, as it is to all small businesses. Often there was the recommendation that women-owned businesses be eligible to be designated as a minority and that a separate purchasing goal be added for women business owners:

- *Add incentives to do business with WBEs, set aside 8-10% for strictly minority women. VA is behind the other states in providing opportunities for women.*
- *Slow payment is the only problem.*
- *We were 2nd in line to win a bid. The 1st bidder was disqualified for not having a "contractor's license", yet they did not let us have the bid. It*

seems the state can change the rules anytime they want, but never the bidder.

- *The State doesn't pay quick enough—prohibitive to small businesses.*
- *State agencies give specs only one vendor could meet.*
- *Size of bid bonds, performance bonds, size of business, length in business are all restrictive regulations.*
- *In general, the larger companies need more incentive to team with women-owned business. I would like to see women-owned business set aside programs. At minimum high percentages going to WBEs as a part of evaluation criteria of state agencies.*
- *We must submit books of information, yet price is the final issue, why not just submit prices if it is the only factor.*
- *Jobs are given to favored companies automatically. The state should help esp. the smallest, youngest businesses -- discern difference between small and micro business.*
- *The state is "lowballing" on contracts.*
- *I have had several experiences with this: There are a lot of contracts that are "wired" or given in advance and the RFPs are just window dressing. We have been in the running for contracts, where the "wired" company, could not do it so the contract was not given.*
- *Set asides for small business is a joke when small business is defined as having less than 500 employees.*
- *The state demanded special discounts, paid slowly and did not pay the late charges..*
- *Extend minority status to women and offer more small business contracting opportunities.*
- *It is impossible to build a relationship due to the bidding process.*

There were more specific recommendations about procurement reform in Virginia:

- *State of VA should buy only from VA firms, bid tallies show state sends bid requests all over the US.*
- *The "bio package" is hard to take seriously, male dominated.*
- *I buy many products from a small manufacturer, which must be tested & state approved for each job, while large companies are tested and approved by lots. Why not me?*
- *Invoice approval system is too cumbersome -- too much time spent "in the mail".*
- *You get points for subcontracting with a WBE, but not if the prime contractor is a WBE.*
- *Give preference to in-state bids and stop sending bids out of state.*
- *Government should take a more active role in scrutinizing larger companies so that smaller companies are not cut out of the procurement process.*

Recommendations

The recommendations that follow are mostly ones that are easily implemented and low cost actions that can have a great impact on the removal of obstacles to women-owned business growth in the Commonwealth.

1. The state of Virginia should take measures to improve the general business climate to ensure the health of small businesses, thereby ensuring the health of women-owned businesses.

The women business owners of Virginia do not see their problems as significantly different from the problems faced by small business in general. The situations that are hindrances to their growth could be improved by Virginia's General Assembly taking steps to make the Commonwealth's business climate friendlier to small business in general. Areas like taxes, regulations and health insurance availability should be reviewed with the goal of vitalizing the small business sector.

2. There should be a permanent presence of a women's business organization representative on the Small Business Advisory Board

Women business owners also require a voice on the Small Business Advisory Board, which currently has permanent minority representation. The Advisory Board provides the small business community a voice in the economic development strategies within the Department of Economic Development. This Board currently has three seats reserved for small business organizations. Consideration should be given to continuing the presence of a women's business organization representative in one of these three seats at all times. A representative from the National Association of Women Business Owners was recently appointed to the Board.

3. The General Assembly should share the study on the barriers to women-owned businesses with the Federal Reserve Bank.

While changes are needed in current banking practices in order to allow access to capital by all small businesses and, in particular, women-owned businesses, this is not an appropriate subject for legislation. Sharing this study with the Federal Reserve Bank demonstrates Virginia's support of women-owned companies on this issue.

4. An individual should be appointed Virginia's Women's Business Advocate.

An individual on staff in the Department of Economic Development's Office of Small Business Development should be designated as the Virginia's Women's Business Advocate. Many states have such advocates to assist in developing programs for women business owners and study closely the needs and successes of this fast growing economic sector. This individual will also fill an all important ombudsman role for women-owned companies. It should be noted that no lobbying activity is in any way suggested for this appointment.

6. The Department of General Services should work with the VSBDC: Virginia's Business Development Network to provide free or low cost information seminars on state procurement procedures and opportunities.

One of the largest complaints by the women-owned firms seems to be the lack of and the confusing nature of information regarding procurement. More specifically, they are looking for information about getting bid opportunities and winning them. The VSBDC's assistance network currently provides free or low cost workshops on a variety of topics. By pairing with the VSBDC, the cost could effectively be reduced or eliminated. It seems that the seminars are currently cost-prohibitive to women business owners because the Department of General Services produces these sessions alone.

7. The State of Virginia should officially recognize the VSBDC: Virginia's Business Development Network's Women's Business Enterprise (WBE) Self-Certification program.

Women business owners make up 33% of the VSBDC's current client base, making it a very accessible forum for information transmission. The VSBDC currently has helped over 300 women-owned businesses self-certify as WBEs and acts in an ombudsman role to find sources of procurement assistance and information.

Appendix I

Additional Comments from Survey

Some respondents made use of the space provided for additional comments. Their comments ranged from reformation of the minority status program to concerns about the regulations imposed on small businesses.

- *The state should review minority status programs and add additional programs for women who do not qualify.*
- *Get a 1-800 number for all agencies that interact with business. It is costly to try and get a question answered, as you are passed around and calling from outside the Richmond area.*
- *A new idea or service adopted by the state should not be dropped during the first year.*
- *The bar code required by Federal government will kill small business.*
- *The obstacles for women business owners are those of all small businesses. However, the traditional roles for women do not prepare them for entrepreneurship, but this can be overcome with tenacity.*
- *Develop more continuing education programs for established firms vs. start-ups on growth opportunities and mentors.*
- *Develop a women's advocacy office like other states!*
- *Create a service to review bids submitted to state for technicalities so that businesses don't lose out for failure to understand jargon.*
- *Have a single contact agency for problems with the state, including project reviews and payment of invoices.*
- *Develop mentoring programs with similar businesses, information needs to be more readily accessible.*
- *Too much taxation—at local level we're taxed on gross revenue not net profit.*
- *Review the environmental regulations.*
- *Seed financing is crucial to the development of small women-owned firms, the state should be responsible for helping women seek these funds.*

Appendix II

Survey Instrument and Process

Purpose:

Small business makes up over 99 percent of all business in Virginia, and has been the generator of much of the economic growth and new jobs in the Commonwealth. Women own nearly 1/3 of all businesses in Virginia and the majority of these women-owned businesses are small businesses. The number of women-owned firms has grown significantly and are playing an increasingly vital role in Virginia's economy. Therefore, this survey is meant to determine the hurdles and obstacles for women who own businesses, in order that the Commonwealth may assist in the fostering of the growth of such businesses.

Instrument and Process:

This study was conducted by surveying the combined membership of the National Association of Women Business Owners in Virginia. This includes the Richmond Chapter, the Blue Ridge Chapter based in Roanoke, the Tidewater Chapter based in Norfolk, and the Capital Area Chapter based in Northern Virginia. The survey was also sent to the VSBDC: Virginia's Business Development Network's database of self-certified women business enterprises. A total of 450 surveys were mailed, with a response received from 177 women business owners, a rate of 39%.

Following is a copy of the survey instrument. Questions were gathered from a variety of sources. Other states were polled for samples of needs assessment studies done on women-owned businesses and used as models. The instrument was designed to be self-mailing to encourage a high rate of reply.

STUDY ON WOMEN BUSINESS OWNERS

Senate Joint Resolution No. 102

Please take a few minutes to answer the questions below about your business and your perception of today's marketplace. Print clearly and answer each question completely. Thank you for your time!

PROFILE OF WOMEN BUSINESS OWNERS:

Type of Business

- Retail
- Manufacturing
- Finance/Insurance/Real Estate
- Health Services
- Wholesale Trade
- Construction
- Business/Professional Services
- Non-professional services
- Other _____

How many locations do you have?

- Home-based
- One location
- 2-5 locations
- 6-10 locations
- More than 10

How many employees do you have?

- 0 (self-employed)
- 1-4 people
- 5-15 people
- 16-30 people
- 31-50 people
- 51-100 people
- over 100 people

Are you married? yes no

Do you have children at home?

yes no

What is your age group?

- under 35 years 46 - 55 years
- 36 - 45 years over 55 years

Please circle the number of years of education you have completed:

- 9 10 11 12 13 14 15 16
High School College
17 18 19 20+
Graduate

Please rank the following issues in importance to your business from 1 to 9. (1 = most important)

- health care issues
- workers' compensation
- business/property sales tax
- workforce training/education
- unemployment compensation
- environmental/recycling mandates
- Americans with Disabilities Act
- government financing
- regulations/reporting requirements

In the past year, my business has...

(please check all that apply)

- improved operating methods
- developed a new product/service line
- expanded into new markets
- purchased a building facility
- sought additional financing
- added new employees
- upgraded technologically
- sought professional advice

How long have you owned your business

- Less than one year
- 1-5 years
- 6-10 years
- 11-15 years
- More than 15 years

Your gross annual sales last year were:

- Less than \$100,000
- \$100,000 to \$199,999
- \$200,000 to \$499,999
- \$500,000 to \$999,999
- \$1,000,000 to \$2,999,999
- over \$3,000,000
- over \$10,000,000

OBSTACLES FOR WOMEN BUSINESS OWNERS:

Do you believe women-owned businesses in particular have difficulty accessing short-term capital? Agree Disagree Sometimes

Historically, women have been encouraged to pursue more traditional education and occupational paths. Do you believe there is a lack of formal business-related education among women? Agree Disagree

Do you think more technical business training is needed for potential and existing women business owners? Agree Disagree

Compared to their male counterparts, do you believe there is a lack of equivalent networking opportunities for women in terms of information sharing, mentoring and business connections? Agree Disagree

If you perceive the above items as barriers, please rate them in terms of importance from 1 to 3. (1= most important)

- Short-term financing needs
- Educational/business training
- Business contacts and information networks

Have any of the following been barriers to your accessing capital?

(Check all that apply)

- lack of collateral
- size of loan
- limited track record
- the attitude/practices of loan officers
- no relationship with a bank

How have you traditionally financed your short-term capital needs?

- commercial bank loan
- personal bank loan
- credit cards
- private sources
- business earnings
- vendor credit
- loans from family members
- personal savings

COMMONWEALTH of VIRGINIA
 Department of Economic Development
 Virginia Small Business Development Center
 901 E. Byrd Street, Ste. 1800
 Richmond, Virginia 23219
 Attn: Jennifer Kleinholz

What business services do you think would be of value to small business owners? Please rate them from 1 to 5.

(1 = most valuable)

- One-to-one technical assistance by trained counselors
- Financing programs for small business loans
- Assistance to start-up businesses
- Mentoring programs pairing new and mature businesses
- Workshops and training on business issues

What areas of business training do you believe would be most beneficial to your business? (Check all that apply)

- Marketing strategies
- Developing a business plan
- Managing cash flow
- Preparing/understanding financial statements
- Managing employees
- Government procurement strategies
- Technology training
- Other _____

STATE GOVERNMENT PROCUREMENT

Have you ever tried to do business with the Commonwealth of Virginia? Yes No

If yes, did you receive the contract you bid on? Yes No

Are you interested in procurement opportunities with the Commonwealth of Virginia? Yes No

Do you know how to receive information on state procurement? Yes No

Are you familiar with small business assistance programs available through the state/federal government? Yes No

If you have sold your products or services to the Commonwealth, were there any unnecessary regulations or barriers that could have or did prohibit you from doing business with the state? yes no If yes, please explain...

What services, policies or regulations would you like the state to add or review?

Please feel free to make any additional comments:

The Virginia Business Development Network is a component of small business assistance centers sponsored by the Virginia Department of Economic Development, the U.S. Small Business Administration and local business and academic organizations. The VSBDC is partially funded under Cooperative Agreement No. 4-7770-0053-05 by the United States Small Business Administration. The support given by the SBA does not constitute an express or implied endorsement of any of the co-sponsors' or participants' opinions, findings, conclusions, recommendations, products, or services. All of the SBA's programs and services are extended to the public on a non-discriminatory basis.