

Federal Spending with Women-Owned Businesses Increased in FY2002, But 5% Goal Still Unclaimed

The highest share of Federal contract dollars ever spent with women-owned businesses occurred in FY2002, although this share (2.9%) still fell far short of the 5% goal set by the Federal Acquisition Streamlining Act (FASA) of 1994.

This information is part of a new *Issue in Brief* from the National Women's Business Council, "Federal Contracting with Women-Owned Businesses: FY1997 to FY2002." The brief examines the current state of Federal contracting with women-owned small businesses on a government-wide and agency-specific basis, drawing upon newly-available information on FY2002 agency goaling achievements as well as data for the previous five years.

In FY2002, \$6.8 billion in Federal procurement dollars was spent with women-owned small businesses out of a total spend of \$235.4 billion. The overall share of dollars spent

with women-owned small businesses was 2.9%, up from 2.1% in FY 1997. Although progress has been made, and despite continued growth in the number and economic impact of women-owned firms, the 5% goal has never been achieved on a government-wide basis.

"This study provides critical information about the current share of Federal contract dollars spent with women-owned businesses and how it compares to recent years," said Marilyn Carlson Nelson, Chairman and CEO of Carlson Companies and Chair of the National Women's Business Council. "While we've seen important progress, there is clearly much more to be done. The Council stands by its recommendation that continued aggressive efforts should be taken to increase access for women-owned firms in Federal contracting. We will continue to find
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Did You Know?

In recognition of **Hispanic Heritage Month** (September), the NWBC has compiled the following facts about Latina business owners:

- Nearly four in ten (39%) minority women-owned firms are owned by Hispanics. Firms owned by Hispanic women now represent 8% of all privately-held, majority-owned women-owned firms in the U.S.
- As of 2002, there are an estimated 470,344 majority-owned, privately-held firms owned by Latinas in the U.S., employing nearly 200,000 people and generating \$29.4 billion in sales.
- Between 1997 and 2002, the number of Hispanic women-owned firms increased by 39% and sales grew by 8%. Employment decreased by 16% over this period.
- The greatest growth by industry in the number of Hispanic women-owned firms from 1997 to 2002 is seen in: transportation/communications/public utilities (57% growth); services (36% growth) and construction (18% growth).

From: Center for Women's Business Research using data from the U.S. Census Bureau.

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Thoughts on Federal Procurement from A. Jo Baylor, Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) at the U.S. Department of Housing and Urban Development



President Bush recently said, "The heart of America is small business. Seventy to eighty percent of the businesses in this country are small. If we don't give them an opportunity to demonstrate their work, then a lot of them may never get the opportunity."

At the U.S. Department of Housing and Urban Development (HUD), Secretary Mel Martinez and Deputy Secretary Alphonso Jackson are fully committed to ensuring their agency is providing small businesses the opportunity the President was talking about, and it is working.

Currently HUD has awarded 51% of its contract dollars to small businesses and 37% to women-owned businesses. Small businesses that are not marketing to the U.S. Department of Housing and Urban Development are making a mistake.

As a former small business owner, I know the problems that small companies face in dealing with the government. Small businesses have problems with accessing capital, accessing information, and accessing the decision makers. When I first came to HUD's OSDBU, I wanted to improve small business access. I knew I could not do anything about access to capital since we are not in the business of making direct business loans; but we could have an impact on access to information and access to the decision makers.

Access to Information

Federal agencies are required by law to compile and to make available projections of contracting and/or subcon-

tracting opportunities that small and disadvantaged firms may be able to perform. Agencies must publish this document, the Forecast of Contracting Opportunities (Forecast), once a year. At HUD, we update and publish this document on a weekly basis. We take it with us to the more than 80 small business outreach events in which we participate across the nation. We give it to 70 to 80 small businesses that come to our office on a weekly basis, including those that participate in our Thursday Small Business Open House meetings.

Access to the Decision Makers

HUD's Forecast contains the names of program staff along with their phone numbers and e-mail addresses for direct access. The Agency sponsors free vendor outreach programs where it invites small businesses to come and meet the program managers to discuss procurement opportunities.

As a result of its new initiatives, HUD has earned several awards. In May of 2003, HUD was recognized by the Women's Business Network for its awards to women-owned businesses that topped all other federal agencies for 2002. This month for the third consecutive year HUD will accept the Frances Perkins Vanguard Award, which honors federal agencies that have excelled in their use of women-owned small businesses as prime contractors and subcontractors, from the Small Business

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Quote of the Month

"The Federal government purchases \$252 billion dollars of goods and services from the private sector and women business owners receive 2.9% of that amount! Women business owners make up 38% of all businesses so what is wrong with this picture? WIPP members understand that if you run a business, you had better be involved in politics or politics will run your business! WIPP has a strong Washington presence, where we introduce our members to policy makers and promote changes in procurement policy to better serve small business. 460,000 women in business is a force to be reckoned with and we are making sure the folks in Washington understand that 2.9% is a long way from acceptable."



Terry Neese, President, Women Impacting Public Policy, and National Women's Business Council member

Thoughts on Federal Procurement, cont.

Administration (SBA).

My advice to women business owners interested in federal procurement is very simple: do your homework, list your credentials, establish relationships and be patient. Before you come in to HUD make sure that we procure what you are selling. List your credentials such as woman-owned business, 8(a) and HUBZone certifications on your business cards and capability statements. Introduce yourself to the OSDBU and program staff and establish relationships. In this high tech world it is still high touch that will win you your contract. And finally be patient; you probably will not receive a contract on your first few visits.

In October of 2002, the President told federal procurement officials to cut back on bundling since it makes it difficult for small businesses to compete for federal dollars. He understands the detrimental effects of bundling on small businesses. I am pleased to be a part of the Administration's team, helping to make the President's vision of a small business friendly government come to life.

Special Small Business Administration Event Recognizes Top Women Entrepreneurs

The U.S. Small Business Administration celebrated the success of women-owned businesses in the U.S. by recognizing some of the nation's best and brightest women entrepreneurs at a special breakfast event held on September 18, 2003.

“Celebrating Women in Business” featured special guest speakers **Vice President Richard B. Cheney** and **SBA Administrator Hector V. Barreto**. Hewlett Packard CEO **Carleton S. Fiorina** also spoke via satellite. SBA Deputy Administrator **Melanie R. Sabelhaus** hosted the event, at which more than 100 women's business organizations were represented.

The event was conducted in co-sponsorship with HP and was part of the SBA's National Entrepreneurial Conference & Expo (NECE), held September 17-19, 2003. NECE is one of a series of events across the country to help mark the SBA's 50th anniversary.

Women's Business Connection... a monthly business issues conference call brought to you by the National Women's Business Council

September Topic: The Growth of Latina-Owned Firms

Moderator: Elizabeth Lisboa-Farrow, Past Chair, U.S. Hispanic Chamber of Commerce, and member of the National Women's Business Council

Date: Tuesday, September 23, 2003,
3:00 PM - 4:00 PM EDT

October Topic: Access to Growth Capital

Date: Tuesday, October 28, 2003
3:00 PM - 4:00 PM EST

How to Join: Participants may join the call by dialing **1-877-326-2337** (toll free) and entering code **#3687613**.

Previous "**Women's Business Connection**" conference calls are available to those who were not able to join them live. Visit the "**Women's Business Connection**" section of the NWBC's web site (www.nwbc.gov) to find out how you can hear past calls.

"**Women's Business Connection**" is always on the fourth Tuesday of each month at 3:00 PM ET; we encourage you to join us regularly!

“Celebrating Women in Business” honored a dynamic group of women entrepreneurs who represent the changing face of entrepreneurship and range in service from a construction firm to a shoe designer. The honorees recognized included:

- **Tina Cordova**, President and CEO of Qestion Construction;
- **Lurita Doan**, president of New Technology Management;
- **Rebecca Matthais**, president and COO of Mothers Work; and
- **Dr. Taryn Rose**, president and founder of Taryn Rose International, Inc.

Federal Spending, cont.

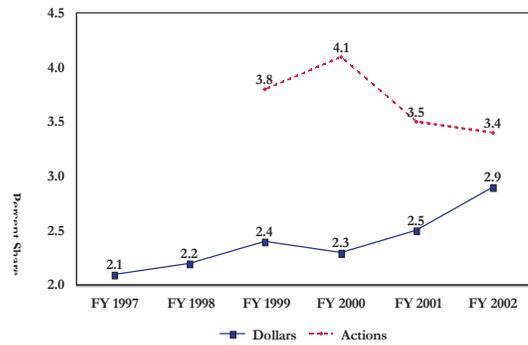
ways to give women business owners the necessary tools and information to succeed in the Federal market. I wish to congratulate those agencies that are recognizing the high value of the goods and services women business owners produce to satisfy our nation's needs."

Seven of the major Federal agencies met the 5% contracting goal to women-owned small businesses: Department of Housing and Urban Development (HUD) (19.8%); National Science Foundation (NSF) (8.9%); Department of Commerce (8.5%); Executive Office of the President (7.7%); Department of the Treasury (6.1%); Department of Labor (5.1%); and Department of Interior (5.0%). The Federal agencies that have most improved their share of spending with women-owned small businesses over the past five years include: HUD; NSF; Executive Office of the President; Department of Labor; Office of Personnel Management; Department of Commerce; and Department of Agriculture.

In an effort to increase the amount of Federal contracting dollars to women-owned businesses, the NWBC has recommended the following policy actions:

- 1) Implement the Administration's October 2002 strategy on contract unbundling (including in subcontracting).
- 2) Support measurable contracting goals.
- 3) Penalize firms that use women subcontractors to win a bid, but do not follow through by giving them the business.

Share of Federal Contract Dollars and Actions to WOSBs: FY1997 to FY 2002



The complete *Issue in Brief* (along with additional tables) is available at the NWBC's web site, www.nwbc.gov. Another recent report, "Scorecard IV---Federal Agencies: Closed to Small Business," also provides information on the Federal government's efforts to support small business by grading 21 Federal agencies on their efforts in this area. This scorecard was prepared by Rep. Nydia Velazquez (D-NY) and the Democratic staff of the House Small Business Committee and is available at <http://www.house.gov/smbiz/democrats/Reports/scorecardIV.pdf>.

Womenbiz.gov

The gateway for women-owned businesses selling to the Federal government

The National Women's Business Council is pleased to host and maintain this web site, which is organized to target the five specific stages that a woman business owner should go through as she begins to explore whether the Federal government is the right customer for her. Whether you are just starting to think about bidding on your first government contract, or you are about to submit your tenth proposal, there are key pieces of information about selling to the Federal government that can be useful to you at any stage of your business.

The site contains comprehensive listings of key contacts, such as Federal agencies and a guide for locating each Office of Small and Disadvantaged Business Utilization (OSDBU), as well as important links to Federal procurement web sites (like www.fedbizopps.gov) and information about upcoming business matchmaking events. The site also features new information for women-owned small businesses marketing to the Federal government and its prime contractors.

Visit www.womenbiz.gov today!

Women Business Owners, Self-Employed to Benefit from Census Bureau Survey

The U.S. Census Bureau is asking thousands of women who are business owners to participate in an important survey. Beginning Sept. 2nd, selected businesses received the 2002 Survey of Business Owners (SBO). Answers to the questions in the survey are, by Federal law, confidential. The survey is taken every five years. The SBA and other agencies will use the results of this survey to allocate resources for their business-promotion programs.

In addition to collecting the gender, race and ethnic background of business owners, the survey features new questions about the age, education, veteran status and primary business functions of the business owners. Other new questions ask when the business was started, sources of equity capital for start-up or acquisition and types of customers and employees. Also new are questions about home-based businesses, family-owned businesses and franchises.

Business owners have 30 days to complete and return the forms. Starting Sept. 2nd, survey respondents may obtain assistance via a toll-free number, 1-800-233-6132, between 8:00 AM and 8:00 PM EDT, Monday through Friday. They also may access an Internet help page <http://help.econ.census.gov/econhelp/sbo/>. The first reports from the survey are scheduled to be released in mid-2005.

"Inner City 100" Call for Nominations

The Initiative for a Competitive Inner City (ICIC) is embarking on their 6th annual search for the fastest growing businesses in inner city America. If you know of any women business owners in urban areas who meet the following criteria, please inform, persuade, cajole and/or exhort them to nominate themselves and their firms as one of the "Inner City 100." The criteria include:

- An independent, for-profit corporation, partnership, or proprietorship.
- Headquartered in or have 51% or more of its physical operations in economically distressed urban areas.
- Have 10 or more employees in 2002.
- Have a five-year operating sales history that includes at least six months of sales revenues in 1998, increase in 2002 sales over 2001 sales, and sales of at least \$200,000 in 1998 and at least \$1 million in 2002.

Last year, just 12 of the 100 firms were women-owned - we'd love to see that number increase! Interested parties may apply - **before October 15th** - at: www.innercity100.org/IC100ApplicationForm.asp. For any questions or additional information, please contact Dennis Andrade at ICIC at 617-292-2363 x114 or dandrade@icic.org.

Regulatory Agencies Earn Improving Grades from SBA

Federal regulatory agencies are doing better at creating and maintaining a small-business friendly attitude toward the nation's small businesses, according to the FY2002 annual report to Congress from the U.S. Small Business Administration's National Ombudsman. More than 30 agencies and their divisions received ratings from National Ombudsman Michael Barrera on their resolution of complaints about excessive enforcement.

"The ratings and the report are indicators of the government's relationship with the small business community," said SBA Administrator Hector V. Barreto. "Some regulations are necessary, but when enforcement is excessive or unfair, time and money is diverted from employee training, customer service, facility improvements, or healthcare benefits. As a result of the Congressional authority granted the ombudsman's office and the direction provided by President Bush's agenda for small business, the creative energy of the nation's entrepreneurs is where it belongs - helping the economy expand and grow by putting more Americans to work."

The report is available online at www.sba.gov/ombudsman/dsp_reports.html. For more information about the SBA Ombudsman's office or to file a comment or concern, go to www.sba.gov/ombudsman, or call 1-888-REG-FAIR.

Organizations of the Month

Women's Business Enterprise National Council and the National Minority Supplier Development Council

This month we highlight two organizations that have made meaningful contributions in the campaign to help more women business owners access business opportunities.

The **Women's Business Enterprise National Council** (WBENC), founded in 1997, is the nation's leading advocate of women-owned businesses as suppliers to America's corporations. It also is the largest third-party certifier of businesses owned and operated by women in the United States. Dedicated to enhancing opportunities for women's business enterprises, WBENC works in partnership with women's business organizations to provide a national standard of certification for women-owned businesses. WBENC is also a resource for the more than 500 U.S. companies and government agencies that rely on the WBENC certification as an integral part of their supplier diversity programs.

The **National Minority Supplier Development Council** (NMSDC) provides a direct link between corporate America and minority-owned businesses. The organization is one of the country's leading business membership organizations and was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes. The NMSDC Network includes a National Office in New York and 39 regional councils across the country. There are 3,500 corporate members throughout the network, including most of America's largest publicly-owned, privately-owned and foreign-owned companies, as well as universities, hospitals and other buying institutions.

To learn more about these organizations, visit their web sites at www.wbenc.org (WBENC) and www.nmsdc.org (NMSDC).

Upcoming NWBC Research

- **Women's Entrepreneurship Around the Globe: An Analysis from the Global Entrepreneurship Monitor, 1999 - 2002**, October 2003
- **State Economic Networks for Women Business Owners**, October 2003
- **Enterprising Women, Yesterday and Today: An Issues Discussion**, November 2003

Council Members

Chair

Marilyn Carlson Nelson, Chairman and CEO
Carlson Companies, Inc.

Jean Johnson, President and CEO
LegalWATCH

Laurie McDonald Jonsson, President and CEO
Stellar International

Karen Kerrigan, President and CEO
Women Entrepreneurs, Inc.

Claudia Laird, Vice President, Ability Center,
and an owner of LIDCO, Inc.

Terry Neese, President
Terry Neese Personnel Services

Sheri Orlowitz, Founder, Chairman and CEO,
Shan Industries, LLC; Founder and Owner,
OrloVon, LLC

Annie Presley, Principal and Owner
The McKellar Group, Inc.

Women's Business Organizations

Agnes Noonan, National Board
Association of Women's Business Centers

Whitney Johns Martin, Past President
National Association of Women Business Owners

Dr. Lydia Mallet, Past President
National Coalition of 100 Black Women

Elizabeth Lisboa-Farrow, Immediate Past Chair
U.S. Hispanic Chamber of Commerce

Dr. Marsha Firestone, Founder and President
Women Presidents' Organization

Susan Bari, President
Women's Business Enterprise National Council

Upcoming Events in the Women's Business Community

U.S. Hispanic Chamber of Commerce's 24th Annual National Convention and Business Exposition

Phoenix, AZ

October 1 - 4, 2003

www.usbcc.com

National Association for Community College Entrepreneurship Conference

Springfield, MA

Oct 12 -15

www.nacce.com

Business Women Network's 2003 Women & Diversity Leadership Summit

Washington, DC

October 14 - 15

www.summit.bwn.com

Linkage Women in Leadership Summit

Boston, MA

November 3 - 5, 2003

www.linkageinc.com

C200 Annual Conference, Sponsored by Carlson School of Business at the University of Minnesota

Minneapolis, MN

November 6 - 7, 2003

www.c200.org

American Business Women's Association National Convention

Las Vegas, NV

November 10 - 14, 2003

www.abwa.org

Women's Leadership Exchange Conference

New York City, NY

November 14, 2003

www.womensleadershipexchange.com

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Council Mission

The National Women's Business Council is a bi-partisan Federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners.

The Council's mission is 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, from start-up to success to significance.