

Small Business Administration
National Women's Business Council



Key Contributions of Women-Led Businesses

Executive Summary

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The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the National Women's Business Council, the United States Small Business Administration, or the United States Government.

Concetrance Consulting Group prepared the following report on the distribution and contributions of Women-Led businesses, using data developed by the Census Bureau from the 2002 Survey of Business Owners (SBO) for the National Women's Business Council. The Census Bureau data included number of firms, industries, revenues, compensation, demographics, and customer type for Women-Owned & Led (WOWL) firms. We incorporated additional SBO data to differentiate Women-Led firms from Women-Owned firms. The following represent highlights of our data analysis.

Women-Led businesses made substantial contributions to the US economy in 2002.

- ❖ There were 1,017,804 Women-Led firms, which constituted 14% of all Women-Owned & Led firms.
- ❖ Women-Led businesses generated \$306 billion in revenues, or about 3% of U.S. Gross Domestic Product for 2002.
- ❖ Women-Led firms retained 2.5 million employees, and paid \$56 billion in payroll in 2002.

Women-Led businesses were not evenly distributed across the United States.

- ❖ Thirty four percent of Women-Led firms were located in just five states: California, Texas, Florida, New York and Illinois. Thirty six percent of receipts for Women-Led firms were earned in those states.
- ❖ California had the highest number of Women-Led firms and was the only state with over 100,000 Women-Led firms.
- ❖ The District of Columbia had the lowest number of Women-Led firms and was the only region with fewer than 1,000.

Women-Led businesses had relatively larger numbers in states with smaller populations.

- ❖ The states with highest concentrations of Women-Led firms relative to all firms were Idaho, Montana, Oregon, South Dakota, and Wyoming.
- ❖ California, New York, Massachusetts and the District of Columbia had low concentrations of Women-Led firms relative to all firms.

Most Women-Led businesses were led by White women.

- ❖ In this study we examined the varying capture rates of five racial/ethnic groups in 13 urbanized states. By capture rate, we mean how well a race/ethnicity's percent of Women-Led businesses matched that race/ethnicity's percent of total population for the state.¹
- ❖ White women had higher capture rates of Women-Led businesses in states with lower White populations. For instance, of the states we examined, California had the lowest percentage of White population (54.5%), but White women had the highest capture rate of Women-Led firms. In contrast, the lowest capture rates for White women were in states with high percentages of White populations (Wisconsin, Ohio, and Oregon).
- ❖ Asian women had their highest capture rates of Women-Led businesses in Texas, Florida, and Pennsylvania.
- ❖ Hispanic or Latina women had their highest capture rate of Women-Led businesses in Florida, with low rates in Wisconsin and Oregon.
- ❖ Black or African American women had low capture rates of Women-Led businesses in every state that we examined. The highest rates for Black or African American women were in Texas and California.
- ❖ Blacks or African Americans, Hispanics or Latinas, and American Indians or Native Alaskans never captured the number of Women-Led firms that their shares of population would have indicated.

A small number of industries accounted for most of the numbers of Women-Led firms and most of the receipts.

- ❖ Five industries accounted for more than 60% of the number of Women-Led firms. Five industries also accounted for more than 68% of receipts. (These groups were not identical.)
- ❖ Retail trade was the industry with the highest number of Women-Led firms (20% of the total) and the highest amount of receipts (25% of the total).
- ❖ Sixty percent of Women-Led firms were concentrated in industries whose receipts fell below the average revenue for all industries.
- ❖ Receipts per Women-Led firm were highest in wholesale trade; manufacturing; and management of companies. There were relatively low numbers of Women-Led firms in these industries.
- ❖ Real estate and rental and leasing; professional, scientific, and technical services; and other services (except public administration) ranked among the lowest industries for receipts per Women-Led firm, although they ranked among the highest industries in terms of number of firms.

¹ Capture rates are discussed in the body of the report in Section IV C.