

ARE WE GROWING FAST ENOUGH?

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Most women business owners have heard the news by now that female entrepreneurs are opening their own businesses at twice the rate of men and now own 9.1 million businesses in the United States. These account for 38 % of all U.S. firms, \$3.6 trillion in annual sales and more than 27.5 million employees. “YEAH for us,” right?

Yes and no.

It's marvelous that women are not accepting the glass ceiling. Some, like Pat Russo of the Lucent Corporation and Carly Fiorina of Hewlett Packard stay within corporations and land senior executive level positions. And some of us go around the glass ceiling by naming ourselves “President” of our own companies. In many ways, it isn't difficult to open a business in this country. A few forms need to be filed and a few fees need to be paid, but in general starting a business is not the challenging part. The tough part is growing a micro business into a thriving enterprise that consistently provides solid compensation for the owner, opportunities, and options when the owner feels ready to move on to something else (like retirement).

OK, now some of you readers are saying to yourselves, “Hey, our male counterparts do the same thing we do. Well over 90% of ALL businesses have less than 6 employees.” Or you might be thinking, “I like my business at its current size. I created it to do what I want to do, not have the burden of managing lots of people, and/or have more time to spend with my family.” But, if you have owned your micro-sized business for more than a few years, you are probably feeling some of the pressures and risks of remaining small.

The micro-business does not sustain itself when you need an extended vacation or you have a serious injury or illness. Often lucrative customer contracts are lost to larger competitors. When the woman business owner starts thinking about retirement, often there is nothing really available to sell since so much of the value is related to her reputation, skills, relationships, and knowledge. I refer to most of the micro businesses as “incorporated careers” because the business revolves around the career of the owner. Plus, many incorporated careers are built around one major client (perhaps the former employer of the owner). This leaves the woman business owner even more vulnerable. In many ways, she is just an employee with little job security and a lousy benefits plan. By the way, a business that has multiple owners can still be an “incorporated career” if the business is primarily driven by the personal preferences and needs of its owners.

The owners of “incorporated careers” do gain experience in providing services and products. For example, when a graphic artist opens her doors, she gains experience with different kinds of client assignments. The same is true for management consultants, engineers, architects, etc. The owner of an incorporated career also gains some experience in selling, but that learning is limited by the number of hours available to her in a given year. If she spends 60-70% serving her customers, very little time is available for marketing and sales. Plus she will become reluctant to invest more time and money in marketing and sales...because it might work and then she will be over-committed. And the owner of an incorporated career also has opportunities to learn about administrative functions like bookkeeping, paying taxes, dealing with vendors, and screening email. But most owners of micro-sized “incorporated career” businesses have very little opportunity to learn and practice true leadership skills. A very small percentage of women business owners are actually “Presidents” of their enterprises.

If you see yourself in the description above and wonder what your options are, the place to begin is clearly with yourself. What do you truly want? Are you open to learning new skills, expanding your horizons, taking a few more chances (although they do not need to be fool hearty risks)? Then another place to look for answers comes in the form of what I call the “5 X 5 of Women Business Owners.” Each of five things that involve the number 5 have a huge impact on the stunted growth of women owned businesses. Think about the implication to the future of your business as you read these.

Less than 5% of government procurement dollars goes to women owned businesses. In fact, in most states, it is well below 5%. Most states (all?) have certification programs for women owned, minority owned, and small businesses in general. Talk to anyone who administers such programs and they will tell you that their biggest problem is attracting companies to even apply for certification. Most government agencies have the equivalent of “preferred vendors” and the same thing happens. Too few women-owned businesses even apply. WBENC (Women's Business Enterprise national Council was founded in 1997. Ask their President, Susan Phillips Bari, and she'll tell you the same thing. We women business owners don't respond at the rate one might predict we would.

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Less than 5% of all corporate purchasing goes to women owned businesses. Corporation purchasing departments have lists of approved or preferred vendors and women-owned businesses aren't there in part because so few of us even apply. Could we do more strategic alliances with complementary businesses so we feel more prepared to handle a large order from a corporation? Could we recruit more subcontractors and/or employees who could help us handle a larger project?

Less than 5% of all venture capital goes to women owned businesses. It's not that we are being turned down. Across the country, only 1 in 25 applications for venture capital comes from a woman owned firm, so our "hit rate" is actually pretty good. Now I recognize the risks associated with venture capital. Many women business owners simply do not want to give up control of their businesses. But the majority of traditional bank loans and lines of credit are still going primarily to our male counterparts, so it's not just about control issues. Do we believe in our businesses enough to take on some debt to build them further? Plus we can learn how to share control with another interested party. One of my businesses had over 30 partners and that was easier in many ways than the business that had two equal partners. Either we are open to input from informed people or we aren't. Again, this goes back to the purpose and identity of our business.

Less than 5% of paid board positions are filled by women. Again there are some risks here, but the low number reflects a lack of peer style networking with high-level executives. It also reflects a degree of ineffectiveness on the part of associations serving women business owners. Perhaps association endorsements are not sent out and/or in some instances would not be taken seriously if they were. People want to buy from winners and our resumes matter to prospective customers.

And the most telling of the 5X5, is that women business owners are five times more likely to dissolve their businesses (as opposed to selling) than our male counterparts. My consulting firm conducted research about this dynamic in the early 1990s and again in the early 2000s and sadly the numbers have not improved very much at all. To me, this fact is indicative of the extent of our progress as women business owners. We sure know how to start companies. We sure know how to take care of our customers. If you want super service, go to a woman owned business. But only a small percentage of us are choosing to really grow our companies.

Now don't get me wrong. Am not saying that we aren't capable of doing it. Just the opposite. I feel like I am on a soap-box encouraging women business owners to truly bring out the entrepreneur that is within so many of us. Think of all of the bright, energetic, creative, caring women business owners you know. We deserve to have

money for our retirement after working so hard to take care of our customers.

Some of us simply need encouragement from our peers. Master-mind groups can work fairly well (where a small group of women business owners meet on a regular basis to encourage one another, address issues, and teach one another). Participation in organizations like TEC can be beneficial to the owner of an incorporated career who wants to make the transition to truly become a President of an enterprise. The Executive Committee is an international organization with local master-mind style groups. Essentially each participant serves as a member of the advisory boards for each other member. TEC makes sure that there is only one member from within a given industry so participants are not revealing confidential information to competitors.

Some of us will prefer to acquire new knowledge and skills through formal education. Chances are that there is a university or college near you that has a program specifically designed for entrepreneurs.

The most important thing is for each of us, as women business owners, to think about our futures. Where will you be in 5 or 10 years? Is your business providing comparable compensation and savings to a corporate position that matches your experience and skills? Will the current structure of your business serve you well 5, 10 years from today? What do you need to consider, explore, and learn to prepare yourself for the transition from the "chief doer" in an "incorporated career" to the Owner/President of a true enterprise?

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*"Known as **The Growth Strategist**™, Aldonna R. Ambler, CMC, CSP helps professional service firms, technology-driven businesses, and construction-related product/service for distribution companies reach their goal of **Achieving Accelerated Growth With Sustained Profitability**® through a combination of speaking, consulting, executive coaching, authorship, and growth financing. She has executed an ESOP, grown multiple international businesses, won just about every major award an entrepreneur can win, provided expert testimony on economic growth at over 30 legislative hearings, conferred with 4 different Presidents in the Oval Office, and published two books and over 100 articles. Aldonna was named the **national (USA) "Woman Business Owner of the Year" for 2000**. She currently hosts a weekly Internet radio show, **The Growth Strategist**™ on VoiceAmerica Business (www.business.voiceamerica.com) every Tuesday at 11 a.m. ET. Aldonna Ambler can be reached at Aldonna@AMBLER.com, 1-888-ALDONNA (253-6662) or at www.TheGrowthStrategist.com."*