

The Million Dollar Mantle: A Coat of Many Colors

A Research Summary

from the Make Mine a Million \$ Business® (M3) Community

The **Make Mine a Million \$ Business (M3) community** is a network of over 26,000 women entrepreneurs who have made a commitment to grow their firms to the million-dollar level. Currently, less than 3% of the 10.4 million women-owned businesses in the U.S. generate \$1 million or more in revenues annually. Fully 35% of the members of the M3 community are women of color, compared to 23% of all women-owned firms nationwide.¹

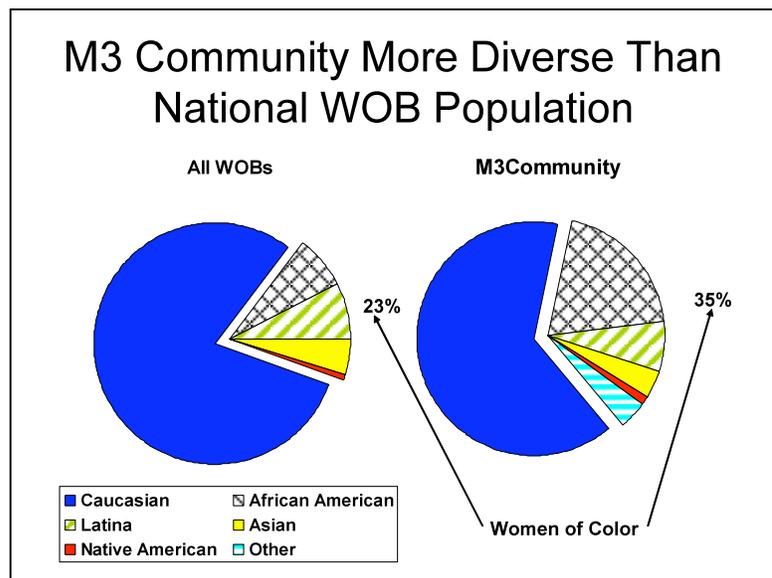
Quick Facts					
The M3 community is more diverse than is the women-owned business population nationally					
	Total	African American	Asian American	Caucasian	Latina
Racial/ethnic distribution of M3 community	100%	20	4	65	7
All women-owned firms (US Census)	100%	8	5	86	8
Achieving work-life balance is a key entrepreneurial motivation overall, but being one's own boss and building a legacy/achieving recognition have heightened importance for women of color					
	Total	African American	Asian American	Caucasian	Latina
<u>Top 3 Motivations for Business Ownership</u>					
To have greater work-life balance	29%	23%	8%	31%	41%
To be my own boss	22	23	40	21	14
To build a legacy/achieve recognition	13	18	23	10	18
Women of color – especially African Americans and Latinas – are more cognizant of the impact they can have as a role model for their families and communities; Asian Americans also appear to be more internally motivated					
	Total	African American	Asian American	Caucasian	Latina
Percent who say that “I made my idea happen” is what makes them most proud of being an entrepreneur	37	28	53	40	32
Percent who say that “setting an example/being a role model for my family” is what makes them most proud of being an entrepreneur	14	21	8	12	20
Percent who aspire to be a role model for other women business owners	92	98	83	91	94

Asian American M3 members are most likely to work with their spouse/partner; women of color who have worked with domestic partners are much more evenly divided than Caucasian women on whether to blend their personal and professional lives or keep them separate					
	Total	African American	Asian American	Caucasian	Latina
Percent who currently or have in the past worked with a spouse/partner in their business	37	29	52	39	34
<u>(If have worked with spouse/partner) "Couples who work together ...</u>					
... need to be able to blend their personal and business lives."	71	51	60	79	48
... need to keep their business and personal lives separate."	29	49	40	21	52
Latinas and African Americans are the most style-conscious, Asian Americans and Caucasians the least concerned with looks					
	Total	African American	Asian American	Caucasian	Latina
Percent who believe that their appearance affect their business success, and they put energy into it	64	70	53	62	69
Percent who say that "when I look good I feel good; personal beauty is an important part of my daily routine"	50	59	38	45	68
Number of Cases	(1,162)	(228)	(40)	(726)	(74)

Key Findings

The million dollar mantle is a coat of many colors – and M3 members are more ethnically diverse than the woman-owned business population nationwide

- The desire for business growth knows no racial boundaries. In fact, the composition of the Make Mine a Million \$ Business® (M3) community is more ethnically diverse than the woman-owned business population overall. Two-thirds (65%) of the M3 community is comprised of Caucasian women, while 20% are African American, 7% are Latina, 4% are Asian/Pacific Islanders, 1% are Native American/Alaska Native,² and 4% are multi-ethnic.
- In comparison, according to the U.S. Census Bureau's 2002 economic census, 86% of privately-held women-owned businesses are majority owned by one or more Caucasian women, while 8% are owned by African American women, 8% by Latinas, 5% by Asian American or Pacific Islanders, and 1% by Native American or



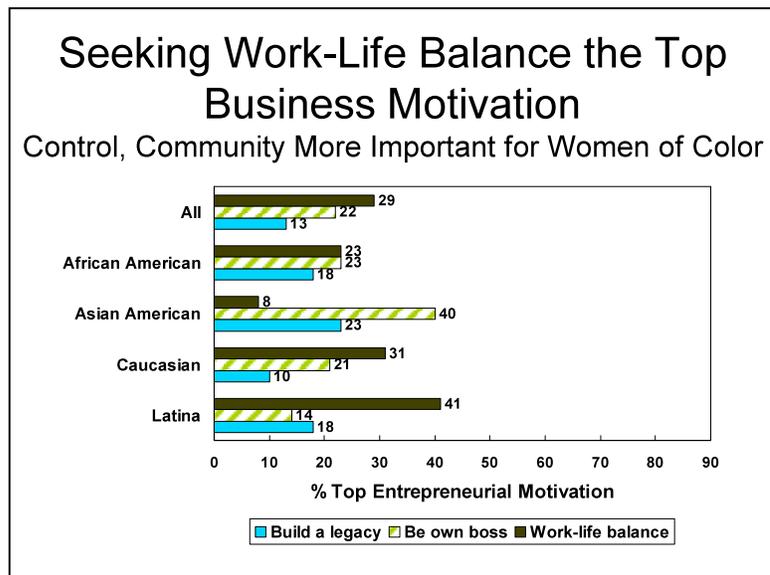
Alaska Native women.³ Thus, while nationally nearly one in four women-owned firms (23%) is owned by a woman or women of color, over one in three (35%) of the women who have joined the M3 community is a woman of color. This increased diversity comes most strongly from African American women – who own 8% of women-owned firms overall but comprise fully 20% of the M3 community. The share of other racial/ethnic groups in the M3 community closely matches national averages.

- Women of color in the M3 community are younger than Caucasians, and all are highly educated. A majority of M3 members, regardless of race, have at least a college degree. Asians are the most highly educated; fully 75% have at least a university undergraduate degree. The businesses owned by women of color are only slightly younger than those owned by Caucasian M3 members. Those owned by Asian Americans provide the highest level of employment, while those owned by African Americans are the smallest in terms of both employment and revenues.

Seeking balance? Yes ... and No

- When asked why they have started their businesses, the quest for greater work/life balance comes out on top among all M3 community members, with a 29% response, followed by the desire to be one's own boss at 22%. There are some interesting and significant differences by ethnicity, however. Greater balance is clearly the top motivation for Latinas (41%) and Caucasian women (31%), but is tied (at 23% mention) with being one's own boss among African Americans, and comes in third – behind being one's own boss (40%) and building a legacy (23%) – among Asian Americans.
- Motherhood is part of the reason behind these differences. Latinas are the most likely of all racial/ethnic groups to have children (82% have at least one child, 24% have three or more kids), while Asians are the least likely (just 43% have children). Motherhood, especially the presence of younger children, is strongly correlated with a desire for finding greater work/life balance.⁴

- There are other factors at work, though, particularly among African Americans. While two-thirds (69%) of African American women have children, and just 44% are married or living with a partner, being in charge of their own lives is as strong an entrepreneurial motivation as is seeking balance. This may be due in part to the fact that fully 49% of these women (compared to 36% overall) are ex-corporate women, having launched their enterprises after working in “corporate America.” These women are confident in their success – 70% are very confident that their enterprises will reach the million-dollar threshold compared to 55% of all M3 community members. While the reasons for departing previous employment were not explored in this



survey, a significant number of African American women – a larger share than other M3 community members – appear to have butted their heads up against the proverbial corporate glass ceiling. This may well be influencing their entrepreneurial motivation to be their own boss rather than to be seeking balance.

Entrepreneurship and community: women of color are much more interested in building a legacy and setting an example

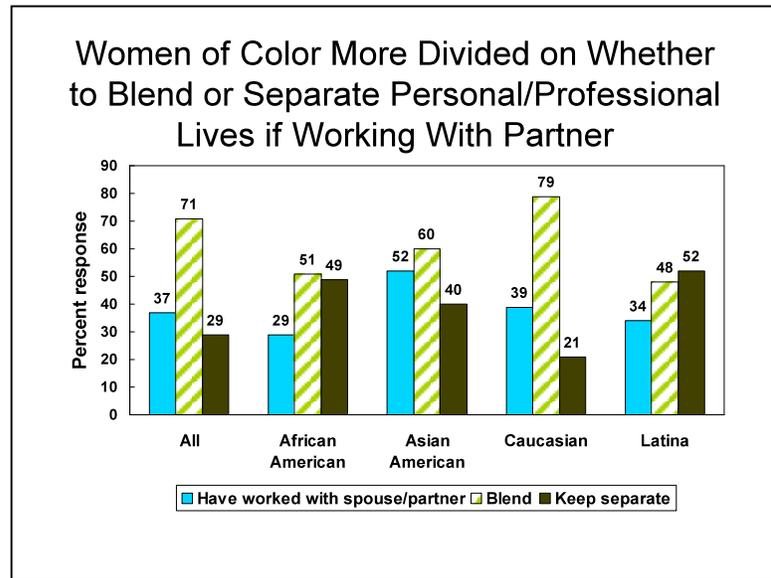
- Another entrepreneurial motivation for many women business owners is making a difference – not only in one’s own family but in the community. Women of color appear to be more mindful of their impact in this regard, and more driven by this desire. For example, in addition to the differences in entrepreneurial motivation for work/life balance and being one’s own boss, women are also entering into business ownership to build a legacy or achieve recognition. Thirteen percent (13%) of all M3 members are driven by this desire, placing it third in importance.
- The desire to build a legacy and achieve recognition is more important for women of color than for Caucasian women. Twenty-three percent (23%) of Asian American women are driven by this desire, as are 18% of African Americans and Latinas. In comparison, only 10% of Caucasians say this was a motivation for them when starting their business.
- M3 women were also asked what makes them most proud of being an entrepreneur, and if being a role model for other women is an aspiration. Again, women of color – most particularly African Americans and Latinas – are more apt to take pride in being a role model for others. Fully 98% of African Americans and 94% of Latinas say they take pride in being a role model for other women aspiring to be business owners, compared to 91% of Caucasians, 83% of Asian Americans, and 92% overall. When asked what makes them most proud of being an entrepreneur, 14% of all M3 members feel that “setting an example/being a role model for my family” gives them the most pride, ranking fourth among five factors. Setting an example ties for second place among Latinas (20%) and third (21%) among African Americans, while ranking in last place with a 12% mention among Caucasians and tied for last place with 8% among Asian Americans.
- Asian Americans appear to be more internally driven than motivated by being a role model for others. While an 83% majority takes pride in being a role model for other women, this level is the lowest among all ethnic groups. In addition, Asians are the least likely to say that setting an example for others is what makes them the most proud of being an entrepreneur, as noted above. (It is also noted earlier that Asian American M3 members are among those least likely to have children, which impacts the desire to be a role model.) What resonates most for them is making their idea happen – fully 53% take the most pride in bringing an idea to market, compared with 40% of Caucasians, 32% of Latinas, and 28% of African Americans.

Co-ownership and co-habitation: Racial differences seen in whether to blend or separate the personal and professional with a business/life partner

- Most M3 community members are either sole owners of their enterprises, or share ownership with unrelated individuals. Only 37% say they are either currently working with their spouse or domestic partner in their business, or have done so at some point in the past. Only Asian American women are more likely to have worked with a spouse or partner than not, with 52% saying they are or have worked in their business with their domestic

partner. Less than one in three (29%) of African American women share ownership of their business with a domestic partner, as do 34% of Latinas and 39% of Caucasians.

- There are some very interesting racial differences among those who have worked with a spouse/partner with respect to whether they feel it is best to be able to blend their personal and professional lives, or keep business and personal concerns separate. Caucasian women who are or have worked with a domestic partner in their business clearly feel that it is preferable to be able to blend (79%) their personal and professional lives. Among women of color, however, there is some ambivalence. A majority (52%) of Latinas say that it is best to be able to keep their personal and business lives separate. And, while most African and Asian Americans do think that it is better to be able to blend the personal and professional, a much higher share than average (49% of African Americans and 40% of Asian Americans) have the view that it is better to be able to keep one's business and personal lives separate when working with a domestic partner in their business.



Viva style: Latinas and African Americans most likely to put effort into looking good, Asians and Caucasians least likely

- Most women who want to grow their firms to the million dollar level feel that their personal appearance has an influence on their business success, and a 64% majority say they put energy into looking their best. Further, half (50%) say that personal beauty is an important part of their daily routine.
- Looking at the issue of personal style and “looking good” by ethnicity shows that Latinas are the most style conscious, followed closely by African American women. Over two-thirds of Latinas (69% and 68%, respectively) say they put energy into their appearance and make sure that personal beauty is a part of their daily routine. Among African Americans, 70% put energy into their appearance and 59% include personal beauty in their daily routine.
- Asian Americans are the least focused on issues of personal style, similar to Caucasian women. A lower 53% majority of Asian American women and 62% of Caucasians say they put energy into their appearance, and less than half (38% of Asians and 45% of Caucasians) say that personal beauty is an important part of their daily routine. Race is not the only characteristic associated with style consciousness, however. Age and parental status are also highly correlated with the level of interest in and ability to focus on “looking good,” with those under 35 among the most focused on fashion and those who have young children the least able to find the time to always look their best.⁵

Survey Methodology

An online survey was conducted among members of the Make Mine a Million \$ Business® community during the three-week period, from August 9 to September 2, 2007. Nearly 1,200 women (1,162) responded, for a 27% response rate. The sampling error for a survey of N=1,162 is +/- 2.8% at the 95% level of confidence – meaning that, 95 times out of 100, survey responses will be within 3 points of true population values.

The Make Mine a Million \$ Business Initiative

Make Mine a Million \$ Business is a program of Count Me In for Women's Economic Independence and founding partner, OPEN from American Express®. The program provides a combination of money, mentoring, marketing and technology tools that women entrepreneurs need to help grow their businesses from micro to \$millions. Visit www.makemineamillion.org for more information.

Count Me In

Count Me In for Women's Economic Independence is the leading national not-for-profit provider of on-line business loans and resources for women to grow their micro businesses into million-dollar enterprises. Find out more at www.countmein.org or call 212-245-1245.

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*This analysis report was prepared for Count Me in and American Express OPEN in October 2007 by **Womenable**. Womenable is a research, program and policy development consultancy enabling women's entrepreneurship worldwide. Womenable's mission is to improve the policies and programs enabling women's entrepreneurship by providing fact-based information, thoughtful and insightful analysis and actionable recommendations.*

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¹ U.S. Census Bureau. *Company Summary: 2002*. Publication SB02-00CS-COSUM, published September 2006.

² Since the share of Native American/Alaska Native women in the M3 community is only 1%, there are too few respondents to allow for subgroup analysis.

³ NB: the Census figures add up to 109%, both because of mixed racial identities but mostly due to the fact that the Census Bureau counts Hispanic origin separately from race.

⁴ See a previous M3 research summary, "Motherhood and Entrepreneurship: Balancing Multiple Roles," for a more detailed analysis of M3 moms.

⁵ See a previous M3 research summary, "Looking Like a Million Dollars," for a more detailed analysis of this issue.