

## The Performance, Progress and Promise of Women's Business Centers in the United States: A Summary of Three Research Studies

*Womenable provides this summary of three research studies focused on the performance, progress and promise of women's business centers in the United States as a service to the women's business community and to the stewards of women's entrepreneurship everywhere – government policy makers, corporate and for-profit organization decision-makers, non-profit and non-governmental organization leaders, educators and researchers, and others interested in supporting the progress and development of women-owned enterprises. All conclusions, interpretations, and summary recommendations – unless otherwise noted – have been made by Womenable. Thus, any errors in reporting or interpretation are our own.*

### E<sup>1</sup>: The Studies

Over the course of the past 16 months, three research studies focused on women's business centers (WBCs) in the United States have been released. Individually, they each shed some light on WBC client characteristics and outcomes, the challenges faced and accomplishments made at the individual center level, and on the collective economic impact the centers are having. However, looked at together, they paint an even more detailed picture – one of a mission being fulfilled and much progress being made, yet with many promises unmet and hurdles yet to overcome.

These three studies are very complementary, having focused on different aspects of the program:

- The first study released was published by the Center for Women's Business Research (CWBR) in August 2004. The study interviewed the clients of four regionally diverse WBCs over a period of two years, to find out more about the characteristics of their clients, and to see

who started a business, who grew their firms over time, and what factors contributed to their initial success;<sup>1</sup>

- The second study, published by the National Women's Business Council (NWBC) in September 2004, analyzed three years' worth of quantitative information supplied by all WBCs receiving Small Business Administration (BSA) funding to the agency, and was done to provide information on the economic impact of the program;<sup>2</sup> and
- The third study, commissioned by the Association of Women's Business Centers (AWBC), interviewed the leaders of the women's business centers to learn more about the differences in the structure and organization of the centers, their successes and their challenges, and what factors were associated with a greater level of success. It was released in June 2005.<sup>3</sup>

### E<sup>2</sup>: Key Findings

While those who are interested in findings at the client, center, or program level may find

more detailed information about each study's findings at the references noted at the end of this *Research in Brief*, the purpose of this short summary is to look at the study findings together to uncover common themes, to summarize them in a clear and concise manner, and to offer some suggestions for further action.

There are, in the opinion of Womenable, five key themes that emerge from looking at these three complementary research studies collectively:

### **I. Women's business centers are reaching their intended audience, and fulfilling their programmatic mission.**

The language governing the women's business center program, first drafted in the Women's Business Ownership Act of 1988, directs that the program have a special emphasis on underserved populations and pre-start up businesses. A review of the characteristics of the clients served by the WBCs, as reported in both the Center for Women's Business Research (CWBR) study and the Association of Women's Business Centers (AWBC)-sponsored study, shows that the centers are, indeed, fulfilling that mission:

- Just under half of the clientele of women's business centers are persons of color (48%), compared to 21% of the women business owner population in general.<sup>4</sup>
- Just under one-third of WBC clients had incomes of less than \$20,000 per year.
- At the time of their initial contact with the centers (as taken from data supplied on their client intake forms), 58% had not yet started their businesses.

### **II. WBCs are having a significant and measurable economic impact!**

For the first time ever in a systematic way, the 2004 NWBC study looked at all of the data that WBCs provided to the SBA's Office of Women's Business Ownership from Fiscal Years 2001 to 2003. Over that three-year period, the analysis showed that:

- During that period, positive client outcomes rose significantly. During this time, when

funding for the program remained essentially flat, the number of client contacts rose 61%, the number of clients served nearly doubled (+91%), and the number of new firms created increased 376%. During the FY2001-03 period, 6,600 new firms were created by WBC clients and 12,719 new jobs were created by those firms.

- The return on investment in the program during that time was substantial. For a Federal investment of \$36.5 million over those three years, a total of \$500 million in gross business receipts were generated – a nearly 14:1 ratio of business revenues to Federal dollars invested. In addition, these firms generated a total estimated profit of \$51.4 million.
- Scalability is an important consideration. Analysis of center-level metrics found that a typical WBC has to see 3.3 people to gain one client, needs to serve 25 clients to start one new business and assist 14 clients to create one additional job. Thus, it is important that WBC funders recognize the important "triage" function that these centers perform – offering basic information to all who walk in the door, and provide introductory classes designed to filter out those who may not be quite ready for starting their own business.

### **III. WBCs are unique, and provide services in a women-friendly manner. They should not be thought of as duplicative of other entrepreneurial education and training programs: one size does NOT fit all.**

- The NWBC study found that successful outcomes (clients served, businesses started, jobs created) are **not** dependent on the size, age or location of center: rural centers were as successful as those located in urban areas; high poverty locations had as many successful outcomes as did lower poverty locations; and stand-alone centers were as successful as those that were co-located with other organizations.
- Also, quite importantly, WBCs saw no difference in outcomes if there was a Small

Business Development Center (SBDC) nearby, which is an indication that WBCs and SBDCs are serving different populations with different needs, and are thus not competitive with one another for clients.

- The CWBR study of WBC clients found that, aside from general business management information (formulating a business plan, understanding competition and marketing to customers), gaining financial management skills, and learning about the legal aspects of organizing a business, what the clients valued highly from their experience in the center was finding a community of other women with whom to build relationships. Unlike a “transactional” short-term course – after which a prospective business owner is on their own – women’s business centers provide a venue for ongoing learning and relationship-building.
- This finding is echoed in the AWBC-sponsored study among WBC leaders. In that study, the WBC leaders reported that they feel that, while one of the key strengths of the program is allowing tailoring of programming to fit local needs, there are practices common to all WBCs that differentiate it from other types of entrepreneurial training, which include: providing a safe place to learn; peer support; mentoring opportunities; and offering a sense of community that they say that clients could not find in other places they went to for business start-up assistance.

#### IV. Clients of WBCs are extremely loyal – and they can be a very important asset for the program’s future growth and success.

- Given the women-friendly manner in which services are delivered at WBCs, it may not be surprising to find that many clients keep coming back for additional training and other services. In fact, at one point in the CWBR study, it was found that 25% of respondents had been clients of their center for two or more years.
- The CWBR study also found that clients visited their centers for programming an

average of 7.7 times per year. Prospective owners and current owners visited with same frequency – indicating that the training and other services offered are not only relevant to pre-start-up businesses, but to the owners of young firms, too.

- Indeed, the AWBC-sponsored study found that center leaders are proud of the additional community-building services that their centers provide in addition to classes and other forms of direct technical assistance, including: networking events, mentoring programs, peer-to-peer roundtable discussions, and leadership skill-building.

#### V. While the women’s business center program is has made great strides in its performance and is demonstrating substantial economic impact, it is at a crossroads in many respects, and is in danger of losing ground if proactive steps are not taken.

- In the AWBC-sponsored study, WBC leaders report that funding remains a critically important challenge. While most centers receive direct and in-kind support from a wide range of sources (public sector, foundation and corporations primary among them), fully 77% say that “it is more difficult to obtain funding this year than in previous years.”
- Financial support from the U.S. Small Business Administration (SBA) remains an important cornerstone of the program – and that funding has been increasingly held up by political battles in Washington.<sup>5</sup> This has led to a tremendous amount of uncertainty over the past few years about how much funding each existing center will receive, and when that funding will reach the center, and how many new centers will receive funding. This has led to cash-flow troubles at many WBCs and has negatively impacted overall program growth and development.
- It may not be surprising, then, that another challenge mentioned frequently by WBC leaders is their relationship with the SBA. WBC leaders say that communication from

the SBA is often contradictory or unclear, and often demonstrates a lack of trust and understanding of the work that the centers do. The recent lack of certainty about the amount and timing of the SBA funding each year is certainly impacting these relationship challenges. Just 31% of WBC leaders say they are satisfied with the grant process with the SBA.

- Funding constraints often mean staffing challenges – finding and keeping good, committed staffers – and the need to be continually split between program management and fundraising. WBC leaders report that keeping track of differing grant cycles and grant reporting requirements, communicating and maintaining good relationships with underwriters, and managing staff are all key challenges they are currently facing.

### E<sup>3</sup>: Implications

It is clear – from each of the studies individually, and from all three collectively – that women's business centers are making a valuable contribution to the Nation's economy: counseling over 100,000 women (and men)<sup>6</sup> annually, helping thousands of new businesses to start each year, and providing ongoing support to those who take the entrepreneurial plunge.

Yet, in recent years Federal funding for the program has not increased in any significant way, and the program itself has come under fire from some in government seeking to streamline Federally-funded programs. Women's business center leaders must continually seek both financial and in-kind support from a variety of supporters to keep existing programs going, and are facing market pressures from existing clients to expand services "up the food chain" for existing, growing businesses.

The information from these three studies provides powerful ammunition for advocacy, communications and program development for supporters of the program. What, then, are some implications and recommendations for action for

women's business center supporters, and other stewards of women's entrepreneurship generally? Here are three:

First, **ADVOCATE**. The information from these important studies should be shared, especially with local, state and federal elected representatives. There are always many worthwhile programs competing for ever-tightening public sector funding, and studies like these can help make the case that investing in women's business centers can have a substantial economic payoff and is a program worth continuing.

Common messages and a collective voice, emanating not only from individual centers but from the Association of Women's Business Centers and their collaborative supporters, is important for not only ensuring continued funding for the program, but for lobbying to change the authorizing legislation to make the program permanent, and the funding allocations between existing and new centers clearer and less subject to varying interpretation.

Second, **BRAG**. Tell the story of the impact of the WBC program – by sharing quantitative information like that which is summarized here, and by telling individual success stories. Share this information not only with the aforementioned elected officials, but with private sector supporters, prospective supporters, and with the news media.

While the women's business center program has been in existence for over 15 years, in many respects it is still a "best-kept secret." The power and the promise of women's business centers is a story that deserves to be told, and to be spread more widely. And, in telling that story, using some WBC clients and program graduates to provide first-person examples of their triumphs and successes can reinforce the power and the impact of the program.

Third, **COLLABORATE**. The women's business center program has now passed its infancy and, with the establishment of the AWBC in 1998, is

making progress toward providing more communication and stronger links among center leaders. However, the AWBC currently has only limited capacity to serve its members, with only one staff member.

WBCs all over the country should recognize the power that can be gained through greater collaboration with one another – to share best practices and lessons learned, to provide templates and tool kits to members, and to more effectively advocate in public policy arenas.

Perhaps more importantly, though, it is suggested that it is time for the women's business center community to sit down and more strategically plan for its future – and especially to consider more proactive collaboration with other

groups involved in providing enterprise development assistance.

How can WBCs ensure their financial survival in a world with increasing public sector resource constraints? What strategic partnerships with other organizations might be in the best interests of centers and their clients? How can centers more effectively serve the increasing number of "mezzanine-level" women business owners who are coming through the doors? These are all questions that need to be discussed – not only within the women's business center community, but with other stewards of women's entrepreneurship as well. The future success and continued growth of the program depends on it.

*Womenable is a research, program and policy development consultancy enabling women's entrepreneurship worldwide. Our mission is to improve the policies and programs enabling women's entrepreneurship by providing fact-based information, thoughtful and insightful analysis and actionable recommendations. We do so by working in a collaborative manner with all members and stewards of the women's business community.*

*This publication is ©Womenable, January 2006. For any questions or comments about this publication, or to learn more about Womenable, please contact us at:*

Womenable  
13601 S. Beaver Pond Road  
Empire, MI 49620 USA  
+1.231.326.3300  
[jweeks@womenable.com](mailto:jweeks@womenable.com)  
[www.womenable.com](http://www.womenable.com)

## Endnotes

<sup>1</sup> Center for Women's Business Research. Launching Women-Owned Businesses: A Longitudinal Study of Women's Business Center Clients. August 2004. For a press release summarizing the study, please visit <http://www.womensbusinessresearch.org/mediacenter/8-10-2004/8-10-2004.htm>. The study was underwritten by the American Express Foundation, the AT&T Foundation, the National Women's Business Council, and OPEN: The Small Business Network from American Express.

<sup>2</sup> National Women's Business Council. Analyzing the Economic Impact of the Women's Business Center Program. September 2004. A [press release](#) announcing the publication of the study, as well as a [Research Brief](#) summarizing key findings, and the [full report](#) itself, are available at [www.nwbc.gov](http://www.nwbc.gov). The study was conducted for the NWBC by Quality Research Associates, a woman-owned firm.

<sup>3</sup> Godwyn, M., Langowitz, N., Sharpe, N. The Impact and Influence of Women's Business Centers in the United States. June 2005. For the press release announcing the study, visit [WBCs Are Driving Entrepreneurship Among Economically Disadvantaged Women](#). To download the full report, visit <http://cspot01.babson.edu/CWL/features/upload/wbc%20report.pdf>. The study was commissioned by the AWBC and conducted by The Center for Women's Leadership at Babson College, Babson Park, MA, with a grant from the Ewing Marion Kauffman Foundation.

<sup>4</sup> The 21% share of businesses owned by persons of color is from the Center for Women's Business Research, "Businesses Owned by Women of Color in the United States, 2004: A Fact Sheet," which provides estimates based upon data from the U.S. Census Bureau. See <http://www.womensbusinessresearch.org/minority/BusinessesOwnedbyWomenofColorintheUS.pdf> for more information.

<sup>5</sup> The intensity of these political battles has heated up over the past three years, and involves both 1) tensions between the SBA and Congress with respect to the reauthorization of the agency and its programs (which happens every three years) and 2) differences in opinion on how the WBC program funding should be allocated between new centers and existing centers, and how long any given WBC should continue to receive SBA funding. Given that the original WBC program language defined the program itself as a "demonstration project" and lacked some permanence in its framework, this has led some to try to eliminate or severely curtail the program.

<sup>6</sup> Data from these studies suggests that between 10% and 15% of the clients of women's business centers are men.