



# ECONOMIC BLUEPRINT

The Women Business Owners'  
Platform for Growth



## Call to Action

### Economic Blueprint

– The Women Business Owners' Platform for Growth –

The women's business community has come together, united in purpose and with shared aspirations, to present the economic principles that allow small businesses to flourish in a global market. Intricately linked, entrepreneurship and women foster economic independence and growth.

Inclusion of our expectations, expressed in this Blueprint, in future public policy formulation will help ensure that our democracy represents all of its citizens.



# Executive Summary

## Economic Blueprint

### The Women Business Owners' Platform for Growth

The **Economic Blueprint** sets a bold, comprehensive set of public policy expectations on behalf of the women business owner community. According to Merriam Webster, a “Blueprint” is a detailed plan or program of action – and that perfectly describes the purpose and intent of this document.

Over the course of the past year, significant energy and commitment has been invested in focus groups, surveys and forums on priority business issues with women business owners nationwide. This enormous information gathering effort serves as the glue to the entire Blueprint process. The Economic Blueprint expresses our voice and our interests regarding the pressing business challenges that require action by our elected officials.

#### **The Blueprint's Economic Agenda: Six Core Areas Essential to Women-Owned Business Growth**

The Economic Principles are the cornerstone of this Blueprint: healthcare, procurement, taxes, access to capital, energy and telecommunications – these are the issues that we will be aggressively pursuing with specific focus and plans. The power of these principles is that they represent the issues this community cares most about – and that have the most impact on our ability to grow our companies.

#### **The Force Behind the Blueprint**

**Women business owners are a powerful constituency.** As a community we have been active participants in advocacy since the 1970s and have had a significant impact on the legislative agenda for over 30 years. We take the process seriously. We understand the importance of relationships with both Democrats and Republicans and scrupulously maintain a bipartisan approach to advocacy.

**We are a formidable voting bloc.** We vote. Our endorsements have weight. A poll commissioned by the Economic Blueprint and conducted by Lake Research Partners and the polling company™, inc. found that women small business owners are nearly unanimous in their intent to vote in the November election. In addition, by wide margins, women small business owners across demographic groups place a significant degree of trust in the endorsements of women small business owners.

**We are an economic force.** There are 10.2 million privately held women-owned businesses, across every industry sector in the United States. The growth trend of women-owned firms, 11% since 2002, also underscores the important role we play in our nation's economy. We employ 13.1 million people and generate \$1.9 trillion in annual revenue.

#### **Who We Are: A Collaborative Effort**

We are more than half a million women business owners throughout America and more than 45 business organizations. We are successful women business owners, leaders in our communities and visionaries who are trailblazers in policy and politics. We have within our ranks Republicans, Democrats, and independents, liberals, conservatives and every variety of opinion. What we share in common is our focus on economic issues that impact our ability to continue as the economic engine and force in our nation's economy.

#### **The History Behind the Blueprint**

There are numerous pioneering women whose relentless pursuit of advocacy goals has made a huge difference in the successes of women business owners today. Through their efforts, the legislative “Big Bang” of 1988, H.R. 5050 was made possible. This legislation continues to have impact today. H.R. 5050 addressed issues of access to credit, census data collection on women-owned businesses, and created the National Women's Business Council (NWBC), a bipartisan federal advisory council. In addition, H.R. 5050 provided for training support with the creation of women's business centers. Between 2001 and 2003 alone, this support has resulted in the creation of 6,600 firms and 12,719 jobs with a collective economic impact of \$500 million in gross receipts and \$51.4 million in profits.

Much has been accomplished but much remains to be done. Our history provides a compelling narrative of persistence and focus to achieve strategically set objectives. This is the legacy behind the Economic Blueprint, and it serves as a powerful motivator for what we have set out to accomplish with the Blueprint process and our Economic Principles.

#### **Roadmap to the Future**

The Economic Blueprint serves as an immediate call to action. But our sights are also on the future – looking to 2020 and beyond. One specific undertaking, The Roadmap to 2020, is designed to fuel the growth of women's enterprise development in the United States from 2009 to 2020. We are also actively engaged in establishing our role in the global economy. Increasingly our successes are being used as role models for the development of women-owned businesses in other parts of the world, which makes us tremendous goodwill ambassadors for the United States. Our role model status also fosters our ability to compete successfully in international markets, which is a key component of our overall Blueprint vision. We are trend-setters, and as such our work is already setting the agenda for the future.





## Healthcare Principles

Of the 46.6 million uninsured Americans, 60% are employed by a small business or a dependent of someone who is employed by a small business. The SBA Office of Advocacy research shows that insurers of small health plans have higher administrative expenses than those that insure larger group plans. The number of small businesses that offer health benefits went from 69% in 2000 to 60% in 2007 and is rapidly falling.

### 1) Increase Access to Small and Individual Insurance Markets

Every American must be able to benefit from healthcare coverage. Strengthening the small group and individual insurance markets gives better choices for small companies that want to provide health insurance. Opening coverage and opportunities for coverage to a wider spectrum of citizens will allow for an increase in pools of coverage, product availability, range and competitiveness of individual plans and competition among providers.

### 2) Increase Transparency

In order to empower individuals to make informed medical and health insurance decisions, insurers and providers must provide easily understandable, readily comparable information about the cost and quality of their products and services. Increasing transparency will drastically change the market by increasing competition among insurance companies which will, in turn, expand options for individuals.

### 3) Establish an Interconnected, Nationwide Health Technology System

The establishment of a national electronic patient record database that meets HIPAA standards will link all facets of patient care to a centralized system that will enable practitioners to quickly access critical patient information. Increased accessibility will provide higher quality individualized care, timely and accurate charts, better case management, and save critical time in an emergency situation. A national electronic record database will store patient and physician data in a central and highly secure location thus substantially reducing healthcare costs to practitioners, hospitals, patients, and insurers.

### 4) Increase the Number of Healthcare Providers

In order to create a more market-based, competitive American healthcare system, an adequate number of healthcare practitioners must be available so that consumers can make appropriate choices. The average age of medical personnel is rising and by 2020 our country faces a shortage of 85,000 medical doctors. Meanwhile, enrollment in medical, nursing and other professional schools is not increasing at a rate designed to meet the demand. To address this issue, we propose educating a larger number of qualified applicants for medical careers and critically examining licensure and other barriers to assure that medical professionals can practice within the full scope of their training and expertise. Furthermore, insurance companies should expand their provider base to increase options and flexibility for the consumer.

### 5) Promote Healthy Employees

One of the most important things a small business can do to control the ever-rising healthcare costs and premiums is to promote healthy living for their employees. Employers who invest in worksite health promotion programs can see a return of \$3-\$6 for every dollar invested over a 2-5 year period. Documented savings are observed in medical costs, absenteeism, workers' compensation claims, short-term disability and presenteeism (lower on-the-job efficiency due to employee health problems). *American Journal of Preventive Medicine*, December 2005. This collaborative effort is in the best interest for both the employer and the employee.

### 6) Establish a Healthcare Reform Commission

Constructive legislative solutions by Congress to ameliorate the current healthcare crisis have been slow in coming and instead healthcare reform issues have become tangled in a net of politics. In order to create viable solutions to this crisis, the problem must

be taken out of its current partisan environment. Congress should establish a neutral Commission tasked with bringing forth comprehensive healthcare reform recommendations. This Healthcare Commission would represent all parties involved in the healthcare crisis and Congress should be required to act on its recommendations.

## Procurement Principles

Currently, only 3.4% of all government contracts are awarded to women-owned businesses even though federal law mandates a 5% government-wide procurement goal for women-owned small businesses. In addition, the SBA goaling report shows that the federal government failed to reach the small business goal of 23% in FY 2006, falling short with 22.8%.

### 1) Implement a Real Women's Procurement Program (P.L. 106-554)

The Small Business Administration (SBA) must enact a meaningful women's procurement program based on the original intent of the legislation passed in 2000. Congress should pass legislation which ensures that the Small Business Administration will not be permitted to thwart Congress' intent again through the rulemaking process.

### 2) Strengthen Small Business Subcontracting

Acquisition rules should be strengthened by requiring and enforcing prime contractors' use of subcontracting plans. Small businesses invest valuable dollars and time into being part of a team that wins a large contract. Barring wholesale requirement shifts by the government, the prime contractor should be required to use the small companies included in their winning proposal.

### 3) Increase Small Business Contracting Goal

The overall goal set by Congress for small business contracting should be increased. Since Congress originally set a target goal of 23% for small business contracting, additional set-asides have been added. The goal should include those additional segments and raise the overall goal accordingly.

### 4) Unbundle Contracts to Allow Greater Utilization of Small Businesses

In 2002, the Office of Management and Budget (OMB) reported that for every \$100 awarded on a bundled contract, there is a \$33 decrease to small businesses. According to the SBA Office of the Inspector General audit, the SBA reviewed only 13% of bundled contracts reported by the agencies (28 out of 220). With the retiring workforce and the decrease in the number of procurement officials, contracts have generally become larger and less accessible to small businesses. Federal agencies need a clear definition of a bundled contract and SBA's role in reviewing these contracts must be strengthened.

## Tax Principles

Small firms with fewer than 20 employees annually spend 45% more per employee than larger firms to comply with federal regulations and 67% more per employee on tax compliance than their larger counterparts, according to the SBA Office of Advocacy.

### 1) Retain Tax Incentives for Small Businesses

Small Business tax incentives, many of which expire in 2011, should be extended. These incentives have served to stimulate growth in small businesses. Reduced capital gains tax rates and R&D credits are two examples of important tax incentives that need to be extended.

### 2) Reform the Tax Code

Congress should reform the tax code to make deductions and credits equally applicable to small businesses no matter what the structure of the company. For example, the tax code currently does not allow sole proprietors to deduct health insurance costs like other forms of businesses. Congress should fix this inequity.





# Principles

### 3) Permanently Repeal the Estate Tax

The estate tax should not prohibit small business owners from passing on their businesses to their families.

### 4) The Alternative Minimum Tax Needs a Permanent Fix

Congress should provide permanent relief from the Alternative Minimum Tax (AMT). Approximately 75-85 percent of small business owners file taxes as individuals, as sole proprietors and subchapter "S" corporations.

## Access to Capital Principles

According to the Center for Women's Business Research, women business owners who obtained capital persevered, making an average of four attempts to obtain bank loans or lines of credit and 22 attempts to obtain equity capital. Access to capital is a key tool in the start-up and growth of successful small businesses. Larger, faster-growing women-owned firms are more likely than other firms owned by women to use credit. Women-owned firms with revenues of \$1 million or more are more likely to access commercial loans or lines of credit than are other women-owned firms (56% vs. 31%). However, even these larger businesses owned by women lag behind their male counterparts in using commercial credit (56% of women vs. 71% of men). Furthermore, women owners of fast-growth firms are more likely than their male counterparts to rely on business earnings as their primary funding source (72% vs. 56%).

#### 1) Tax Incentives to Investors

Angel investors and venture capitalists are a major source of funding for small businesses that need capital between \$500,000 and \$7 million. Congress should encourage these investors by providing tax incentives that support the creation and growth of small business.

#### 2) Government Technical Assistance

Small companies that need large infusions of capital in order to grow would benefit from technical assistance supported by the government. Such assistance would provide small business owners with a better understanding of equity positions, potential equity partners and terms and conditions commonly required by investors and lenders.

#### 3) SBA Loan Program Interest Rates Must Be Competitive

SBA lending programs provide an important source of capital for emerging small businesses. In order for these lending programs to be effective, their interest rates must be competitive and fees should be disclosed up front. By restoring loan guarantees and subsidizing loan rates for participating banks, Congress and the Administration could restore the tools to make these loans the first source of funding for emerging companies.

## Energy Principles

According to American Express OPEN<sup>SM</sup>, 42% of small business owners have reduced their energy use in response to higher energy costs. Sixty-five percent of small business owners say higher energy costs have a significant or moderate impact on their businesses.

#### 1) Recognize the Severe Effects High Fuel Prices have on Small Business Owners and Assure Adequate Supply of Energy

The U.S. should reduce its dependence on foreign oil and build refueling and production infrastructure to support wide distribution of alternative energy sources. In order to ensure a sufficient supply of energy, alternative sources must be developed. Increased transmission and refining capacity is crucial to an adequate energy supply.

### 2) Provide Research & Development Incentives

Small businesses are on the cutting edge of developing new energy technologies. The government should provide adequate funding and incentives for small businesses to develop these technologies. Incentives such as investment tax credits have been a significant part of small business success in the development of new technologies.

### 3) Assist in Efforts to Conserve Energy

Small businesses should be encouraged to decrease their consumption and increase conservation efforts. A pilot program should be implemented by the Small Business Administration to assist small businesses in reducing energy consumption.

## Telecommunications Principles

According to the Federal Communications Commission, only 4.97% of all television and full-power broadcast radio stations are owned by women. In addition, technology and telecommunications costs are disproportionate to small businesses. Sixty-six percent of small businesses use broadband high-speed internet access, with 40.7% agreeing that broadband most impacted their business by increasing workplace efficiency.

#### 1) Increase Women and Minority Media Ownership

The government and private industry should work together to increase the number of commercial television and radio stations owned by women and minorities. A major impediment to minority/women-owned stations is access to capital.

#### 2) Broadband Access Should Be Available to All

Broadband access is essential to the success of most small businesses. The current divide between urban and rural area access to broadband is still too wide. Broadband deployment is critical to a pro-growth economic policy for small business.

#### 3) Keep the Internet Free of Cumbersome Regulation

Government regulation of the internet is not in the interest of small businesses because over-regulation stymies innovation and is not reflective of the marketplace. Since small businesses are dependent on emerging technology to stay competitive, keeping the internet free of price controls, tariffs and other government regulation is critical to their success.

#### 4) Permanently Extend Internet Tax Moratorium

The current ban on internet taxes should be made permanent. Small businesses would be hampered by a tax on this critical business resource.

#### 5) Ensure Privacy Security

Secure internet transactions, disaster resistant technology and protected business data are all vital to the success of women-owned businesses.





# Women Business Owners Are an Economic Force

Women business owners are a strong economic force in the United States, and increasingly in the world. Their contributions extend beyond the number of firms they own, the people they employ and the revenues they generate. Their economic influence is multiplied many times through the direct and indirect economic impact they generate through their business ownership.

## *As of 2008, the Center for Women's Business Research estimates that in the United States:*

- 10.2 million privately-held businesses are 50% or more owned by women
- Two in five (40%) of all privately-held firms are owned by women
- Women-owned firms employ 13.1 million people
- Women-owned firms generate \$1.9 trillion in annual revenues
- Three percent of women-owned firms have annual revenues of \$1 million and more
- Women-owned million dollar firms generate 67% of the revenue and employ 59% of the people for all women-owned firms

Women-owned firms are found in every industry sector in the U.S. As of 2008 there are 10.2 million businesses that are 50% or more woman-owned. These firms employ over 13 million people and generate nearly \$2 trillion in revenues. Not only are women an economic force today, but their impact is growing. Between 2002 and 2008:

- Number of firms increased by 11%
- Revenues expanded by 13%
- Employment grew by 1.7%





# Thank You to Our Community

The women's business community came together, united in purpose, to present to the incoming Administration and 111th Congress, the economic principles that allow small businesses to flourish in a global market.

The Economic Blueprint, The Woman Business Owners' Platform for Growth, has been underwritten by women-owned small businesses and more than 30 small business associations.

## – Major Contributors –

Count Me In, SBTV.com, WBENC, WIPP, WLE and WPO

## – Supporting Organizations –

Association of Women's Business Centers (AWBC), Association for Women in Communications (AWC), The American Small Business Coalition (The ASBC), Center for Women's Business Research, Consumers for Competitive Choice (C4CC), Direct Selling Education Foundation (DSEF), Enterprising Women, Equal Voice, Florida Women Impacting Public Policy (Florida WIPP), Global EXEC Women, Hispanics Impacting Public Policy (HIPP), Kansas City Council of Women Business Owners (KC-CWBO), Institute for Economic Empowerment of Women (IEEW), Microenterprise Journal, Moms In Business Network (MIBN), National Association for Female Executives (NAFE), National Association of Certified Government Business Enterprises (NACGBE), National Association of Small Disadvantaged Business (NASDB), National Women Business Owners Corporation (NWBOC), Native American Management Services (NAMS), New Jersey Association of Women Business Owners (NJAWBO), US Pan Asian American Chamber of Commerce (USPAACC), Women Construction Owners & Executives (WCOE), Womenable, Women Entrepreneurs, Inc. (WE Inc.), Women's Business Development Center (WBDC), Women's Business Development Center Florida (WBDC – Florida)

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Lynne Marie Finn, Superior Staff Resources, Inc. - Marion Bonhomme-Knox, Knowledge Connections, Inc. - Linda Denny - Denise E Farris, Farris Law Firm, LLC - Susan Bari, The Susan Bari Company

Nancy Allen, Women's Business Development Center, Inc. - Lisa Ambrose, Skil-air division of Tithe Corp. - Sherry Aycock and Tara Olson, AllPoints Research, Inc. - Christine Bierman, Colt Safety, Fire and Rescue - Jennifer Bisceglie, InTEROS Solutions, Inc. - Virginia Bradley, Global EXEC Women - Michele Bussone - Alpha Quadrant, Inc. - Tanya Anne Callaway Crews, First Touch Communications, Inc. - Clare Carman, The Center for Strategic Alliance, Inc. - Linda Coughlin, Metro-Home NYC, LLC - Linda Denny, Women's Business Enterprise National Council - Kathleen Diamond, LLE Language Services, Inc. - Robin Diamond, Direct Selling Education Foundation - Marsha Firestone, Women Presidents' Organization - Jennifer Fish, Merrill Lynch - Forough Ghahramani, Life Sciences Computing, LLC - Nancy Goshow, Goshow Architects, LLP - Wanda Gozdz, Florida WIPP - Mary Griffin, Griffin & Associates - Leslie Grossman and Andrea March, Women's Leadership Exchange - Cornelia Grunseth, Pacific Northwest Painters - Terri L Hall, Doubletake Studios, Inc. - Sandra Heath, Sandra Heath & Associates, Inc. - LaVern Jackson, National Association of Certified Government Business Enterprises - Bob Johnson, Consumers for Competitive Choice - Brenda Jones, Jones Public Relations Group - Francine Manilow, Manilow Suites - Karen Maples, Myutiq, LLC - Terri E McNally-Beals, Global Capital, Ltd. - Sylvia Medina and Trina Pollman, North Wind, Inc. - Nell Merlino, Count Me In - Robin Otten, RDO Strategic Consultants, LLC - Patricia Parker, Native American Women's Business Council - Shelby Reeder, JIMI Preserving Communities Foundation - Gina Robison-Billups, Moms In Business Network - Leeanna Roman, Hispanics Impacting Public Policy - Olive Rosen, Principal, Photography by Olive - Melinda Rath Sanderson, Association of Women's Business Centers - Mary Schnack, Mary Schnack Media Services, Inc. - Alicia Settle, Per Annum, Inc - Judy Sheppard, Professional Services of America, Inc. - Valerie Shondel, Selecto-Flash, Inc. - Laurie Simon, Umbrella, Inc. - Betty Spence, National Association for Female Executives/Equal Voice - Nicolina Stewart, Capital Management Advisors, Inc. (CMA) - Robin Tabakin, New Jersey Association of Women Business Owners - Guy Timberlake, The American Small Business Coalition - Deborah Wilder, Women Construction Owners & Executives - Zeta Williams, MRCI - Nancy Zurbuchen, Kansas City Council of Women Business Owners

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