



THE CENTER FOR
WOMEN'S LEADERSHIP
AT BABSON COLLEGE

THE IMPACT AND INFLUENCE OF WOMEN'S BUSINESS CENTERS IN THE UNITED STATES

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EXECUTIVE SUMMARY

The Women's Business Center movement, and federal funding of many of those centers through the U.S. Small Business Administration (SBA), emerged in the mid-1990s as a means for assisting women in business formation, particularly those who were socially and economically disadvantaged. *The Impact and Influence of Women's Business Centers* research study examines the social and economic impact of Women's Business Centers throughout the United States and their effectiveness at assisting women entrepreneurs nationwide. This study reports on the activities of 52 centers across 33 states and the District of Columbia.

Women's Business Centers are consistently serving clients nationwide who are economically and socially disadvantaged.

- The majority of Women's Business Center clients have household income of less than \$50,000.
- The majority of Women's Business Center clients have a modest education; 49% have only a high school diploma while 6% have no high school diploma.
- 42% of clients served are women of color.
- Client demographics are consistent across Women's Business Centers regardless of the individual center's age, or co-location. The few nonurban centers in our study serve a lower percentage of women with income less than \$50,000.

Women's Business Centers are drivers of entrepreneurship among economically and socially disadvantaged women.

- On average, 60% of Women's Business Center clients are actively managing a start-up business venture.
- Outreach to women of color is particularly notable; Women's Business Centers serve women of color at a far higher rate than their prevalence in the general population.
- Socially and economically disadvantaged women lack equal alternatives to turn toward for assistance.

Women's Business Centers exhibit shared practices that underlie their success.

- Centers tailor programming to be relevant to the industry interests and time schedules of women clients.
- In addition to business formation training, centers provide access to opportunities and a network of support.

- Centers provide a safe space for women, enhancing the opportunity to build relationships and a support network; primarily female staffing is important to this objective.
- Centers use a relationship-oriented approach to attract targeted clients.
- Networking, mentoring, and peer-to-peer roundtable discussions are key support services.

Funding is the single greatest challenge to sustaining the success of Women’s Business Centers.

- Centers are largely dependent on outside funds, rather than fee or programmatic income, for their operating budgets; outside funding sources are diverse.
- The primary sources of funding for the typical center are SBA funding (41%), fees and program income (18%), grants (16%), and non-SBA government funding (14%).
- The funding environment has become increasingly difficult in recent years.
- While most centers have benefited from Small Business Administration funding, it has been less than sufficient.
- Centers need to further diversify and enhance their funding sources.

Staffing and working with the SBA represent other key challenges for Women’s Business Centers.

- Tight funding hampers center infrastructure improvement, particularly the addition of staff and technological capability.
- There is disparity in satisfaction with the SBA grant process; communication issues are also apparent.

Implications

- Women’s Business Centers have an established track record of creating entrepreneurs among a population of socially and economically disadvantaged women. *Increased funding for existing and new centers would likely extend that success.*
- In a challenging funding environment, *center directors should seek to further diversify and enhance their sources of funding.*
- Women’s Business Centers are unique providers of entrepreneurial training and support services to aspiring women business owners, particularly those who are economically and socially disadvantaged. *There is an opportunity to connect the centers, their clientele, and the local business communities for improved economic benefit for all.*

Women’s Business Centers are succeeding in providing relevant programming and providing valuable entrepreneurial education and support, but they do so in a constrained financial and staffing resource environment. Women’s Business Centers serve an important role as unique providers of business formation education to women clients, particularly those who are economically and socially disadvantaged. A safe, comfortable, relationship-oriented setting, staffed primarily by other women, succeeds in drawing clients to the centers and delivering a valuable entrepreneurial learning experience. The success of these centers is clear as the majority of clients form businesses and maintain their connections to the Women’s Business Centers, creating a virtuous cycle of business connection, mentoring, and value creation. The impact and influence of Women’s Business Centers is both evident and unique.

METHODOLOGY

This research is based upon survey methods and focus groups. The Center for Women's Leadership at Babson College conducted the *Women's Business Center Demographic and Impact Survey*, developed to understand and assess the impact of Women's Business Centers throughout the United States. This report is based on the results of that 144-item survey, which was initially piloted with five Women's Business Centers and then distributed to all prequalified Women's Business Centers in the summer of 2004. To be considered a Women's Business Center, organizations had a) to be a 501(c)3 nonprofit; b) to be focused primarily on women clients starting businesses, or have a dedicated staff focused on women clients; and c) to provide short-term and long-term technical assistance, training, and business counseling. Based on these criteria, nearly 100 institutions were identified as Women's Business Centers through phone and e-mail interviews and more than half of the centers responded (52% response rate) during a three-month period. The respondents represent centers broadly dispersed throughout the United States—all but one of the centers was located in the United States. For the purpose of focusing on Women's Business Centers in the United States, the international center was not included in these reported results.

Three separate focus groups were conducted in conjunction with national conferences attended by center directors, with a total participation of 34 directors. The focus groups met for approximately one hour; the meetings were tape recorded and transcribed. In addition to participating in discussion, focus group participants were asked to complete a written form identifying themselves and their center. They also had an opportunity to respond to focus group questions on this form. A written analysis was generated for each focus group based upon the transcription. The focus group discussion protocol concentrated on gender-specific needs of women entrepreneurs, the economic impact that Women's Business Centers are able to make in women's lives and in the community, whether the training at Women's Business Centers affects the way women run their businesses, and successful practices at Women Business Centers.

ACKNOWLEDGMENTS

The Center for Women's Leadership at Babson College and the Association of Women's Business Centers greatly appreciate the participation of the 52 Women's Business Center directors who participated in the survey, and the 34 center directors who contributed to our focus group discussions. This research was supported through the generosity of the Ewing-Marion Kauffman Foundation. We thank them for their commitment to the entrepreneurial initiatives of women and the institutions that support those activities.

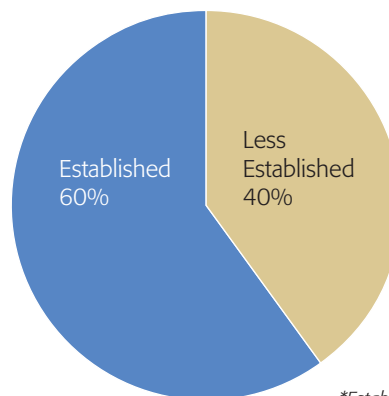
THE STATE OF WOMEN'S BUSINESS CENTERS

This study examines the social and economic impact and effectiveness of U.S. Women's Business Centers on assisting aspiring women entrepreneurs nationwide. While a few centers focused on aiding business women were established earlier, the majority of Women's Business Centers were founded in the early- to mid-1990s when national policies and funding initiatives provided a national platform and increased opportunities. Since entrepreneurial programs targeting women were initially established, they have been steadily expanding their reach—both geographically and demographically; there are now approximately 105 known Women's Business Centers in the United States. Fifty-two Women's Business Centers responded to the research survey. In addition, 34 center directors participated in focus groups. The survey responses, informed by the focus group discussions, form the basis of the data and conclusions presented in this report. This section presents an overview of Women's Business Centers demographics.

Age, Location, and Co-location

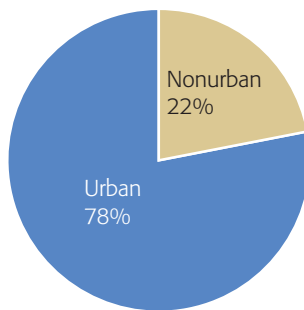
Women's Business Centers vary by age as well as by geographic location. The oldest center in our sample was established in 1977, and as many as 21 centers (40%) are less than 5 years old (less established). A total of 33 out of the 50 states in the United States are represented, with the Northeast having the most centers (almost 20%). Most centers are small—employing on average five full-time employees—with less established centers being significantly smaller than the older centers.

PROPORTION OF ESTABLISHED CENTERS*



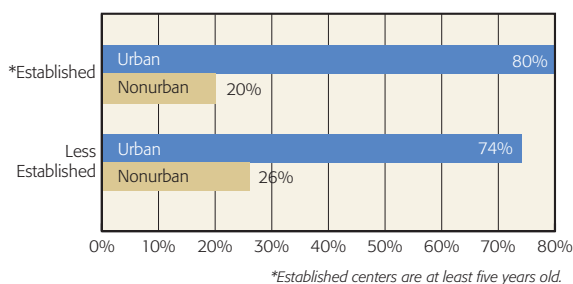
**Established centers are at least five years old.*

PROPORTION OF URBAN CENTERS



Approximately, three-fourths of the centers responding to the survey are located in urban areas.¹ A similar proportion of the less established and established centers are located in urban areas. This suggests fairly consistent growth in Women's Business Centers across nonurban and metropolitan areas. The average age of centers in nonurban areas is nearly 10 years, while the average age of centers in urban areas is approximately seven years.

CONSISTENT GROWTH ACROSS LOCATIONS

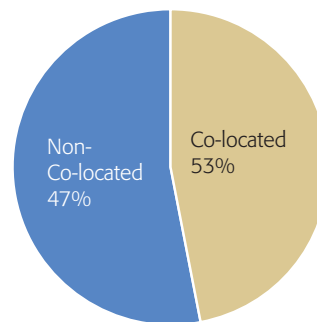


¹ Definition of an urban area is based on 2000 U.S. Census data and includes only identified metropolitan areas. The nonurban areas include rural, suburban, and micropolitan areas. This is consistent with the definition used in the National Women's Business Center (NWBC) Study, *Analyzing the Economic Impact of the Women's Business Center Program*, 2004.

² The 2004 NWBC Study reported that 64% of their centers were co-located.

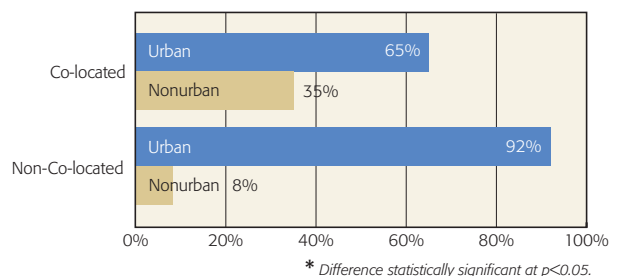
Nearly two-thirds of the centers have one location only, while nearly 25% have more than two locations. More than half of the centers (53%) are co-located with another organization (e.g., university, chamber of commerce, or other nonprofits) and 38% are part of a local economic development organization.

PROPORTION OF CO-LOCATED CENTERS



Fewer co-located centers are urban (65% vs. 92%, at a statistical significance level of $p < .05$), so nonurban centers seem to find co-location more advantageous. While fewer co-located centers are established (48% versus 74%), the average age of co-located centers and other centers was consistent and no significant correlation could be found between age of center and co-location.

NONURBAN CENTERS USE CO-LOCATION STRATEGY*

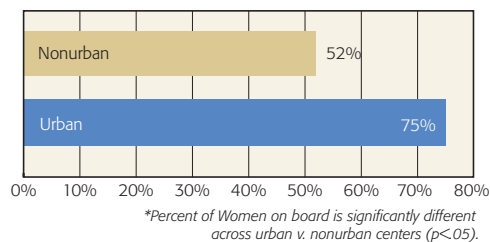


In addition to co-location with a local organization, many centers benefit from connection to a national association; a majority of the centers (78%) are members of the Association of Women’s Business Centers (AWBC). Proportion of membership in AWBC is consistent regardless of age, location, or co-location.

Structure and Funding

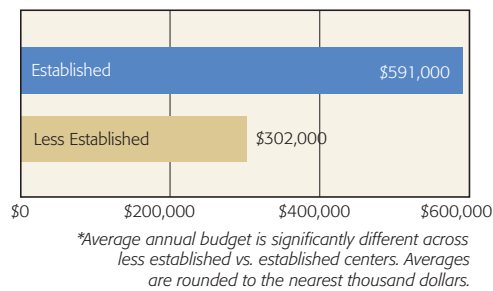
Women’s Business Centers operate with fairly lean organizational structures. The typical center has an average of five full-time and two part-time employees. Leadership of the centers is reasonably stable, with the tenure of a center director averaging four years. In addition to this daily leadership, nearly 90% of the centers in our sample have a board of directors. *The urban centers reported a significantly greater proportion of women on the board than the nonurban centers (75% vs. 52%, at a statistical significance level of $p < .05$), but neither age nor co-location has a significant impact on the average gender representation on the board of directors, which was approximately 70% for all centers in the sample.*

PERCENT OF WOMEN ON BOARD OF DIRECTORS VARIES WITH LOCATION*



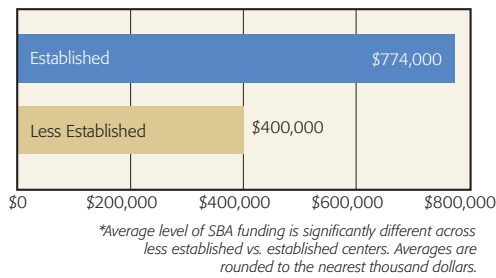
As nonprofits, Women’s Business Centers operate on lean budgets as well as with lean organizations. Annual budgets range from a low of \$25,000 to a high of \$3.1 million, with an average budget of approximately \$745,000 per year. Location does not have a significant impact on the average budget of the centers in our sample. *Not surprisingly, centers that are co-located and centers that are less established have significantly lower budgets—most likely because both have smaller staffs, on average.*

AVERAGE TOTAL ANNUAL BUDGET VARIES WITH AGE*



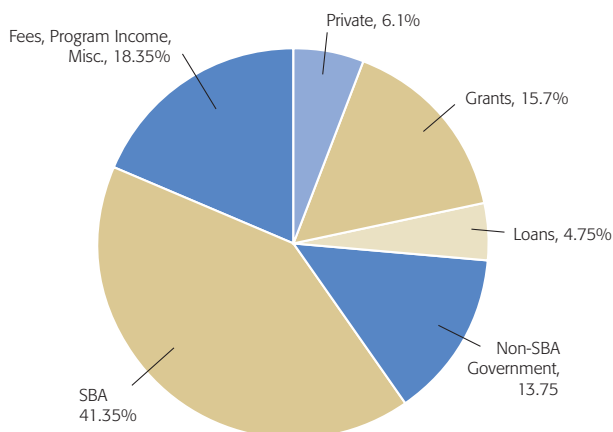
A high percent of the centers (87%) has received grants from the SBA, with the average amount of SBA funding nearly \$600,000 (average of four grants per center). Neither location (i.e., urban vs. nonurban), nor co-location had an impact on the proportion of centers receiving SBA funding. *However, not surprisingly, less established centers reported receiving fewer grants overall, as well as fewer total funds.*

AVERAGE SBA FUNDING VARIES WITH AGE*



In addition to the SBA, other major funding sources include private sources, bank loans, public and private grant foundations, and non-SBA government sources. While the SBA was the largest source of funding, other sources, such as revenue from clients, grants, and non-SBA government funds, each accounted for at least 10% on average.³ Funding is a critical issue for centers as they are largely dependent on outside funds, rather than fee or programmatic income, for their operating budgets. It is clear SBA funding plays a major role in sustaining Women’s Business Centers.

SOURCES OF FUNDING



Clients Served

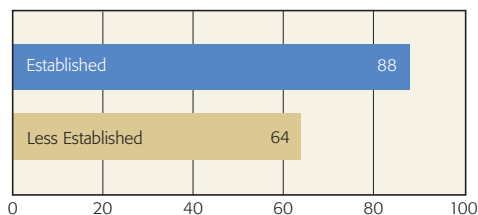
Women’s Business Centers were created to assist socially and economically disadvantaged women in starting and building their own businesses, and they are indeed accomplishing that mission. Centers serve a demographically diverse and disadvantaged clientele, and the majority of these clients are presently managing a start-up business.

In this study, centers reported an average of 79 clients visiting per month, with one center serving as many as 350 clients per month. There was a significant correlation between center age and the number of clients served per month, with the older centers serving clients at a higher rate.⁴ While older centers on average have more employees, there is no significant correlation between the size of the center’s staff and clients served per month. Thus, something besides staffing must account for the increased productivity among the more established centers—perhaps experience. No significant relationships emerged between location (urban vs. nonurban) or co-location and the number of clients served by centers per month. In addition, approximately three-quarters of the centers noted an increase in the average number of clients per month during the past year. The proportion of centers which reported a growth in client rate was consistent across location (urban vs. nonurban), age, and co-location.

³ Because of nonresponse and measurement error on the funding source questions, sample size was reduced to 20 centers for these questions.

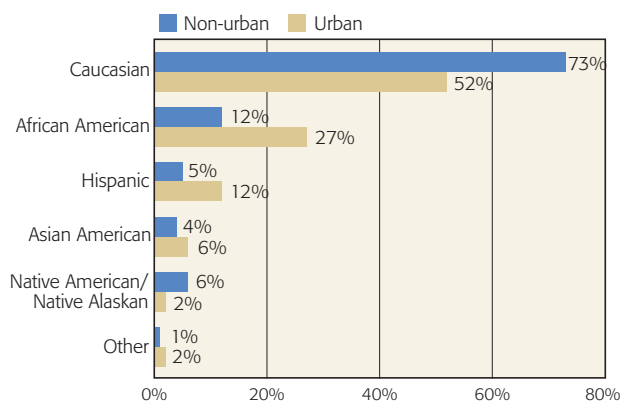
⁴ Actual activity at the WBCs is no doubt higher as clients tend to visit multiple times per month and directors distinguish between clients served and contacts made. The survey instrument asked only about the number of clients served per month.

NUMBER OF CLIENTS VISITING CENTERS PER MONTH



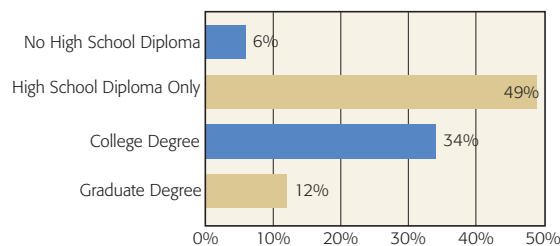
Women’s Business Centers serve clients across a broad spectrum of the community. While the majority of clients served are women, the centers also serve men, who comprise an average 13% of clientele. Nearly one-half of all clients are considered a member of a minority group, the largest group being African Americans (23%), followed by Hispanics (10%) and Asian Americans (5%). Reflective of the general population, minority representation among clients is higher in the centers in urban areas. *Centers consistently are reaching a diverse population regardless of age and whether or not they are co-located with another organization, with an average percentage of minority clients of 43% for all centers in the sample.*⁵

RACE/ETHNICITY OF CLIENTS



Women’s Business Centers also serve a modestly educated population of clients. Almost half of clients have only a high school diploma (49%), with 6% having less than a high school education. Centers in nonurban areas report a slightly lower proportion of clients with at least a college degree (41%) than those in urban areas (47%). *In general, the educational distribution of the clients served by the centers is consistent regardless of age, location, or whether or not the center is co-located, with an average of 55% of the clients having at most a high school degree.*⁶

EDUCATION LEVEL OF CLIENTS



Note: Percentages do not add up to 100% due to rounding

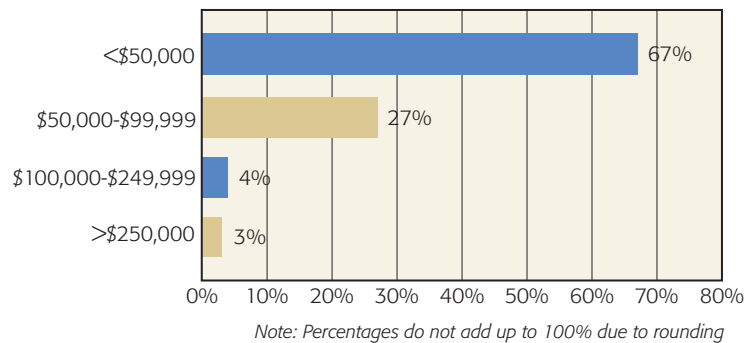
Centers that could estimate income level of their clients report two-thirds of clients served have a household income less than \$50,000, and nearly all clients (94%) have a household income less than \$100,000. This income distribution of clients was consistent for older and newer centers, as well as for co-located and stand-alone centers. However, centers located in nonurban areas report a significantly greater proportion of clients with a household income less than \$50,000 (90% vs. 57%, at a statistical significance level of $p < .05$).⁷ *Thus, in general, Women’s Business Centers serve a population that is part of the low-to-middle socioeconomic classes.*

⁵ This is consistent with the 2004 NWBC Study, which reported that 46% of all clients in 2003 were minorities.

⁶ Sample size dropped to 28 for these demographic questions because of non-response or the lack of tracking of this information by the centers.

⁷ Sample size dropped to 29 for these demographic questions because of non-response or the lack of tracking of this information by the centers. These income categories represent those given to the respondents on the survey.

HOUSEHOLD INCOME LEVEL OF CLIENTS



With each center reaching an average of just under 1,000 clients per year, the level of nascent entrepreneurship is high. *On average, the centers reported that more than 60% of their clients were managing a start-up business.*⁸ The proportion of clients served by Women’s Business Centers with their own businesses was similar in both urban and nonurban areas. This proportion of “success stories” was also similar regardless of age of the center, and whether or not it was co-located. Of those clients who own a business, the majority of these are managing a start-up that is less than three years old (66%). Fewer clients manage a business that is more than three years old with steady sales (15%), or with rapid growth in sales (8%). Nearly all of these early start-ups (84%) have gross annual sales of less than \$100,000.

Women’s Business Centers serve a population with poor access to monetary funding and educational opportunities. Nonetheless, their clientele are successfully starting and managing businesses. Through the services provided, Women’s Business Centers provide an essential path to economic improvement and self-sustainability.

⁸ According to the Global Entrepreneurship Monitor (GEM) 2003 report, total nascent entrepreneurial activity among women in the United States is 8.2% of the adult population. See *GEM Global Entrepreneurship Monitor: National Entrepreneurship Assessment, United States of America, 2003 Executive Report*, Minniti, M. and Bygrave, W., Babson College, 2003.

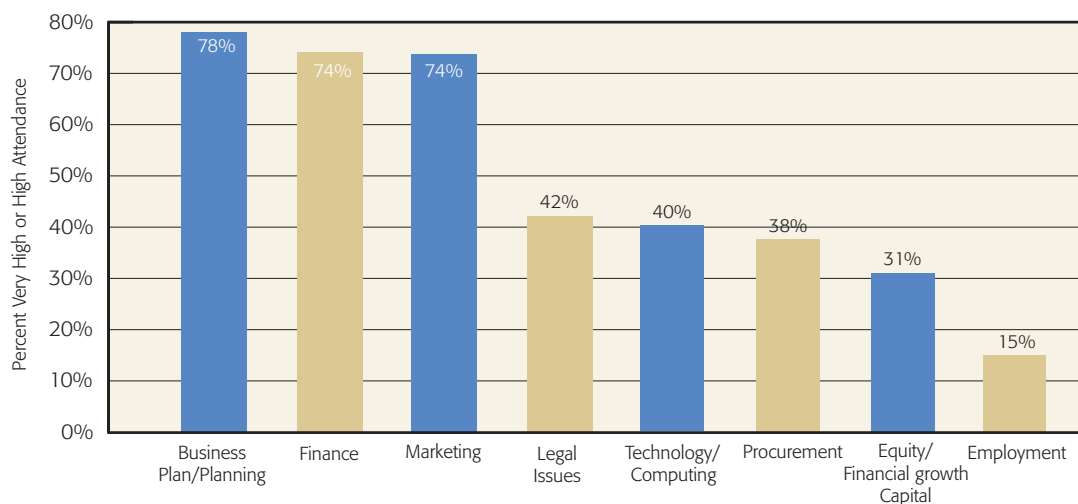
UNIQUENESS AND SHARED SUCCESSFUL PRACTICES

Women's Business Centers exhibit shared practices that underlie their success and constitute the source of their uniqueness. First, centers tailor programming to be relevant to the industry interests and time schedules of women clients. Second, centers use a relationship-oriented approach to attract targeted clients and to create a safe environment based upon trust and connection. Finally, Women's Business Centers focus on network building to create a bridge to business culture for clientele. In so doing, Women's Business Centers create a community of support that enhances the success of both programs and clients. Networking, mentoring, and peer-to-peer round-table discussions are key shared practices that support this objective. This section provides an overview of survey data, supplemented by focus group feedback, detailing the important shared practices that are the foundation of success for Women's Business Centers nationwide.

Tailored Programming

The main objective of Women's Business Centers is to provide technical assistance and support to aspiring women entrepreneurs. *Women's Business Centers pay close attention to clients' interests and the reality of their lives, tailoring programming to best suit the needs of women.* Programming is offered across a range of topics and formats, covering both business functional topics, as well as support services. The most frequently attended formats are one-hour seminars followed by one-day workshops. Clients typically prefer the morning or noontime periods, as opposed to the afternoons or evenings for programs. Center directors report that the most frequently attended sessions are on business planning, finance, and marketing, while the least attended sessions cover employment/origination and equity financing.

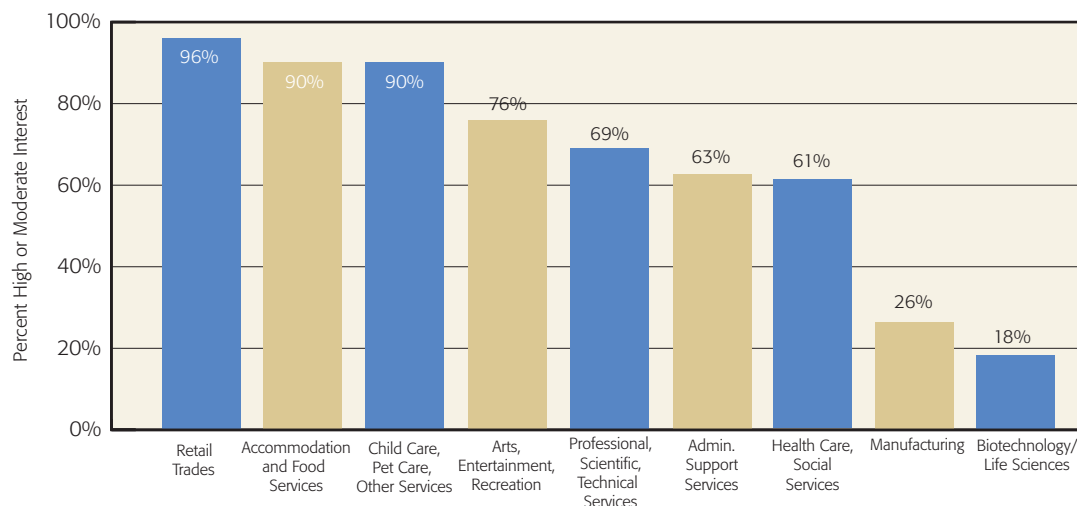
LEVEL OF ATTENDANCE BY BUSINESS FUNCTION TOPIC



In addition to functional business training, Women’s Business Centers offer clients the opportunity to explore and learn about an array of industries. The industries that clients expressed the greatest interest in are retail (96%); accommodations and food services

(90%); other services, including child care and pet care (90%); and arts, entertainment, and recreation (76%). Clients expressed the lowest level of interest in manufacturing and biotechnology.

LEVEL OF INTEREST IN INDUSTRY



Another aspect of programmatic tailoring at the centers the educational programming provided that “meet clients where they are,” particularly with respect to low-income minority women. The consensus among directors at the Women’s Business Centers in this study is that women entrepreneurs who seek assistance through the centers have a dimension of needs that are specific to their experience. According to the directors, these distinct needs often reflect a lack of experience in the business world, an inability to secure funding, and a disproportionate amount of child care responsibility.

Directors confirm that these needs are particularly evident among the low-income minority women their centers serve. Specifically, women usually shoulder more time-consuming family responsibilities as caregivers and have less access to credit and lower financial or business literacy. Also, many women clients view their businesses as a way to provide for and spend more time with their families. Finally, in their efforts to start businesses, women clients often experience role incongruity, putting social gender expectations as caregivers in conflict with business leadership expectations as entrepreneurs. This is often particularly apparent among women of more traditional gender-role ethnic culture backgrounds, such that they receive less family support for their business endeavors (African American, Native American, Hispanic, Iranian, rural Caucasian, and Taiwanese women were mentioned). Directors also believe that these women often experience less respect from business community members as well due to stereotyping (bankers, educators and administrators were specifically mentioned). A focus group dialogue clearly illustrates this issue:

“One big problem is insensitivity in terms of our resource partners. Clients will say, ‘I went to [local business assistance agency], and they made me feel like I should be home taking care of my kids.’”

“Or they will treat it like a hobby, or say, ‘That will never work’—especially with African-American women.”

“They will say, ‘Women are equal’ or ‘There’s not a race issue anymore.’”

“I’ve had clients say, ‘They told me to go home. My business plan isn’t viable.’”

“If you take a survey, 97% would say it is an issue.”

Given the realities and experiences of women clients, directors report that center clients are often more anxious about the prospect of starting a business. In response, center programming is tailored to address the personal as well as business development issues that clients face as they seek to start businesses. Some specific programs mentioned were Workshop on the Mindset of Women Business Owners, Life Skills Seminar on Empowerment, Balancing Life and Family, and Women’s Networking and Empowerment Series.

A final area of tailoring reflects the educational and English language level of center clients. Because many Women’s Business Centers clients are recently immigrated women, for whom English may be a new language, adjustments are made. In some cases, bilingual education is provided, while in others, curricula are designed around a secondary school educational level, and teachers are trained to speak slowly and without American idioms.

Relationship Orientation: Trust and Connection

A second important aspect to the services provided by Women's Business Centers is the approach to learning through a supportive community. *A key shared practice among centers is a relationship orientation manifest in one-on-one counseling and maintaining long-term contact with clients.* Through this approach, centers create "safe spaces" for learning and pursuit of goals by the women clients they serve. The emphasis in Women Business Centers programming is on establishing an environment of trust and connection that will encourage the learning and business development process by women clients. Women's Business Centers distinguish themselves by focusing on relationships, with long-term connections, and providing individual attention to clients as well as group instruction. Programming that prioritizes content common to and valued by women, that is delivered primarily by women staff, sends a strong signal to clients that Women's Business Centers are a safe and accessible educational space for women.

Although the centers are focused on connection and relationships, they do so with an eye toward serious accomplishment of entrepreneurial goals. In the words of a director, "We like to say, we hold hands, we give you hugs, and we kick you in the butt." Many directors talked about their observation that women have different "learning styles" from men. Respondents reported that women value learning through relationships rather than learning in an impersonal way, and that women respond better when taught in a holistic manner instead of being taught specific skills in a piecemeal fashion. Despite the focus on women, men are also clients or counselors and mentors in Women's Business Centers.

Though men are a minority of Women's Business Centers clients, several respondents mentioned that men can work well at centers when they imitate and learn from women. One respondent said that men add to the culture of Women's Business Centers as long as they recognize that women are the focus and that Women's Business Centers promote a culture that prioritizes women's perspectives.

Many respondents commented that women often seek out the refuge of a Women's Business Center after trying to attend business training classes offered by other organizations. One center director noted, "Women have different learning styles from men. We try to establish a personal connection with women. Women are often intimidated by men." Another director gave an example of women's gender-specific needs for "safe" spaces in which to learn. Many women told her that they felt apprehensive about attending university classes, in part because students in university classes tended to be white, middle-class men. When this director asked for a separate space for classes specifically for women, she met with resistance. Since there were so few low-income minority women in the university classes, the assumption was that there were few women interested in attending Women's Business Center classes. However, once there was a safe, nonintimidating space provided for them, many women who had been reluctant to attend university classes flooded the center classes:

"I got a university grant from the SBDC [Small Business Development Corporations] to open a center. They gave me a room that was 800 square feet. I said, 'Where am I going to put all the women?' I was told, 'You won't have more

than 10'. Women were not coming to the university classes. They didn't want to sit with white men who have a lot of money. Before we got a new space, I ended up cramming 70 women into that room!"

Directors noted that some women decide to start a business during times of financial and personal crisis such as after a divorce or job loss. This situation creates a particular need for trust and connection. Given the relationship approach that Women's Business Centers employ, and the high percentage of female staff members, many women clients confide in the directors, describe their position in their family hierarchy and how it may curtail their financial independence. The relationship orientation itself then becomes a support service tailored to women. One director explained,

"There is the woman whose husband makes the money and he doesn't give her any of it. She will not talk about this with a man. It takes other women to talk about it. It is a kind of abuse. She is being held hostage. He has to have his meals on time so she has to work around his schedule."

Many directors described cultural and ethnic customs that influence gender roles and can create obstacles for women. Again, the one-on-one counseling serves to build both trust as well as support. For example, one director reported:

"With Hispanic and Iranian women, a husband will come in with the wife, and he will talk about the wife's business and she is quiet. I say, 'Is it her business or yours?' I try to talk to her. That's my object—to get her to talk about the business and maybe to come in alone next time."

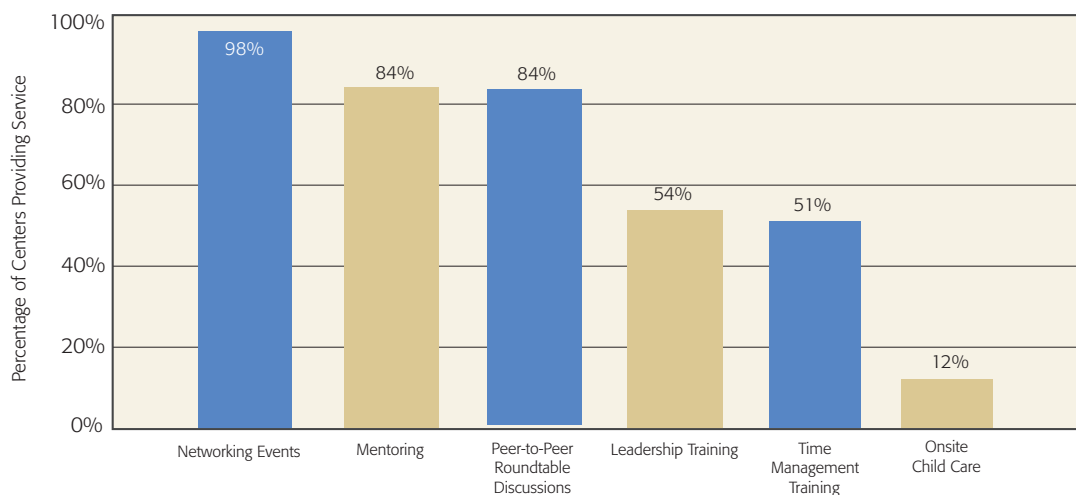
Center directors are well aware that many of their clients face gender-role, race, and class-specific obstacles to starting a business. Women's Business Centers provide an entrepreneurial education and support programs targeted specifically for women, and delivered with an approach designed to build trust and connection. This program tailoring and relationship oriented philosophy is a unique feature to Women's Business Centers.

Network Building: Bridge to Business Culture

Finally, *Women's Business Centers use high-touch support services to build a network of community, provide access to opportunities, spotlight aspirational role models, and build professional and personal development.* Through these activities, centers provide a bridge to business culture for their clients.

Mentoring and networking opportunities are among the most important of support services that centers provide to their clients. More than 80% of the centers provide networking, mentoring, and peer-to-peer learning opportunities. Other important personal development support services provided include time-management and leadership training. Also, a handful of centers offers services that aren't specifically related to business development but, nonetheless, are supportive of women, such as on-site child care services (other services mentioned in focus groups include a women's health center, the Displaced Homemaker Project, and Head Start). According to many focus group participants, women entrepreneurs often report a sense of profound loneliness that center programs can help quell, by providing role models and a network. One director described the importance of networking, "[Starting a business] feels very daunting. Some of that is reduced by seeing women who look like themselves and women who have had the same experience succeed."

SUPPORT SERVICES BUILD A BRIDGE TO BUSINESS CULTURE



And, some centers literally become an extension of the business community by taking on the role of funder. These centers provide assistance with loan origination, connections to lending officers in the local community, and sometimes directly provide seed money for start-up. This support and approach is especially important for women who otherwise suffer from disadvantage, particularly with respect to securing funding. One director, whose client base is approximately 80% economically disadvantaged African American women, concurred that women often have a more difficult time acquiring bank funding, “Women aren’t taken seriously at the banking level.” This director also noted that many of the Women’s Business Center clients not only need financial literacy training, but also need a “high degree of mentorship, almost moral support” because they are often going through a divorce, or are leaving a job situation and starting over. In these cases, many women clients are not initially ready to write a business plan, but first need counseling about continued learning and job acquisition. With long-term support (sometimes years), some of the women in these situations have been able to

progress from being low-wage earners to franchise owners. Though only a small number of Women’s Business Centers can offer women loans to start businesses, many Women’s Business Centers help women acquire capital and provide a much needed bridge to the business community through networking and education.

Many center clients have not had the opportunity to participate in the mainstream educational and economic environment. At Women’s Business Centers, clients have the opportunity to learn about business culture from other successful women entrepreneurs. Networking opportunities provide a sense of camaraderie and emotional support among women, and serve as a primer for how to navigate in a business setting, how to make contacts, how to make an entrepreneurial pitch, and how to follow up on a connection. Several directors in focus groups described Women’s Business Center networking initiatives that have produced groups that have continued to meet for years. One group has been meeting monthly for more than 20 years. Thirty-five to 50 people attend this monthly meeting; they have guest

speakers and hold annual events that highlight members' businesses. This year, the director anticipates that 100 women will attend the annual meeting. The networking groups described by directors are exclusively women. It is at these monthly networking meetings that women find out what other women are doing in their businesses. Additionally, they discuss balancing family and work, discover educational and training opportunities, and even provide jobs for other members.

Other directors underscored the importance of networking as a bridge to the business community. One spoke about how women often do not know what type of business they would like to start, and that women have various and complementary skills, "Not every woman can by themselves create a business but some of them together can. We can get them together. Women like to share their business ideas." This director said that some of her clients have started businesses together. She is beginning an "e-platform" that will connect women and their business products and services.

Additionally, some directors noted how the Women's Business Centers emphasis on long-term relationships with clients helps with networking. One director shared a successful practice that her center used to keep connected to clients and to network clients to one another: she asks clients to fill out forms about their businesses asking about the start date, whether the client secured a loan, and the nature of the business. When clients return the form, the director lists the client's business on the Women's Business Center's Web site. The director explained, "Then I have a piece of paper that says this person was here. We helped them. These are some of the businesses we helped start. We can show this to other clients and to funders.

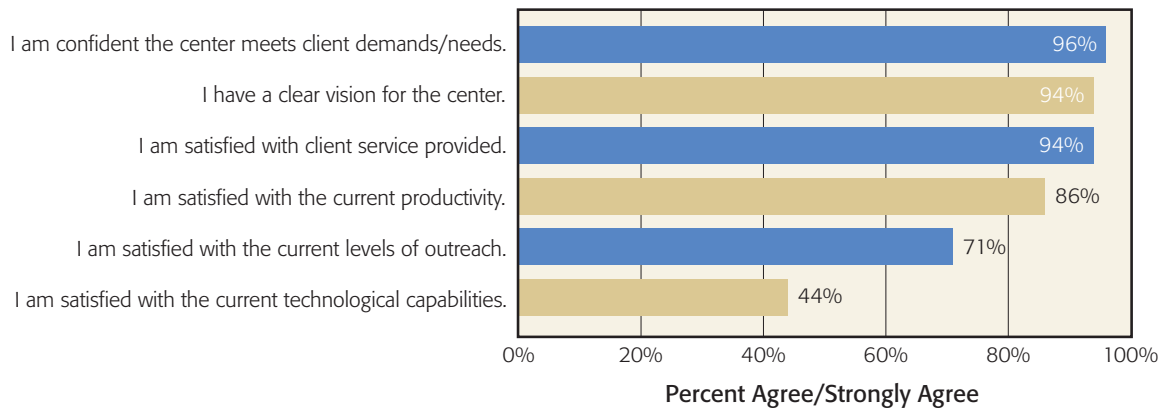
And clients shop each other and network." The information also can be used to increase mentoring among clients as experienced clients offer advice to newer clients. Other successful practices include partnership with learning institutions that will trade the training they provide for Women's Business Centers services.

Another successful practice is the use of affinity groups to create smaller networks of clients within a center, as one director said, "Classes are great, one-on-one counseling is great, but a structure that holds it together is important. We have affinity groups." The affinity groups discuss the challenges of their particular businesses, and market their items together. They may be facilitated by experienced women entrepreneurs or Women's Business Centers staff members. Many of these groups continue on for years, adding new members or spinning out new groups. They build the network of connection and business acumen among a center's client community.

Other Successes: Client Satisfaction and Community Recognition

Directors overwhelmingly reported that they were satisfied with the client services their centers provided (94.1%); that they were confident that their center was meeting the demands/needs of clients (96%); that they had a clear vision for their center (94.2%); and that they were satisfied with their center's current productivity (86.3%). Additionally, most directors (75.5%) reported that the average number of clients per month has increased in the last year. Women's Business Center directors believe that they are successfully serving clients, and the fact that 60% of the clients assisted by Women's Business Centers are managing a start-up business is evidence that Women's Business Centers are helping women entrepreneurs.

DIRECTOR PERCEPTIONS OF CENTER CAPABILITIES



Within the area of client services and outreach, directors have had success increasing and satisfying clients. Many directors report that they have had “record-breaking enrollment” and have high client satisfaction—one cited client satisfaction of 98%. Directors have developed workshops, conferences and classes. They are proud of pioneering events such as the First Annual Collaboration of Women’s Business Owners and the First Women’s Conference and Expo. Most directors (70.6%) are satisfied with the current level of outreach in their centers. In survey responses directors detailed ways they respond to the needs of minority populations. They have developed workshops such as Household Management, in response to requests of Asian immigrants; classes that include a Spanish language program; and, in a partnership with native communities, education for Native American entrepreneurs.

Centers also have achieved increased visibility and recognition in the community in the form of partnerships with other groups, local political support, and praise offered by the Aspen Institute, the Association for Enterprise Opportunity, and the Small Business Administration, among others. In a way that connects

client support and presence in the community, one director recounted a client who had worked for many years in the “cut and sew” industry until the jobs were outsourced. The factory owner approached his client and asked her if she would like to buy the business. Though she wanted to buy the business and had a viable business plan, she could not get bank financing. The director said banks would only finance her if she had been successful for two years. In this case, the Women’s Business Center was able to provide funding for this client who in turn employed 30 people, which according to the director, “made a big difference in a small town.” This client has been successfully running the company for the past three years. The director noted, “We tried something [the banks] wouldn’t. We tried something different. There needs to be a mechanism out there for people who don’t fit the mold.” Through this success story, the Women’s Business Centers achieved widespread community recognition.

CHALLENGES AND NEEDS

The top three challenges for center directors are securing funding, center infrastructure, and working with the SBA. These challenges are related. Funding levels affect a center's ability to develop its infrastructure through additions to staff or technological capability. And, because SBA funding plays a major role in most Women's Business Centers operating budgets, working with the SBA is intimately connected to the funding challenge. This section describes the challenges and needs facing Women's Business Centers.

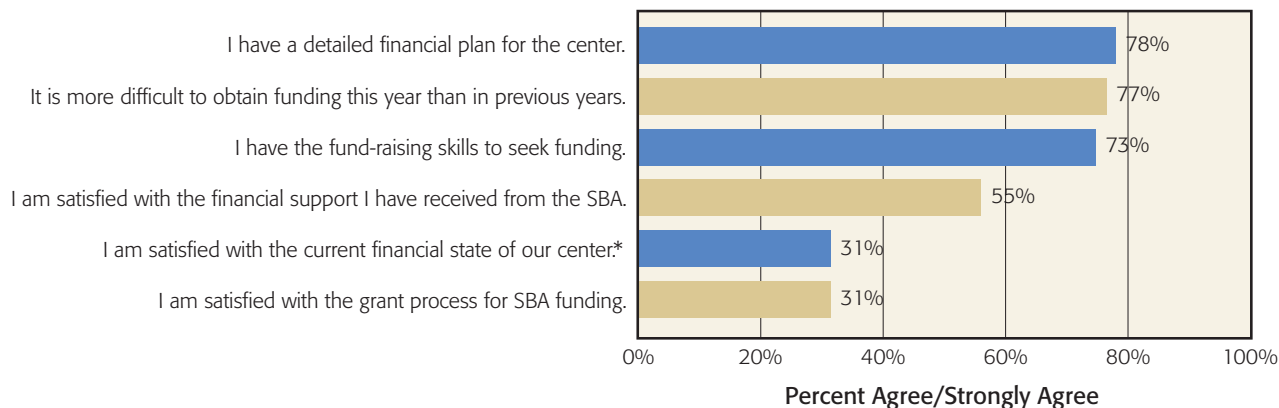
Funding

Funding is the single greatest challenge to sustaining the success of Women's Business Centers. Funding is the most common concern of center directors—more than 70% of the centers list it among their top three challenges. A series of perceptual questions on funding reveals that while few directors are satisfied with the current financial state of their centers, the majority have a financial plan and believe they have the skills required to raise funds. And, while 73% of directors report optimism about growing support for women's enterprise, a comparable proportion sense a more difficult funding climate.

Most directors agreed that they have a detailed financial plan for the center (78%) and have the necessary fund raising skills (73%), yet the majority of directors believe it is more difficult to obtain funding this year than in prior years (77%). Center directors that are not co-located with another organization are less satisfied with the current financial state of their center (21% vs. 41%, $p < .05$), and *on average, less than one-third of all centers are satisfied with their current financial state.*

More urban centers agree that they have a detailed financial plan for their center (85% vs. 55%, at a statistical significance level of $p < 0.05$) and are more satisfied with financial support from the SBA (62% vs. 27%, at a statistical significance level of $p < 0.05$). In general, *slightly more than half of all centers are satisfied with the financial support from the SBA, and less than one-third are satisfied with the grant process of the SBA.* No differences in perception of SBA funding or process were evident based upon either the age or co-location status of the centers.

DIRECTOR PERCEPTIONS OF CENTER FUNDING



**Fewer non-co-located centers are satisfied with this aspect of funding than co-located centers, $p < .05$.*

Infrastructure

Funding and staffing are closely connected. Many directors report that they do not have enough time to raise funds and develop relationships with financial institutions. Often, staffing to pursue financing is tight due to the one-on-one relationship approach with clients emblematic of the Women’s Business Center approach. One director recounted an incident when her entire staff spent months applying for a grant that they then had to match with equal funds. Though they eventually received the grant, the center did not really come out ahead because operating costs were not covered, and they had to take money from other programs to match the grant money. In the end, she regretted the time and effort spent on the grant.

The structure of grants also presents challenges to programming and staffing. One director explained that since grants are often given on one-to-three-year cycles, centers run out of funds for existing projects and cannot provide consistent services as funding dries up. Further, funding is often available only for new initiatives, and directors complain that they do not have enough staff to service current programs, let alone invest in new ones. And, directors reported that fund-

ing generally is not allowed to be used for operating costs, and so staff members are always in short supply. One director commented, “Federal government funding is most available, but has to be matched with state money—none of it is for operating costs. [We need money] so that people can do the work.”

Of course, funding directly affects the number of staff a center can afford. In turn, this produces other challenges that Women’s Business Centers directors mention: the ability of the centers to follow-up with clients, to reach out to low-income minority women, to secure attendance at classes, and the ability to train existing staff members, especially in the areas of technology and grant writing. Also, lack of staff or high staff turnover feeds into the challenge of establishing leadership and maintaining the Women’s Business Center culture at centers. In addition to staffing, technology is the other main aspect of infrastructure that concerns center directors. Satisfaction with technology is low—with only 44% being satisfied with the technological capabilities of the centers. This low satisfaction rating for technology was consistent regardless of age, location, and co-location.

Collaboration with the U.S. Small Business Administration

In addition to funding and infrastructure, *collaboration with the SBA presents another major challenge for Women's Business Centers. Just over half (55%) of directors express satisfaction with the financial support received from the SBA and barely one-third (31%) are satisfied with the SBA grant process.*

Enhancing the disparity in satisfaction with the SBA would be beneficial to Women's Business Centers. When asked what improvements center directors would like to see in the relationship between their centers and the SBA, the overwhelming answer was better communication (54%). There was a sense that the SBA did not know what the centers were doing, and the center directors did not always clearly understand the SBA's procedures. Many directors want better direction from the SBA on procedures and guidelines. One wrote that she needs "more clarity in policy and collaboration with services between various SBA programs; i.e., SBDC, SCORE, Women Business Centers." Another wrote, "[there is] room for improvement [in communication]; currently very inefficient use of staff time with repeated inquiries and submission of documents (loss of documents in the SBA office is a way of life)."

Poor SBA understanding of center operations is another aspect of communication that directors cite. One director wrote, "I would like the SBA to treat us the way we treat our clients—with respect—and to see us as true partners which means taking our view and

perspective into account. The SBA needs to understand better what it means to run a program so that they could understand what their demands for information mean and so that they could see the impact of policy changes." Another director wrote, "Federal program officers need to have an opportunity to visit our centers—it's really hard for them to understand what we do in our communities when they've never seen our center or our work in person."

Further, many directors voiced the impression that the SBA did not seem to care about the work that Women's Business Centers do. One wrote, "I would like for the district direct to acknowledge and appreciate the efforts and accomplishments of our center," while another commented that she longed for "a sense that SBA cares if we live or die." Other major concerns about the SBA were the amount of paperwork they needed to fill out for SBA funding (14%), the amount of time it took for the SBA to provide reimbursements (12%), and the desire for more funding (10%). One director commented that "... in the last year, we have not been paid for Q1, Q2, Q3 reimbursements due to paperwork/administrative issues with SBA. Cash flow is a major concern."

While funding, infrastructure and working with the SBA are the most significant challenges facing women's business centers, there are other issues which are also of concern. Other challenges mentioned by directors included:

- *Outreach as a priority:* Continuous initiation and development of relationships with low-income, rural and/or minority women and maintaining class/program attendance.
- *Best practice leadership:* Revitalizing the board of directors and training management staff in technology and in the culture of the Women's Business Centers organization.
- *Marketing/PR impact:* Building name and program recognition to enhance outreach as well as funding opportunities.
- *Effective strategic planning:* Eliminating duplication of services, assessing program design, evaluating competition, upgrading counseling and education services, building relationships with statewide Small Business Development Corporations and SCORE, and seeking more employment opportunities from service and industry.

Overall, funding, infrastructure needs, and connection to the SBA pose serious challenges to the daily operations of Women's Business Centers. Despite these constraints, centers succeed in providing effective outreach and entrepreneurial education to socially and economically disadvantaged women.

CONCLUSIONS AND IMPLICATIONS

The Impact and Influence of Women's Business Centers study examined the accomplishments of Women's Business Centers throughout the United States. This report outlines key findings with respect to outreach and educational activities for the target population and points to one clear conclusion: the impact and effectiveness of Women's Business Centers is both evident and unique. This track record can be seen in the following findings:

- Women's Business Centers consistently serve clients nationwide who are economically and socially disadvantaged. Two-thirds have household income below \$50,000, less than half have more than a high school education, and 42% are women of color.
- Women's Business Centers are drivers of entrepreneurship among economically and socially disadvantaged women. On average, 60% of Women's Business Center clients are actively managing a start-up business venture.
- Women's Business Centers exhibit shared practices that underlie their success, including programming tailored to women's interests and needs, a relationship-oriented approach, and network building as a bridge to business culture.

Despite the clear positive impact of Women's Business Centers, challenges remain. Of particular note:

- Funding represents the single greatest challenge for Women's Business Centers and it is intimately tied to staffing and technological capability.
- Collaboration with the Small Business Administration is another issue of concern for Women's Business Centers. Communication, grant processes and guidelines, and payment efficiency are areas where improvement would be welcome.

Given the effectiveness of Women's Business Centers, it is worthwhile considering how their work could be extended and enhanced. The evidence from this study suggests several possibilities:

- *A Need for Increased Funding:* Since Women's Business Centers have an established track record of creating entrepreneurs among a population of socially and economically disadvantaged women, increased funding for existing as well as new centers would likely extend that success. The single greatest challenge confronting Women's Business Centers is the ability to sustain the work of their centers through funding.
- *Funding Source Diversification Is Necessary:* Funding is a critical issue for centers as they are largely dependent on outside funds rather than fee or programmatic income for their operating budgets. Funding has become increasingly difficult in recent years and the Small Business Administration is providing less than sufficient support for Women's Business Centers. The funding environment is extremely challenging for center directors seeking to serve a clientele that continues to grow with each year and who lacks equal alternatives to turn toward for assistance. In a challenging funding environment, center directors should seek to further diversify and enhance their sources of funding.
- *Stronger Connections May Yield New Benefits:* In an effort to improve the funding climate, stronger connections with the Small Business Administration as well as with the local business and government community may be valuable. A revised operating approach toward the centers would certainly be welcomed by directors. In addition, directors might allocate greater emphasis to improving local relations with business and community leaders, toward the dual benefits of enhancing client connections and center fund-raising sources and levels.

Women's Business Centers serve an important role as unique providers of business formation education to women clients who are socially and economically disadvantaged. The success of these centers is clear as the majority of clients form businesses and maintain their connections to the Women Business Centers, creating a virtuous cycle of business connection, mentoring, and value creation. *Increased funding and community support would enhance the impact of Women's Business Centers and augment a powerful source of nascent entrepreneurship and economic development among disadvantaged women.*

THE RESEARCH TEAM

The Center for Women's Leadership at Babson College is the first center dedicated to women in business and entrepreneurship at a leading school of management. Through educational programs, research, and executive education, the Center for Women's Leadership promotes the advancement of women at all stages of their professional development and the achievement of competitive advantage by companies focused on the talent and market power of women. The Center for Women's Leadership collaborates with companies and business-related organizations to understand the issues that contribute to women's leadership success in business and entrepreneurship.

Babson College supports entrepreneurs on their journeys to build and grow successful enterprises. Located in Wellesley, Massachusetts, Babson has been a pioneer in entrepreneurial education since its inception in 1919, and offers an innovative curriculum that helps students develop well-rounded leadership and management skills. While conventional thinking defines entrepreneurship as starting and running a business, Babson believes that having sharp entrepreneurial skills is vital for the success of any business—large or small, public or private, corporate or not-for-profit, local or global.

Babson offers BS, MBA, and custom MS and MBA degrees through its undergraduate program and the F.W. Olin Graduate School of Business at Babson College. Executive education development programs are offered to experienced managers worldwide through Babson Executive Education. Babson College is proud to have been recognized as a world leader in entrepreneurial education by *U.S. News & World Report*, the *Financial Times*, and *The Wall Street Journal*.

The Association of Women's Business Centers (AWBC) is a national 501(c)3 organization representing women business owners and Women's Business Centers. The AWBC was founded in 1998 to support entrepreneurial development among women as a way to achieve self-sufficiency, create wealth, and to expand participation in economic development through educational, training, technical assistance, mentoring, development, and financing opportunities. The vision of AWBC is a world where economic justice, wealth, and well-being are realized through the collective leadership and power of successful entrepreneurial women.

National Women’s Business Council is a bipartisan federal advisory council created to serve as an independent source of advice and policy recommendations to the President of the United States, U.S. Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. The Council’s mission is to promote bold initiatives, policies and programs designed to support women's business enterprises at all stages of development in the public and private sector marketplaces, from start-up to success to significance. Members of the Council are prominent women business owners and leaders of women's business organizations.

The Level Playing Field Institute (LPFI) promotes innovative approaches to fairness in higher education and workplaces by removing barriers to full participation. LPFI works toward this mission by conducting activist research, developing programs, and providing grants in these issue areas. Based in San Francisco, LPFI was founded in 2001 by Freada Kapor Klein, an expert consultant on sexual harassment and bias in the workplace.

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