

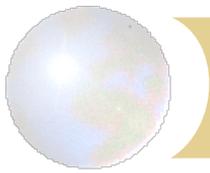
U.S. Department of Commerce
Minority Business Development Agency



*Minority Women-Owned
Firms Are Fastest
Growing Firms*

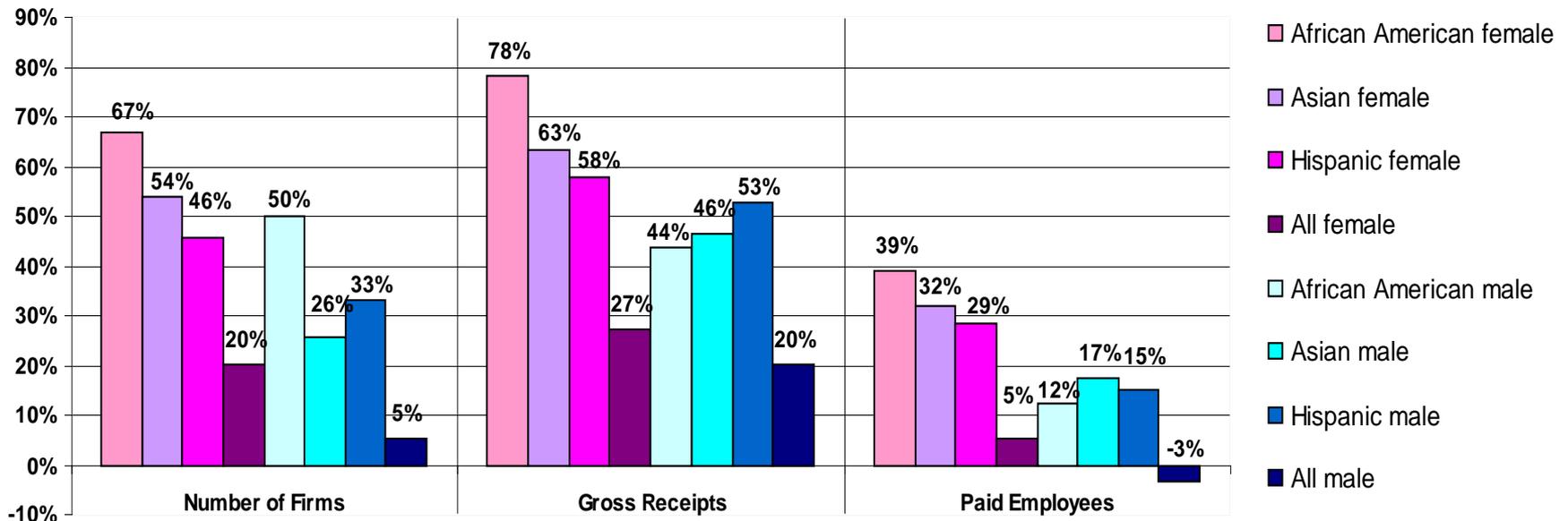
Alejandra Castillo, National Deputy Director
June 7, 2011

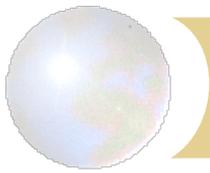




Minority Women-Owned Firms Are the Fastest Growing

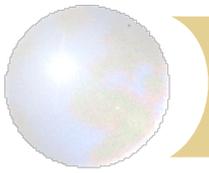
2002-2007





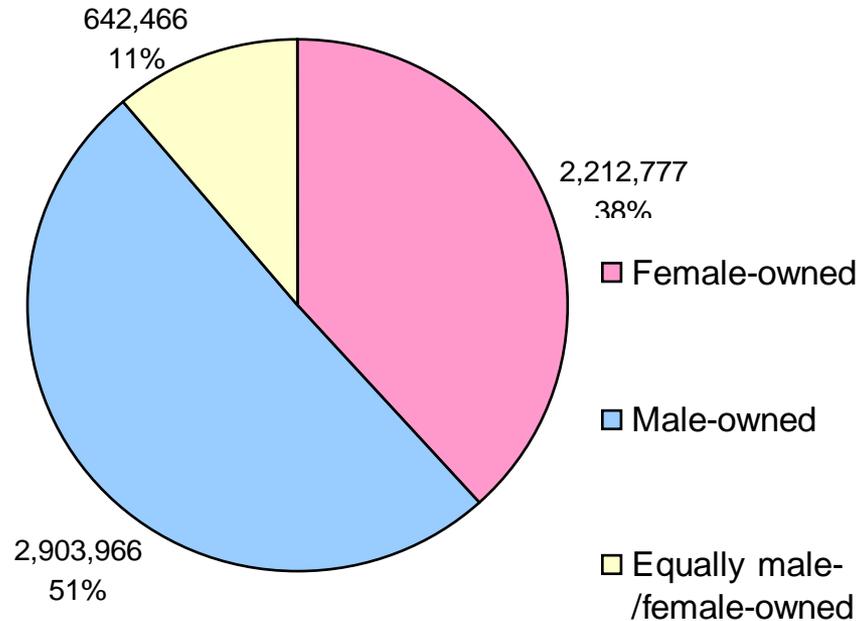
More Minority Women Are Entrepreneurs

- ✦ Many more minority men and women are embracing entrepreneurship, with minority females becoming entrepreneurs at a faster rate than any other group.
- ✦ Minority female-owned firms once again grew faster than all other groups of firms in number of firms, gross receipts and employment between 2002 and 2007.
- ✦ African American female-owned firms grew the fastest than any other group of firms in number of firms by 67%, and in employment by 39 percent.
- ✦ Firms owned by Native Hawaiian and Other Pacific Islander women had the highest increase in gross receipts, with a 90 percent growth during the same period.
- ✦ Asian women-owned firms followed African American women-owned firms with the second fastest growth in number of firms and employment; and Hispanic female-owned firms ranked third in terms of growth in those two business measures during the same period.
- ✦ In comparison, all female-owned firms grew at a slower rate than minority female-owned firms. The number of female-owned firms increased by 20 percent, their receipts by 27 percent and their employment by 6 percent.
- ✦ Male-owned firms grew at an even slower rate by 5 percent in number of firms, 20 percent in gross receipts, and experienced a loss in employment with a decrease of 3 percent in paid workers during the same period.



Minority-Owned Firms by Gender

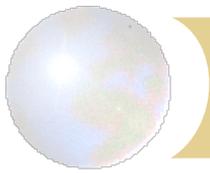
Minority Firm Ownership by Gender, 2007





Minority-Owned Firms by Gender

- ✦ In 2007, there were about 5.8 million minority-owned firms, of which 2.2 million were owned by minority women primarily (with a 51 percent ownership rate) and 2.9 million firms were owned by minority men.
- ✦ Minority female-owned firms represented 38 percent of all minority-owned firms, while minority men held 51 percent of these firms, with the remaining 11 percent equally owned by minority women and minority men in 2007.
- ✦ Minority women-owned firms generated \$186.2 billion in gross receipts (about 18% of all the receipts generated by minority-owned firms) and employed 1.2 million workers (about 21% of all the workers employed at minority-owned firms).



Minority Women-Owned Firms Are Smaller

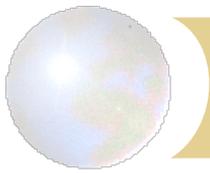
Average Gross Receipts, 2007			
Minority Female-owned businesses	<u>Non-Minority</u> Female- owned businesses	Minority Male-owned businesses	<u>Non-Minority</u> Male-owned businesses
\$84,000	\$181,000	\$245,000	\$706,000



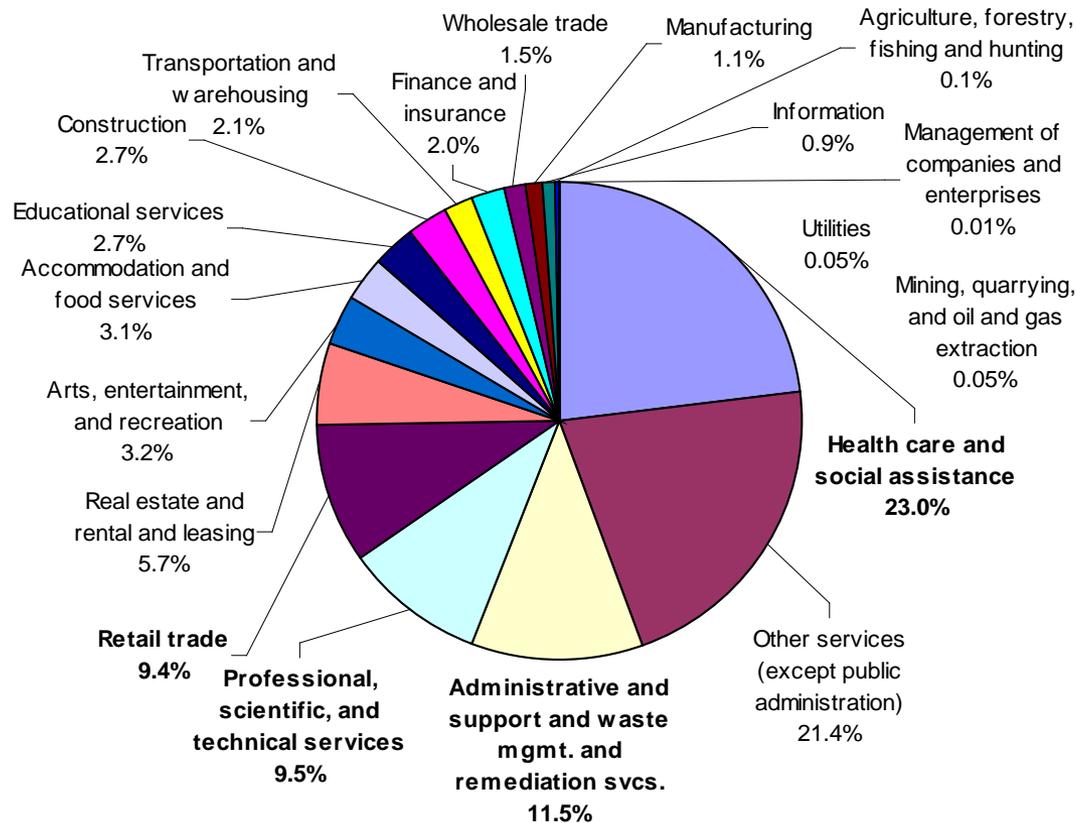
Much Room to Grow

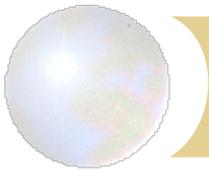


- ✦ Although minority-owned businesses are growing at a faster rate than non-minority firms, there is a large disparity in average gross receipts between minority female-owned firms and other group of firms.
- ✦ Average gross receipts of minority female-owned firms amounted to only \$84,000 per firm, less than half the average gross receipts of their non-minority female counterparts (\$181,000), and a third of the average receipts generated by minority male-owned businesses (\$245,000). Non-minority male-owned firms had the largest average gross receipts at \$706,000 per firm.
- ✦ The smaller average size of minority female-owned firms is partly explained by the fact that they had a lower rate of firms with employees. There were about 180,000 minority female-owned firms with employees representing about 8 percent of all minority female-owned firms in 2007.
- ✦ In comparison, other groups of firms had higher rates of firms with employees, with non-minority female-owned firms with employees representing 13 percent of their firms, 16 percent of minority male-owned firms had paid workers, and 25 percent of non-minority male-owned firms had paid employees in 2007.
- ✦ Among firms with employees, minority female-owned firms continued to exhibit much smaller average gross receipts (\$785,000 per firm), compared to their male and non-minority counterparts (\$1.3 million per minority male owned firm; \$1.2 million for non-minority females; and \$2.6 million for non-minority males).
- ✦ Barriers to capital and market access, as well as discrimination continue to affect the size of minority-owned firms compared to their non-minority counterparts.



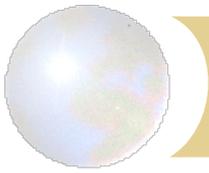
Wide Industry Distribution of Minority Women-Owned Firms





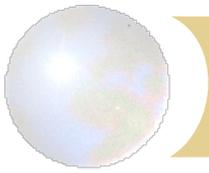
Minority Women-Owned Firms by Industry

- ✦ Minority-owned firms were widely distributed among all industry sectors. Minority female-owned firms were most concentrated in Health Care and Social Assistance (23%); Administrative and Support, Waste Management, and Remediation Services (11.5%); Professional, Scientific and Technical Services (9.5%); and Retail Trade (9.4%).
- ✦ In comparison, non-minority female-owned firms had a slightly different distribution of firms with their largest concentration of firms in Professional, Scientific and Technical Services (15.9%); followed by Health Care and Social Assistance (13%); Retail Trade (12.7%); Administrative and Support, Waste Management, and Remediation Services (9.5%); and Real Estate and Rental and Leasing (9.5%).
- ✦ Minority male-owned firms were most concentrated in Construction (15.2%); followed by Transportation & Warehousing (11.9%); Professional, Scientific and Technical Services (10.6%); and Administrative and Support, Waste Management, and Remediation Services (10%).
- ✦ Although minority female-owned firms had smaller average gross receipts compared to other firms, there were a few industries in which minority female-owned firms seemed to outperform their peers.
- ✦ Among firms with employees, minority female-owned firms had larger average gross receipts compared to minority male-owned firms in the Utilities sector.
- ✦ In the Information sector, minority female-owned firms with employees had higher payroll per employee compared to their non-minority female and male counterparts.
- ✦ Finally, in the Professional, Scientific and Technical Services sector, minority female-owned firms with employees had also higher average payroll per employee compared to their non-minority female peers.

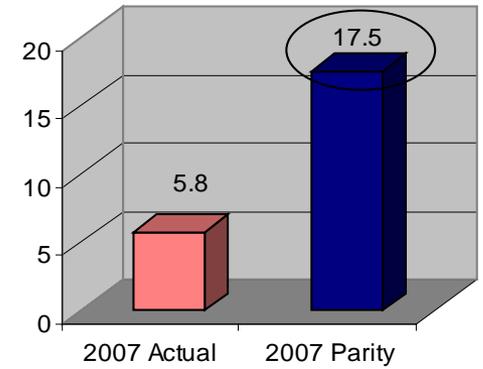
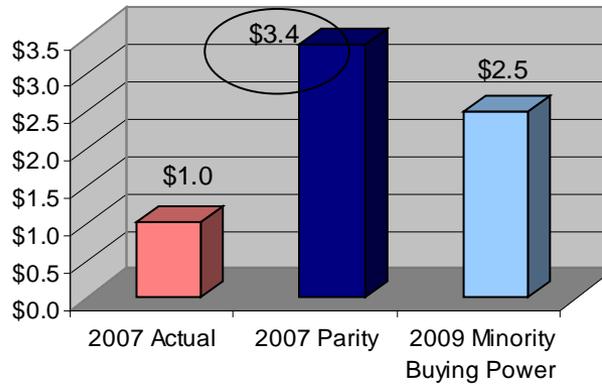
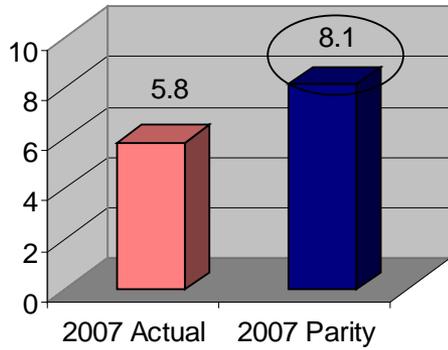


Employment and Average Payroll

- ✦ In terms of employment, minority female-owned firms are very competitive with slightly lower rates of paid workers compared to their male and non-minority counterparts.
- ✦ Minority women-owned firms with employees employed on average 7 workers per firm, while minority male-owned firms with employees had about 8 workers per firm, and non-minority female-owned firms with employees averaged 9 workers per firm.
- ✦ However, minority women-owned firms had lower average payroll per employee. Average payroll per employees at minority female-owned firms totaled about \$26,000 compared to \$29,000 for non-minority female-owned firms and \$31,000 for minority male-owned firms.
- ✦ MBDA's goal is to help grow minority male and female-owned businesses in industries with the potential for size and scale, as well as encourage job creation among these firms.



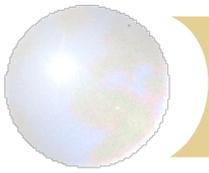
Entrepreneurial Parity



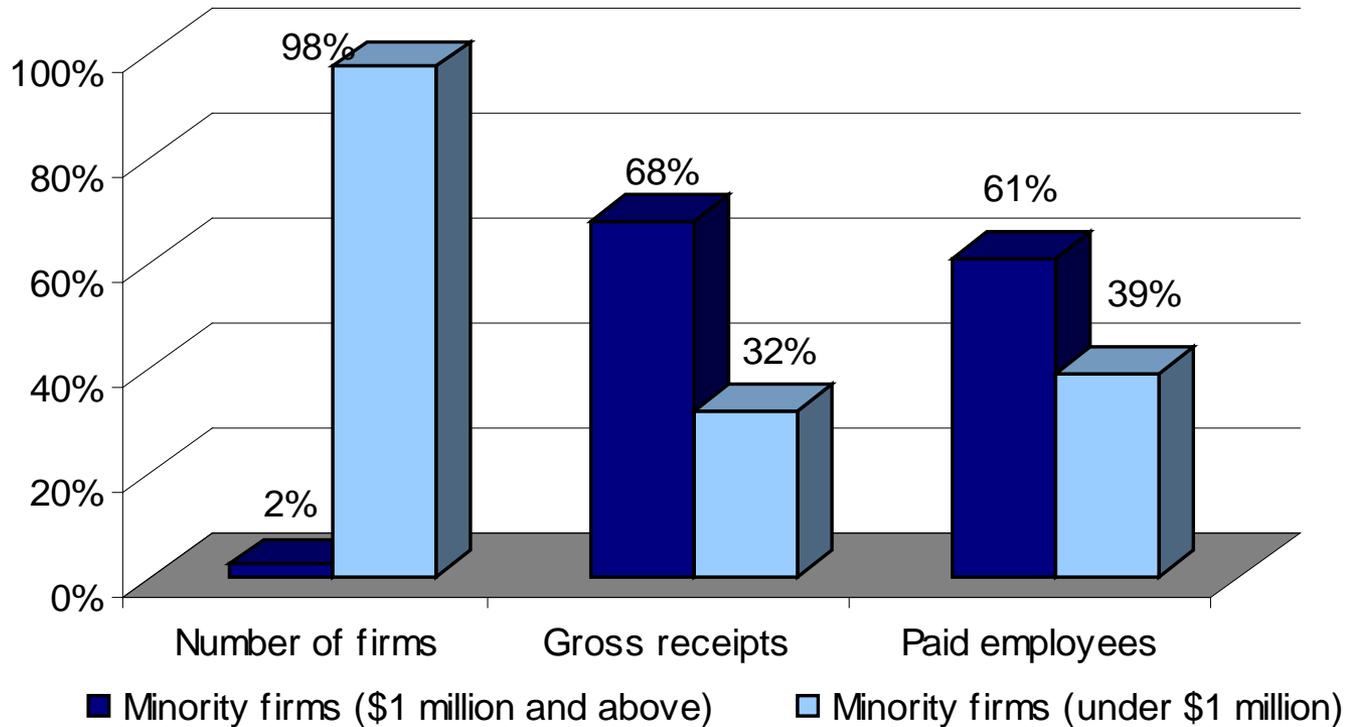


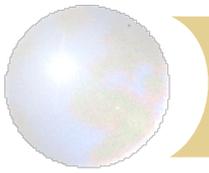
Entrepreneurial Parity

- ✦ At MBDA, we measure entrepreneurial parity of minority-owned firms, which is defined as reaching proportionality between the share of the adult minority population, 18 years old and above, in the U.S. and their business participation.
- ✦ Compared to their share of the adult population which was 31 percent in 2007, minority-owned businesses have yet to reach parity with their share of number of firms, gross receipts and employment.
- ✦ If minority-owned businesses would have reached parity in 2007, there would have been 8.1 million minority businesses, instead of 5.8 million. These firms would have generated \$3.4 trillions in gross receipts instead of \$1 trillion, and would had employed 17.5 million workers instead of 5.8 million.
- ✦ The entrepreneurial parity gap for minority women is even wider as a result of their lower participation rates as business owners.
- ✦ There is much work ahead for MBDA and the nation to try to close the entrepreneurial gap between the minority population, which continues to grow at a faster pace than non-minorities, and their business ownership share.



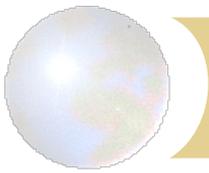
Minority-Owned Firms with \$1 Million Plus in Sales





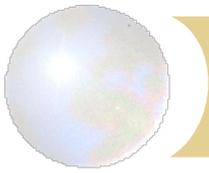
Upside of \$1 Million Plus Firms

- ✦ While smaller in number, minority-owned businesses with receipts of \$1 million or more generated a much larger percentage of all minority business' revenues and paid employment than firms with receipts under \$1 million.
- ✦ Minority-owned firms with receipts of \$1 million or more represented 2 percent of all minority firms but generated 68 percent of all minority firms' gross receipts and 61 percent of all their paid employment.
- ✦ There were 141,000 minority-owned firms with gross receipts of \$1 million or more in 2007. These firms generated combined gross receipts of \$700 billion and employed over 3.5 million workers.
- ✦ Average gross receipts of minority-owned firms generating sales of \$1 million or more grew by about 9 percent from \$ 4.6 million per firm in 2002 to about \$5 million per firm in 2007 according to MBDA estimates.



The Future

- ✦ MBDA is committed to making sure the growth and competitiveness of the minority business community continues to be a national priority.
- ✦ MBDA is creating the foundation for the next generation of \$100 million minority-owned firms capable of employing the growing minority and U.S. population, expanding the national tax base, and securing our position as a global leader.
- ✦ In fiscal year 2010, MBDA assisted minority owned firms in accessing more than \$3.9 billion in contracts and financings, and creating about 6,400 jobs.
- ✦ To grow more minority-owned firms in size and capacity, MBDA encourages minority businesses to consider growth by mergers and acquisition, joint ventures and strategic partnerships.



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