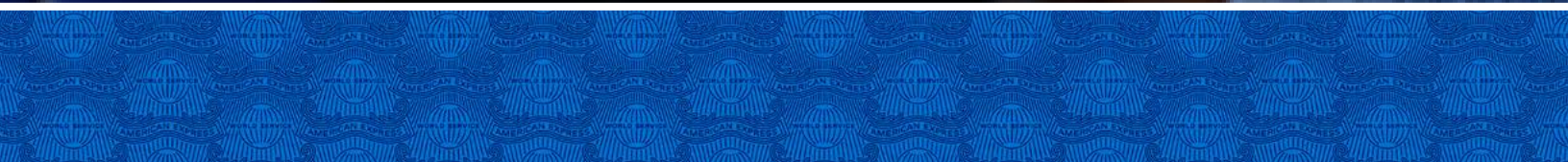




THE 2019 STATE OF WOMEN-OWNED BUSINESSES REPORT

Commissioned by
American Express

Summary of Key Trends



From geography and gender to race and ethnicity, diversity in its many forms drives innovation. Because of women's different perspectives, skills and experiences, they solve problems in new and innovative ways. And, as it turns out, women are often more likely than business* owners in general to see a need in the market and to start a company to fill it. This should bode well for the U.S. economy, but women face more obstacles than entrepreneurs in general when starting and growing their businesses. Eliminating barriers that thwart the success of women-owned businesses is an economic imperative that can spur innovation and improve productivity, which will create jobs, build wealth and grow the economy.

Importantly, women-owned businesses are not all cut from the same cloth and do not all behave the same way. Over the past nine years, American Express has systematically measured a variety of sociodemographic characteristics of women-owned businesses as they relate to entrepreneurial dynamism. By analyzing factors such as race, ethnicity, size of business and entrepreneurial motivation, the report celebrates the achievements of women-owned businesses and focuses attention on areas that still need improvement.

The State of Women-Owned Businesses reports provide data and insights that the women's entrepreneurial ecosystem — policymakers, funders, supporting organizations, educators, researchers and the media — can use to create policies, advance advocacy efforts and establish programs and initiatives conducive to women starting and growing thriving businesses. The numbers can also be a source of inspiration and motivation to the women entrepreneurs themselves.

The projections in this report use the most recent (2012) Survey of Business Owners data from the U.S. Census Bureau as their foundation. Numbers are then adjusted for each year by the annual gross domestic product estimates as of January of the current year at the national, state and metropolitan levels and by industry.

For the first time, the report also examines part-time entrepreneurs or "sidepreneurs". Sidepreneurs may be testing a business idea while holding down a job, or supplementing income or seeking a creative outlet or an additional challenge. They may also want flexibility because they have caregiving responsibilities or want a certain lifestyle.

To better understand how the economic growth of the past few years has influenced the dynamism of women-owned businesses, the 2019 State of Women-Owned Businesses Report compared 2019 to 2014 and 2018. The report looks at trends in the number of firms, employment and revenue across various factors, including but not limited to, the following :



Nationally



Race and ethnicity



Sidepreneur



Company size



Industry



State



Top 50 metropolitan areas

The potential of women entrepreneurs for spurring economic growth has not been fully realized.

American Express hopes that the 2019 State of Women-Owned Businesses report will motivate the key players in the entrepreneurial ecosystem to reflect on what is working and what is not and to make adjustments to their plans to accelerate the growth of women entrepreneurs.

*The terms business and firm are used interchangeably throughout report.

ANALYSIS OF OVERALL BUSINESS OWNERSHIP, EMPLOYMENT, AND REVENUE

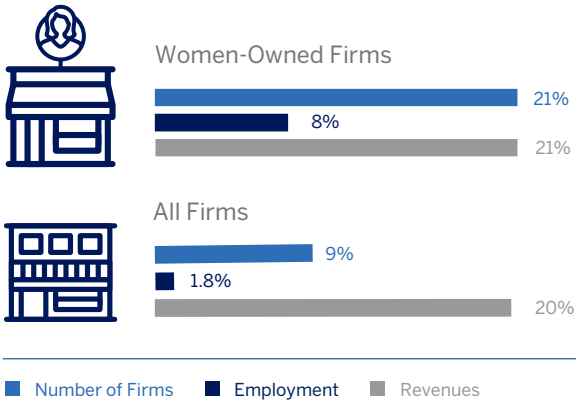
This report focuses on women-owned businesses, which are defined as businesses that are at least 51% owned, operated and controlled by one or more females.

Between 2014 and 2019, the number of women-owned businesses climbed 21% to a total of nearly 13 million (12,943,400). Employment grew by 8% to 9.4 million. Revenue rose 21% to \$1.9 trillion.

The growth rates of several key metrics for women-owned businesses showed continued progress when compared to all businesses over the past five years:

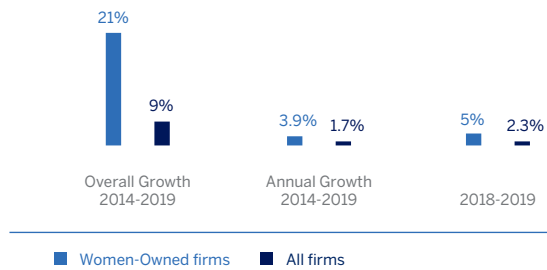
- The number of women-owned businesses **increased 21%**, while all businesses increased only 9%.
- Total employment by women-owned businesses **rose 8%**, while for all businesses the increase was 1.8%.
- Total revenue growth of women-owned businesses was about the same as for all businesses: **21% and 20% respectively**.

2014-2019 GROWTH RATES FOR WOMEN-OWNED BUSINESSES VS. ALL FIRMS



Over the past five years, the annual growth rate in the number of women-owned firms has been more than double that of all businesses. The number of women-owned firms increased at a 3.9% annual rate between 2014 and 2019, while the number of all businesses averaged a 1.7% increase each year. There was an uptick in the annual growth rate for the most recent year: 5% for women-owned firms and 2.3% for all firms.

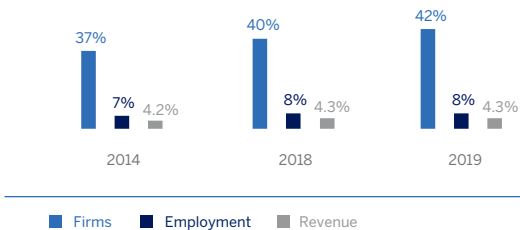
TRENDS IN THE GROWTH RATE OF THE NUMBER OF WOMEN-OWNED BUSINESSES VS. ALL FIRMS



The share women-owned businesses represent of all businesses has skyrocketed from a mere 4.6% in 1972¹ to 42% in 2019. Growth in share of the total private sector workforce and total revenue has not kept pace at 8% and 4.3% respectively.

The combination of women-owned businesses and firms equally owned by men and women — 15,258,900 — accounts for 49% of all businesses. These firms employ 16,469,200 people or 14% of the workforce and generate \$3.2 trillion or 8% of revenue.

WOMEN-OWNED BUSINESSES' SHARE OF ALL FIRMS BY NUMBER OF FIRMS, EMPLOYMENT, AND REVENUE



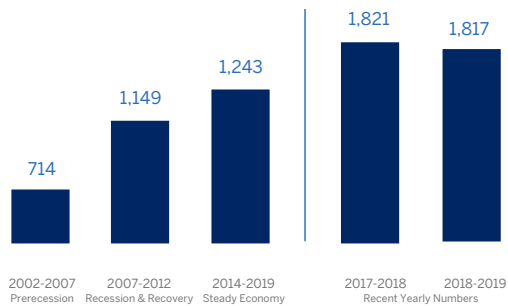
¹ Women-Owned Businesses 1972, U.S. Department of Commerce, Bureau of the Census, Office of Minority Business Enterprises.

ANALYSIS OF BUSINESS OWNER DEMOGRAPHICS

Number of Net New Women-Owned Businesses Per Day²

The number of net new women-owned businesses per day has surged over the past couple of years, although the 2019 number — 1,817 — is slightly lower than the record-setting 2018 number of 1,821.

A COMPARISON OF NET NEW WOMEN-OWNED BUSINESSES³ ADDED PER DAY BY TIME PERIOD



Surprisingly, a combination of necessity, flexibility and opportunity entrepreneurship — each of which represents a very different type of businesswoman — is driving the high 2018 and 2019 net new numbers.

*Necessity entrepreneurs*⁴ cannot find quality employment or are unemployed. Their only viable employment option is to start a business. This definition also includes women who, though employed, need to supplement their income. During good economic times, necessity entrepreneurship declines.

Flexibility entrepreneurs start their own businesses because workforce policies do not accommodate their caregiving responsibilities or they desire more control over when and where they work.⁵

While some necessity and flexibility entrepreneurs grow successful businesses, for the most part they return to the labor force when they can.

*Opportunity entrepreneurs*⁶ see possibilities in the market that they want to exploit. They are more likely to enter the market in good economic times than in bad. These businesses tend to have a higher rate of survival and better growth prospects than their necessity and flexibility counterparts. During good economic times, opportunity entrepreneurship rises.

Trends in Racial/Ethnic Diversity

Current Numbers for Firms Owned by Women of Color

While the number of women-owned businesses grew 21% from 2014 to 2019, firms owned by women of color grew at double that rate (43%). Numbers for African American/Black women grew even faster at 50%. Native Hawaiian/Pacific Islander (41%), Latina/Hispanic (40%), Asian American (37%) and Native American/Alaska Native (26%) businesses grew more slowly than for women of color in general but faster than overall women-owned businesses and all businesses.



²“Net new” takes into account the number of firm births minus firm deaths or changes in ownership resulting in the loss of women-owned status.

³ IBID

⁴“Including People of Color in the Promise of Entrepreneurship,” Ewing Marion Kauffman Foundation, Entrepreneurship Policy Digest, December 2016, accessed May 31, 2017, <http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship>

⁵“Necessity as a Driver of Women’s Entrepreneurship: Her Stories” National Women’s Business Council, October 2017, accessed July 2019, https://cdn.www.nwbc.gov/wp-content/uploads/2018/01/09084854/NWBC-Report_Necessity-as-a-Driver-of-Women%E2%80%99s-Entrepreneurship-Her-Stories.pdf

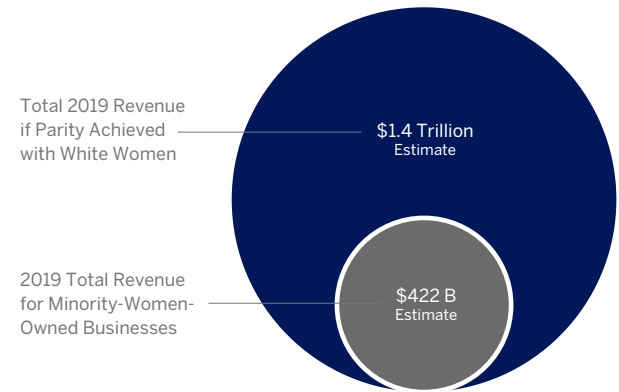
⁶“Including People of Color in the Promise of Entrepreneurship,” Ewing Marion Kauffman Foundation, Entrepreneurship Policy Digest, December 2016, accessed May 31, 2017, <http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship>

As of 2019, women of color account for 50% of all women-owned businesses. An estimated 6,417,400 women-of-color-owned businesses employ 2,389,500 people (25% of total women-owned businesses' employment) and generate \$422.5 billion in revenue (23% of total women-owned businesses' revenue).

The disparity between minority and non-minority women is increasing. In 2014, minority-owned businesses averaged \$67,800 in revenue; by 2019 the average had dropped to \$65,800. In 2014, non-minority women-owned businesses averaged \$198,500 in revenue; by 2019, the average had jumped to \$218,800.

As the number of minority-women-owned businesses surges, the entry of smaller, younger companies to the pool could be lowering average revenue figures for these businesses. From 2014 to 2019, the average revenue for women-of-color-owned businesses shrank, with the exception of Asian women-owned businesses.

CLOSING THE REVENUE GAP FOR MINORITY-WOMEN-OWNED BUSINESSES WOULD HAVE A HUGE IMPACT ON THE ECONOMY



The disparity has an enormous effect on the U.S. economy. Four million new jobs and \$981 billion in revenue would be added if average revenue of minority women-owned firms matched that of white women-owned businesses.

Between 2014 and 2019, the number of women-owned businesses grew 3.9% annually, while the number owned by minority women grew by 7%. The numbers between 2018 and 2019 grew 5% (all women-owned) and 10% (women of color).

Annual growth rates for the number of minority women-owned firms were dramatically higher than for their non-minority counterparts.

As of 2019, African American/Black women-owned businesses:

- Numbered **2,681,200** or **21%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **12%** compared to an **8%** annual growth rate between 2014 and 2019.
- Earned average revenue of **\$24,000** per firm vs. **\$142,900** among all women-owned businesses. The gap between African American/Black women-owned businesses' average revenue and all women-owned businesses is the greatest of any minority.
- Made up the **largest segment of women-owned businesses** after non-minority women.
- Represented the **highest rate of growth** of any group in the number of firms between 2014 and 2019 and between 2018 and 2019.

As of 2019, Latina/Hispanic women-owned businesses:

- Numbered **2,346,200** or **18%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **10%** compared to **7%** annual growth between 2014 and 2019.
- Earned average revenue per firm of **\$50,900** vs. **\$142,900** among all women-owned businesses.

As of 2019, Asian American women-owned businesses:

- Numbered **1,169,300** or **9%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **9%** compared to **7%** annual growth between 2014 and 2019.
- Earned average revenue per firm of **\$191,200** vs. **\$142,900** among all women-owned businesses, representing the highest number for any racial/ethnic group.

As of 2019, Native American/Alaska Native women-owned businesses:

- Numbered **180,300** or **1.4%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **6%** compared to **4.7%** annual growth between 2014 and 2019.
- Earned average revenue per firm of **\$68,500** vs. **\$142,900** among all women-owned businesses.

As of 2019, Native Hawaiian/Pacific Islander women-owned businesses:

- Numbered **40,400** or **0.3%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **10%** compared to **7%** annual growth between 2014 and 2019.
- Earned average revenue per firm of **\$69,500** vs. **\$142,900** among all women-owned businesses.

NUMBER OF NET NEW WOMEN-OWNED BUSINESSES PER DAY⁷

Women of color represent 39% of the total female population in the United States⁸ but account for 89% of the net new women-owned businesses per day (1,625) over the past year. They are starting tech companies with the potential of scaling to become unicorns — companies with one-billion-dollar market valuation — opening local storefronts, joining the gig economy as contractors and everything in between.⁹ African American/Black women are leading the charge. They represent 42% of net new women-owned businesses, which is three times their share of the female population (14%).¹⁰ Latina/Hispanic women represent 31% of all net new women-owned businesses, which is nearly double their share of the female population (17%).¹¹

NET NEW WOMEN-OWNED BUSINESSES¹² PER DAY BY RACE/ETHNICITY 2018-2019

Race/Ethnicity	Net New Number of Firms	% of All Net New WOBs
All women-owned firms	1,817	100%
All minority-owned firms	1,625	89%
African American/Black	763	42%
Asian American	265	15%
Latina/Hispanic	557	31%
Native American/Alaska Native	30	2%
Native Hawaiian/Pacific Islander	10	1%
Non-minority-owned firms	192	11%

⁷ "Net new" takes into account the number of firm births minus firm deaths or changes in ownership resulting in the loss of women-owned status.

⁸ "Quick Take: Women of Color in the United States," Catalyst, November 7, 2018, accessed June 28, 2019 <https://www.catalyst.org/research/women-of-color-in-the-united-states/>

⁹ "Best Accelerators for Entrepreneurs of Color to Get Funding," Black Enterprise, August 9, 2016, accessed July 2019, <https://www.blackenterprise.com/best-accelerators-minority-startups-small-businesses-get-funding/>

¹⁰ "Quick Take: Women of Color in the United States," Catalyst, November 7, 2018, accessed June 28, 2019 <https://www.catalyst.org/research/women-of-color-in-the-united-states/>

¹¹ IBID.

¹² IBID.

TRENDS IN NUMBER OF FIRMS, EMPLOYMENT, AND REVENUES FOR WOMEN-OWNED BUSINESSES BY RACIAL/ETHNIC GROUP

Number of Firms						
Race/Ethnicity	2019 Number of Firms	% Chg 2014-2019	Annual % Chg 2014-2019	% Chg 2018-2019	Share of All Women-Owned Businesses	
All women-owned firms	12,943,353	21.3%	3.9%	5.4%	100%	
All minority-owned firms	6,417,407	42.8%	7.4%	10.2%	50%	
African American/Black	2,681,179	49.8%	8.4%	11.6%	21%	
Asian American	1,169,348	37.4%	6.6%	9.0%	9%	
Latina/Hispanic	2,346,190	39.6%	6.9%	9.5%	18%	
Native American/Alaska Native	180,316	25.5%	4.7%	6.4%	1.4%	
Native Hawaiian/Pacific Islander	40,375	40.8%	7.1%	9.8%	0.3%	
Non-minority owned firms	6,525,946	5.6%	1.1%	1.1%	50%	

Employment						
Race/Ethnicity	2019 Total Employment	% Chg 2014-2019	Annual % Chg 2014-2019	% Chg 2018-2019	Avg # of Employees*	Additional Employment if Employment at Parity**
All women-owned firms	9,376,981	7.9%	1.5%	2.1%	0.7	
All minority-owned firms	2,389,516	29.8%	5.3%	7.4%	0.4	4,481,734
African American/Black	449,517	28.3%	5.1%	7.0%	0.2	2,421,276
Asian American	1,176,922	31.2%	5.6%	7.7%	1.0	75,123
Latina/Hispanic	681,503	30.2%	5.4%	7.5%	0.3	1,830,611
Native American/Alaska Native	64,898	12.5%	2.4%	3.3%	0.4	128,170
Native Hawaiian/Pacific Islander	16,676	28.7%	5.2%	7.1%	0.4	26,554
Non-minority owned firms	6,987,465	2.0%	0.4%	0.4%	1.1	

Revenues						
Race/Ethnicity	2019 Total Revenue	% Chg 2014-2019	Annual % Chg 2014-2019	% Chg 2018-2019	Avg Rev Per Firm (000)	Additional Revenue if Revenue at Parity (000)***
All women-owned firms	\$1,850,114,492	20.8%	3.8%	5.3%	\$142.9	
All minority-owned	\$422,462,329	38.5%	6.7%	9.3%	\$65.8	\$981,445,272
African American	\$64,360,482	35.1%	6.2%	8.5%	\$24.0	\$522,189,029
Asian American	\$223,577,980	42.8%	7.4%	10.2%	\$191.2	\$32,235,014
Latina	\$119,371,401	34.6%	6.1%	8.4%	\$50.9	\$393,894,103
Native American/Alaska Native	\$12,344,635	24.7%	4.5%	6.2%	\$68.5	\$27,102,284
Native Hawaiian/Pacific Islander	\$2,807,830	33.2%	5.9%	8.1%	\$69.5	\$6,024,843
Non-minority	\$1,427,652,164	16.4%	3.1%	4.2%	\$218.8	

* Other than owner.

** Employment numbers were calculated as follows: Average employment of white women-owned firms x Number of women-owned firms in a specific group = Number of employees that women-owned firms in a specific group would employ if they reached average employment of white women-owned firms. Number of employees that women-owned firms in a specific group would employ - Number of employees that women-owned firms already employ = Additional employment.

*** Revenues were calculated as follows: Average revenues for all women-owned firms x Number of white women-owned firms in a specific group = Revenues that group of women firms would have if they reached average revenues of white women-owned firms. Revenues that women-owned firms in a specific group would have - Revenues that group of women-owned firms already have = Additional revenues.

Analysis of Sidepreneurs

Part-time entrepreneurship is often called “sidepreneurship.” The rate of growth in the number of sidepreneurs is far greater than for all ventures. This reflects the proliferation of ways in which adults can earn money on the side and increasing ease in finding these opportunities.¹³

Between 2014 and 2019, growth in the number of women sidepreneurs was nearly double overall growth in women entrepreneurs: 39% compared to 21% respectively. Growth in sidepreneurship is higher for women (39%) than for all adult sidepreneurs (32%).

Considering the race and ethnicity of a sidepreneur revealed an even greater contrast. Over the past five years, the growth in sidepreneurs was two times as high for minority women-owned businesses (65%) compared to all sidepreneur businesses (32%).

By far the highest rate of growth in the number of sidepreneur ventures is among African American/Black women. It is triple that for all businesses over the past five years: 99% compared to 32%, respectively.

Native Hawaiian/Pacific Islanders had the second highest rate of growth in the number of sidepreneur ventures: 70% over the past five years compared to 32% for all sidepreneur businesses.

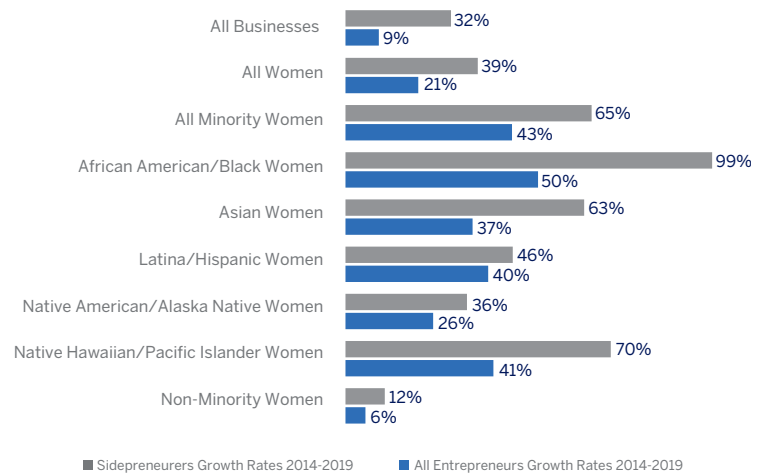
Over the past five years, the growth rate in the number of Asian American women sidepreneurs was more tempered at 63%. This is still nearly two times the growth rate of all sidepreneur businesses (32%).

Over the past five years, the growth rate in sidepreneurship among Latina/Hispanic women was 46%. This is lower than most other minority groups but higher than all women (39%) and all sidepreneur businesses (32%).

Native American/Alaska Native business owners experienced a relatively slow rate of growth in the number of sidepreneur ventures (36%) over the past five years. This was lower than the rate for all women (39%) but higher than for all sidepreneur businesses (32%).

Non-minority women represent the slowest rate of growth in the number of sidepreneur ventures at 12%.

A COMPARISON OF GROWTH RATES BETWEEN 2014 AND 2019 FOR SIDEPRENEUR BUSINESSES AND ALL BUSINESSES



¹³ "A Changing World: The Shifting Gig Economy In 2019," Ben Walker, Forbes, May 10, 2019, accessed May 10, 2019, <https://www.forbes.com/sites/theyec/2019/05/10/a-changing-world-the-shifting-gig-economy-in-2019/#629a2183437b>

ANALYSIS OF BUSINESS CHARACTERISTICS

Trends in Women-Owned Businesses by Size of Company

Examining company size — as represented by number of employees and revenue — is a way to understand when and why some businesses are likely to accelerate job creation and others shut down.

Trends in Women-Owned Businesses by Number of Employees

Women-owned businesses tend to employ fewer workers than businesses in general. Typically, women-owned businesses employ 0.7 workers, compared to 1.8 for all privately held businesses and 3.8 for all firms (including publicly traded companies).

For women-owned businesses, the average number of employees decreased from 0.8 in 2014 to 0.7 in 2019 while the average number of employees for all privately held businesses and among all firms (public and private) similarly declined from 2.0 in 2014 to 1.8 in 2019 and from 4.1 in 2014 to 3.8 in 2019, respectively. As online platforms have made it easy and affordable to source freelancers, companies have hired fewer permanent employees.¹⁴ In addition, the use of technology, including artificial intelligence and automation, has reduced the need for employees.¹⁵

Trends in Women-Owned Businesses by Revenue Size

The revenue disparity between women-owned and all privately held businesses has increased since 1997. For every dollar that a privately held company generated, women-owned businesses generated 37 cents in 1997 and 30 cents in 2019. In 2019, women-owned businesses averaged earnings of \$142,900 compared to \$474,900 for all privately held businesses and \$1.4 million for all firms (including publicly traded companies).

These numbers reflect a complex set of patterns. On the positive side, opportunity entrepreneurship increases during good economic times. These businesses are more likely to survive, grow big and have employees from the get-go.

On the other hand, not everyone is benefiting from the good economy. Some women start businesses because they are struggling to find jobs or need to supplement their incomes. Others have caregiving responsibilities and need the flexibility of setting their own hours. Many of these necessity and flexibility entrepreneurs are sidepreneurs who run their own companies part time, sometimes while remaining employed. Often these types of businesses produce low revenue and their owners return to the labor force when the opportunity presents itself, which is why more women are not graduating into the higher revenue categories. Revenue growth among women-owned businesses generating revenue less than \$25,000 was driven by the addition of firms in this segment, not by an increase in average revenue per firm.



¹⁴ IBID.

¹⁵ "Technology, jobs, and the future of work," James Manyika, Michael Chui, Anu Madgavkar, and Susan Lund, McKinsey Global Institute, May, 2017, accessed June 28, 2019 <https://www.mckinsey.com/featured-insights/employment-and-growth/technology-jobs-and-the-future-of-work>.

Employment numbers declined over the past five years for women-owned businesses in the \$25,000 to \$49,999 segment (by 0.3%), in the \$50,000 to \$99,999 segment (by 5%) as well as the \$100,000 to \$249,999 segment (by 2.1%). This may reflect the increased use of freelancers and contractors, which may be a more efficient way for micro businesses to operate. A number of other factors suppressed employment growth for companies with under \$250,000 in revenue.

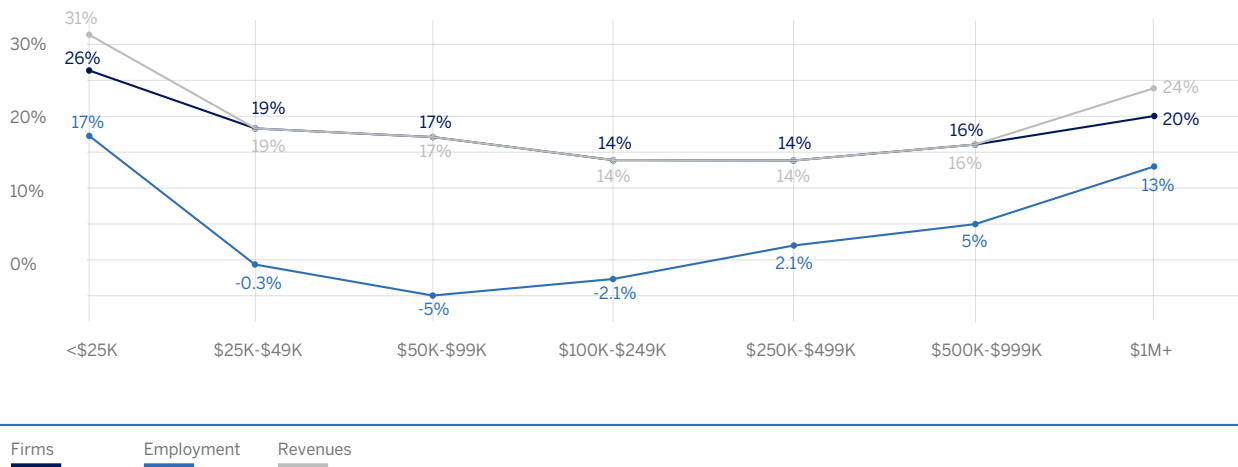
Women who graduate from the revenue categories characterized by negative employment growth and slower revenue (between \$25,000 and \$249,999) are crystallizing their marketing messages and putting into place solid practices for running their companies. They are ready, willing and able to accelerate revenue and employment growth.

The high growth in the number of women-owned businesses with \$1 million or more in revenue – the second highest of the segments – is proving that women are ambitious and have the chops to succeed.

- Even among startups raising money, there was a trend to delay hiring as long as possible.
- The use of technology required fewer hires.
- A low unemployment rate makes it harder to find qualified candidates and compete with the higher wages and better benefits packages offered by larger companies.

Women-owned businesses that generated revenue between \$100,000 and \$249,999 tied with the next segment (\$250,000 to \$499,999 in revenue) for the slowest growth rate of all women-owned business segments — 14%. Yet this rate of growth was still 1.6 times the growth rate of 9% for all businesses.

2014-2019 GROWTH RATES FOR WOMEN-OWNED BUSINESSES BY SIZE OF BUSINESS



CONCENTRATION OF FIRMS

Half of all women-owned businesses are concentrated in three industries:

other services, healthcare and social assistance, and professional/scientific/ technical services. The most popular industries among women typically generate lower revenue than other industries.

1. Other services

(including hair and nail salons and pet care businesses)

Between 2014 and 2019, the number of women-owned businesses in the other services category jumped 29% from 2.2 million to 2.8 million. This was above the 21% growth rate for all women-owned businesses and 9% for all businesses for that time period. These businesses account for 22% of all women-owned businesses and generated less revenue per firm (\$29,200) than women-owned businesses as a whole (\$142,900). [Necessity and flexibility](#) entrepreneurs frequently started businesses in this category.

2. Healthcare and social assistance

(including child day care and home healthcare services)

The number of healthcare and social assistance firms grew from 1.7 million in 2014 to 1.9 million in 2019. While this segment's growth rate of 14% was below the 21% growth rate for all women-owned businesses, it was above the 9% for all businesses for that time period. These businesses account for 15% of all women-owned firms and generated less revenue per firm than women-owned businesses as a whole: **\$88,000 vs. \$142,900**. Women who own businesses in this industry compared to all women-owned businesses are more likely to be full-time entrepreneurs.

3. Professional/scientific/ technical services

(including lawyers, bookkeepers, architects, public relations firms, and consultants)

The number of professional/scientific/ technical services firms rose from 1.4 million in 2014 to 1.6 million in 2019. While the category's growth rate of 14% was below the 21% growth rate for all women-owned businesses, it was above the 9% growth rate for all businesses for that time period. These businesses account for 13% of all women-owned businesses and generated less average revenue than women-owned businesses generally: **\$113,300 vs. \$142,900**. This industry attracts a greater share of sidepreneurs, especially women.

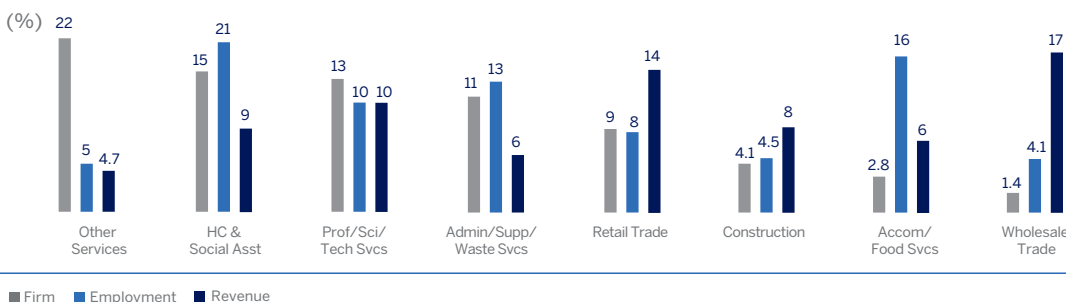
EMPLOYMENT BY INDUSTRY

The three industries in which women-owned businesses have the highest total employment percentages are healthcare and social assistance (21%), accommodations and food services (16%) and administrative, support and waste management services (13%). Women-owned businesses in the healthcare and social assistance industries as well as in administrative, support and waste management services typically employ one person. The sheer volume of these firms accounts for their share of total employment among women-owned businesses. Accommodations and food services companies typically employ about four people.

REVENUE BY INDUSTRY

The three industries in which women-owned businesses have the highest total revenue are wholesale trade (17%), retail trade (14%) and professional, scientific and technical services (10%). While women's companies in professional, scientific and technical services generate lower revenue, women's companies in retail generate 1.6 times more revenue than the average women-owned business and women in the wholesale industry generate 12.5 times more revenue.

PARTICIPATION OF WOMEN-OWNED FIRMS IN TOP INDUSTRIES BY NUMBER OF FIRMS, EMPLOYMENT, AND REVENUE



GROWTH RATES BY INDUSTRY

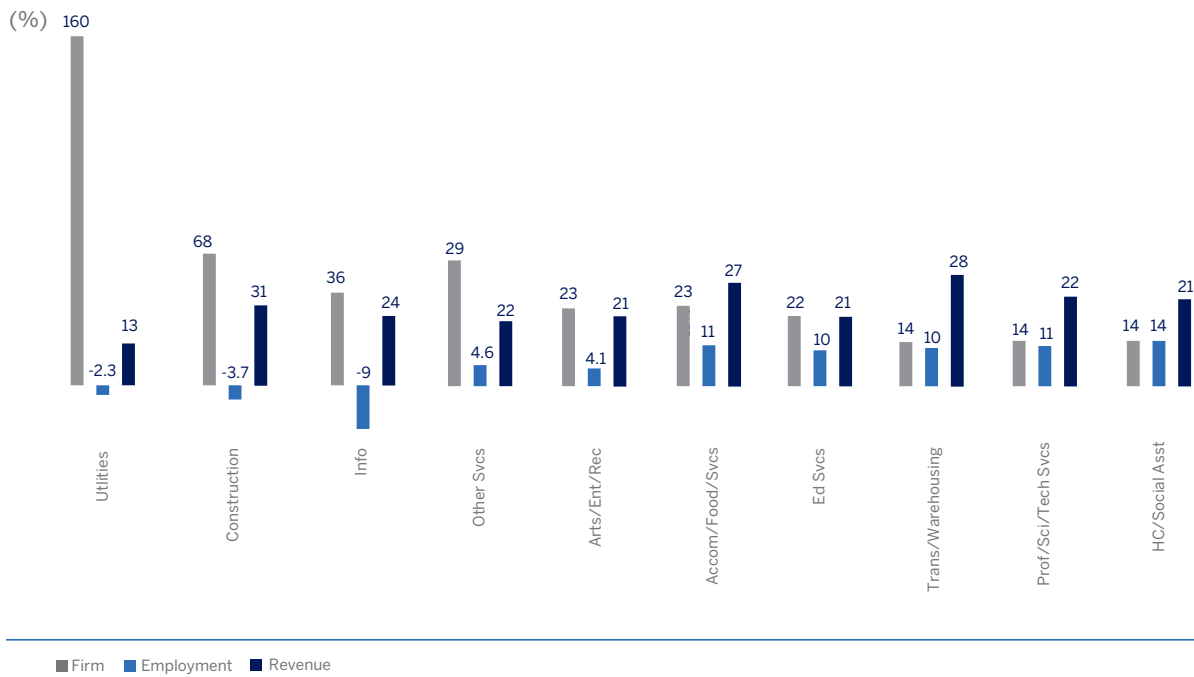
The growth rate in the number of women-owned firms between 2014 and 2019 increased the most for these five industries: utilities (160%), construction (68%), information (36%), other services (29%), and arts, entertainment and recreation (23%). With the exception of the other services category, each industry represents a small share of women-owned businesses — 5% or less.

Between 2014 and 2019, the growth in the share of total employment by women-owned firms increased the most for these five industries:

- healthcare and social assistance (14%)
- accommodation and food services (11%)
- professional, scientific and technical services (11%)
- educational services (10%)
- transportation and warehousing (10%)

During the same period, the growth in the share of total revenue by women-owned firms increased the most for these five industries: construction (31%), transportation and warehousing (28%), accommodation and food services (27%), information (24%), and professional, scientific and technical services (22%).

GROWTH OF WOMEN-OWNED BUSINESSES IN TOP INDUSTRIES BY FIRM NUMBERS, EMPLOYMENT, AND REVENUE BETWEEN 2014 AND 2019



The report uses two types of rankings to evaluate the economic vibrancy of women-owned businesses by geography. The first metric — economic clout — ranks all 50 states (and the District of Columbia) and top metropolitan areas by the combined growth rates of women-owned businesses for number of firms, employment and revenue.

Job creation is one of the main priorities in the U.S. When jobs are created, incomes rise, and individuals have more money to buy goods and services, which further strengthens the economy. Women-owned businesses employ fewer workers on average (0.7) than all privately held businesses (1.8) and all firms, including publicly traded companies (3.8).

The second ranking is based on employment vitality, which is a combined measurement by geography of

- the employment growth rate of women-owned businesses over the past five years and
- the average number of employees per women-owned business in 2019.

This metric takes into account employment growth rates and average number of employees, which controls for the size of states and metropolitan areas.

ECONOMIC CLOUT

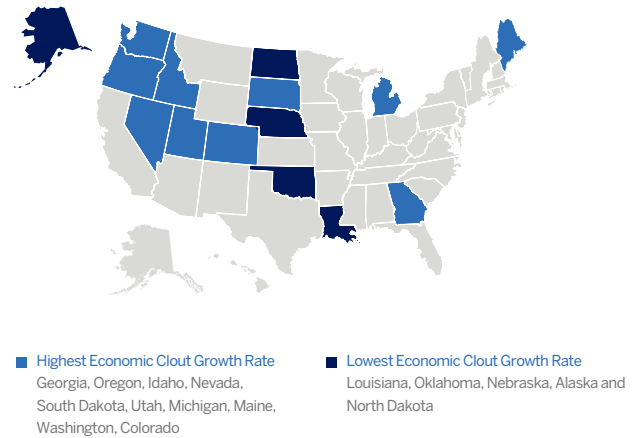
State Economic Clout Rankings

Women in the Mountain states scale more than mountains — they scale their businesses. Between 2014 and 2019, four of the top 10 states in economic clout — defined as growth in the number of firms and growth in employment and revenue — were located there.

1. Georgia
2. Oregon
- 3/4. Idaho; Nevada (tied for third place)
5. South Dakota
6. Utah
7. Michigan
8. Maine
9. Washington
10. Colorado

The five states with the lowest economic clout are [Louisiana](#), [Oklahoma](#), [Nebraska](#), [Alaska](#), and [North Dakota](#).

THE TEN STATES IN WHICH WOMEN-OWNED BUSINESSES HAVE THE HIGHEST AND LOWEST ECONOMIC CLOUT GROWTH RATE, 2014-2019



Growth in economic clout for women-owned businesses goes hand-in-hand with overall state economic growth as¹⁶ measured by GDP, growth in the population between the ages of 25 and 29 and net migration. These measures can be a strong indicator of up-and-coming locations for entrepreneurs as well as areas that may struggle in coming years. Six of the top ten states for women also are among the top ten with best overall growth. Three of the states for lowest economic clout fell into the bottom quintile for overall growth.

Metropolitan Area Economic Clout Rankings

Between 2014 and 2019, women-owned businesses flourished in cities not known as venture capital hubs. These metropolitan areas increased their economic clout — a combination of growth rates for number of firms, employment, and revenue — the most:

1. Detroit, MI
2. Charlotte, NC/SC
3. Atlanta, GA
4. Austin, TX
5. San Antonio, TX
6. Riverside, CA
7. Las Vegas, NV
- 8/9. Jacksonville, FL; Miami, FL (tied for eighth place)
10. Cleveland, OH

¹⁶ "Growth Rankings: Analyzing state population and GDP trends," U.S. News & World Report, accessed May 27, 2019 <https://www.usnews.com/news/best-states/rankings/economy/growth>

The metropolitan areas with lowest growth in economic clout were located in: New England and the Midwest: **St. Louis, MO/IL; Hartford, CT; Milwaukee, WI; Boston, MA/NH; and Providence, RI/MA.**

A geographic profile paints a complex portrait of women-owned businesses. The broad stroke conclusion is that while the media focuses on women raising equity capital in major venture capital centers, women are succeeding in overlooked states and cities.

EMPLOYMENT VITALITY

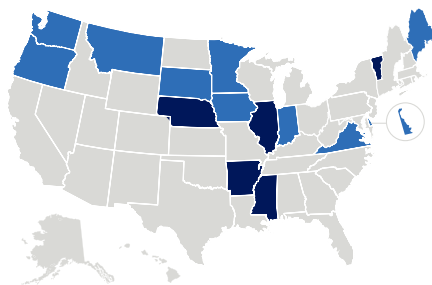
State Employment Vitality Rankings

Women create jobs, but their contribution to job creation grew more in some states than in others. Ten states showed the highest employment vitality as measured by employment growth rate and average numbers of employees between 2014 and 2019.

1. **Maine**
2. **Minnesota**
3. **Indiana**
- 4/5. **Delaware; Virginia** (tied for fourth place)
6. **Washington**
- 7/8. **Iowa; South Dakota** (tied for seventh place)
9. **Oregon**
10. **Montana**

The five states with the lowest employment vitality were **Nebraska, Illinois, Vermont, Arkansas and Mississippi.**

THE TEN STATES IN WHICH WOMEN-OWNED BUSINESSES HAVE THE HIGHEST AND LOWEST EMPLOYMENT VITALITY 2014-2019



- **Highest Employment Vitality**
Maine, Minnesota, Indiana, Delaware, Virginia, Washington, Iowa, South Dakota, Oregon, Montana
- **Lowest Employment Vitality**
Nebraska, Illinois, Vermont, Arkansas, Mississippi

Women-owned businesses were a source of economic resiliency in states that experienced relatively low job growth:¹⁷ **Maine, Minnesota, Indiana, Delaware, Iowa, South Dakota and Montana.**

Metropolitan Area Employment Vitality Rankings

Women-owned businesses are adding the most jobs in metro areas where the employment growth rate between 2014 and 2019 exceeded that of the top 10 states. The metropolitan areas showing the highest employment vitality — employment growth rate from 2014 to 2019 and average numbers of employees — were:

1. **San Antonio, TX**
2. **Minneapolis/St. Paul, MN/WI**
3. **Seattle, WA**
4. **Austin, TX**
5. **Salt Lake City, UT**
- 6/7. **Indianapolis, IN; Kansas City, MO/KS**
(tied for sixth place)
8. **Pittsburgh, PA**
- 9/10. **Raleigh, NC; Washington, DC/VA/MD/WV**
(tied for ninth place)

The five cities with the lowest employment vitality were: **St. Louis, MO/IL; Miami, FL; Chicago, IL/IN/WI; Memphis, TN/MS/AR; and San Jose, CA.**

Women-owned businesses are a source of job growth in slow-growing cities.¹⁸ Except for Austin, TX nine of the top 10 cities for employment vitality ranked as slow-growing in terms of jobs and economy.



¹⁷ "These 25 American States Have Terrible Job Growth in 2018," Jason Rossi, Cheat Sheet, August 29, 2018, accessed May 14, 2019 <https://www.cheatsheet.com/money-career/american-states-have-terrible-job-growth.html>

¹⁸ "Fastest-Growing Cities in America," Adam McCann, Wallet Hub, October 1, 2018, accessed May 14, 2019 <https://wallethub.com/edu/fastest-growing-cities/7010/#city>

Women-owned businesses are driving economic growth in the United States. They represent 42% of all businesses — nearly 13 million — employing 9.4 million workers and generating revenue of \$1.9 trillion. Yet there is a significant size disparity between these businesses and others. Closing the gap benefits everyone, not just women. More goods and services bought and sold grows the economy. Thriving companies improve owners' financial positions and boost employees' incomes. Launching more companies to solve business and consumer pain points makes the United States more competitive.

Realizing the economic potential of women-owned businesses requires changes in policies, business practices and attitudes. Some changes, such as family leave and affordable childcare, impact all working women while others, such as training and access to capital and markets, are specific to particular segments of business owners. Making meaningful change also requires understanding that women-owned businesses are not monolithic. Factors such as gender, race, ethnicity, entrepreneurial motivation, generation and geographic location make meeting their needs more complex.

The greatest growth in women-owned businesses happened at the two extremes of the spectrum: low-revenue companies and million-dollar-plus businesses.

Low-revenue companies — the majority of women-owned businesses — are symptomatic of a larger problem. Some women are struggling to make ends meet and have a part-time company to supplement their income. They may be single parents caring for a child and cannot afford to outsource childcare. With little spare time, these women may benefit from online support. Women in rural areas would also benefit from this type of support.

Companies raising equity financing often fall below the women-owned requirement of being at least 51% owned, operated and controlled by one or more females. While these companies are absolutely important, the hyper-focus on the small number of women raising equity capital to scale mega companies misses the opportunity to support women on the road to growing million-dollar-plus businesses without angel and venture investment. Representing more than two-thirds of women-owned businesses' employment and revenue¹⁹, these companies make an outsized contribution to the economy.

Focusing on women a few rungs down the revenue ladder could accelerate this trend.

As a large and growing market, women-owned businesses are also an opportunity for marketers. Organizations that help women succeed contribute to not only their own success but to the flourishing of individual businesses and to the economy overall.



STUDY METHODOLOGY

This report is based on data from the United States Census Bureau Survey of Business Owners (SBO), which is conducted every year in years ending in two and seven. Data from the 2012 Census surveys were collated, analyzed and extrapolated forward to 2019, factoring in relative changes in Gross Domestic Product (GDP) not only nationally but also at industry, state and metropolitan statistical area levels. All GDP data was obtained from the U.S. Bureau of Economic Analysis ([bea.gov](https://www.bea.gov)).

Specifically, the report compared growth in GDP from 2012 to Q4 2018 (\$16.2 to \$20.9 trillion). Relative annual growth rates were then used to estimate the growth in the number of firms over the 2012 to 2019 period thus adjusting a straight-line extrapolation to account for relative economic growth between the two time periods. This was done not only at the national level, but also by applying actual gross state, metro area and industry-level output figures (which were available up to the fourth quarter of 2018).

The sidepreneurship projections are based on 2007 and 2012 SBO data for women who work fewer than 20 hours per week on their own businesses. Data was collected, analyzed and extrapolated forward to 2019, factoring in weighted relative changes in women-owned firms by race and ethnicity. The adjustment factors used to project the number of sidepreneur women consider the growth rate between 2012 and 2019 of the number of firms owned by women by ethnic group.






For detailed information on the Survey of Business Owners, visit the [U.S. Census Bureau's American FactFinder web portal](#).

¹⁹ 2018 State of Women-Owned Businesses

Acknowledgments



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This report was prepared for American Express by Ventureneer with the support of CoreWoman. Ventureneer researches and advocates on behalf of entrepreneurs and small business owners, especially women, to help policy makers create a better environment for entrepreneurship. It also educates and trains entrepreneurs and small business owners to help them be more successful. Learn more at ventureneer.com.

