

Minority Women Set The Pace

The growth in business ownership by this segment of the population is passing the rest of the field.

By Sharon Nelton

As the owner of GC Micro Corp., a computer hardware and software reseller in Novato, Calif., Belinda Guadarrama is a member of the fastest-growing group within the fastest-growing segment of small business. She is a Hispanic woman business owner.

Businesses are being started by minority women at a rate higher than that of any other segment of the population. And the number of companies being founded by Hispanic women is growing at the fastest rate of all, says the National Foundation for Women Business Owners (NFWBO), based in Silver Spring, Md.

"We have a wonderful opportunity for Hispanic women to join the marketplace," says Guadarrama, who has 23 employees and expects her company to bring in \$26 million this year.

According to a study released by the NFWBO last year, from 1987 to 1996, the number of businesses owned by minority women increased by 153 percent—three times higher than the rate of increase for businesses overall.

The number of firms owned by Hispanic women rose 206 percent during that period, compared with 138 percent for companies owned by Asian-American, American Indian, or Alaska Native women and 135 percent for firms owned by black women.

The study, based on an analysis of U.S. Census Bureau information, found that minority women owned nearly 1.1 million companies in 1996, or about 13 percent of the 8 million firms owned by women. The minority women's companies employed 1.7 million people and generated more than \$184 billion in sales.

Black women owned 405,200 firms; Hispanic women, 382,400; and women



PHOTO: EDUARDO CALDWELL

Many Hispanic women, having gained valuable experience in the public sector or the corporate world, are turning to entrepreneurship, says computer-company owner Belinda Guadarrama.

of Asian, American Indian, or Alaska Native heritage, 305,700.

The Roots Of The Increase

What accounts for such growth?

Guadarrama, 40, who is of Mexican descent, says that many of the Hispanic women in her age group represent the first generation in their families to receive a strong, formal education.

"A lot of us are also reaching the age now where we've had a lot of experience working in the public sector or working for corporations," Guadarrama adds. "We're to the point where we've got the expertise that we need to start our own businesses."

Martha J. Williams, a Chicago African-American, explains her transition into business ownership by noting, "I just saw all these fabulous opportunities."

After 20 years of experience in the plastic-injection-molding industry, she founded styleMaster, Inc., in 1991. The company makes injection-molded

storage containers, and its customers include retailers such as Target, Kmart, Ames, and Bed Bath & Beyond.

Williams, 45, is expecting sales of \$20 million this year. She has 32 full-time employees and as many as 60 temporary employees, depending on the level of orders at a given time.

Both Williams and Guadarrama are representative of a trend highlighted by the NFWBO study: The greatest growth in the number of firms owned by minority women has been in areas that are nontraditional for women.

In the nine years covered by the study, the NFWBO says, the number of minority women's firms rose 319 percent in construction, 276 percent in wholesale trade, and 253 percent in transportation, communications, and public utilities.

Fields Of Promise

Bonnie Wong, executive director of Asian Women in Business, a nonprofit

organization in New York City that provides technical assistance and training, says she also is finding that more of her three-year-old group's members are going into male-dominated fields.

"Traditionally, a woman's thing to do is service and retail," she says. But now she's seeing Asian women becoming manufacturers and lumberyard owners. "We have one member who does asbestos removal."

Wong applauds the shift because manufacturing and other trades that are nontraditional for women "generate more income" and employ more people.

GC Micro's Guadarrama says computer technology is a good field for women entrepreneurs to enter because it's still young. "Areas that we do well in are areas that are not as firmly established and haven't for years and years been doing business the same way and with the same suppliers," she says. There's more opportunity where there hasn't been time for the development of "those types of networks that tend to exclude women," she says.

Wong cites changing immigration patterns as another reason for the increase in minority-owned firms, particularly those owned by Asians. "We're a young population as far as being here in the United States," she says. "It wasn't until 1965 that the United States relaxed its immigration laws to allow people from Asian countries to come here on the same basis as those coming from Europe."

The difficulties that Asian immigrants experience in the United States are another factor in the rise in the number of Asian-owned businesses, Wong says. She points out that 85 percent of Asian-American business owners are foreign-born. Language barriers and differences in culture and education often have hindered their efforts to get jobs in American corporations.

"So oftentimes, having a business is for survival," says Wong. "If you don't open a business, you can't work."

A Friendlier Environment

Still another factor contributing to the rise in the number of businesses owned by women is an entrepreneurial environment that is friendlier toward women than it was in the past, Wong says. Equal-credit laws now prohibit discrimination against women. "It's more acceptable to have women open up a bank account by themselves or get a loan without their husband's signature."

A new study by the NFWBO, released in April, shows that women entrepreneurs of all ethnic groups, including Caucasian, share many of the same business experiences. Regardless of color, for example, they are attracted to business ownership for the same reasons—70 to 80 percent of each ethnic group of women entrepreneurs said that improving circumstances for themselves and their families was a strong motivation for starting their own business.

Being their own boss was the most popular reward of business ownership in all groups.

But minority women business owners were less likely than Caucasian women entrepreneurs to have bank credit, and black and Native American women were more likely to have been turned down for a loan when they were starting their businesses.

"Minority women, like all women, have access to credit as their No. 1 problem," says Sherrye Henry, head of the U.S. Small Business Administration's Office of Women's Business Ownership. "They have it to a more marked degree, and this study points that up."

To compensate for lack of capital, some minority women get very creative. When styleMaster's Williams couldn't get a bank loan, for example, she negotiated with suppliers. If she had, say, an order from Target that she knew she would be paid for within 30 days after delivery, she would persuade her suppliers to give her 90 to 120 days to pay them.

Her "collateral," she says, was the fact that she was shipping to a well-known customer and that the suppliers, over time, had gotten to know her. She would tell them, "Here's an opportunity for you; here's an opportunity for me."

But sometimes, minority women entrepreneurs—like any other entrepreneurs—just don't have the knowledge or experience necessary to get the capital they need. Guadarrama recalls that the first time she tried to get a loan, the bankers told her they weren't interested and didn't even give her an application.

Now she knows she wasn't as prepared as she should have been—she didn't know what a banker would be looking for or how to present a financial statement or a business plan. To bone up, she attended seminars sponsored by the Small Business Administration and hired a consultant to help her assemble a loan package.

Staying in Touch

For many minority women, networking with others in their own ethnic group is invaluable. Guadarrama belongs to several local Hispanic chambers of commerce—but not because she's seeking additional business. Most of her clients, such as the U.S. Defense and Energy departments, Chevron, and Lockheed Martin, are national.

"I'm joining the chamber because I'm interested in talking to other successful Hispanic business people" and because she thinks she has acquired information in her 13 years as a business owner that she can share with other Hispanics, she says.

She says it's "very important as we become successful that we look back and see who needs a helping hand."

But networking with people outside one's ethnic group is important, too. Even though Asian Women in Business was formed to educate and help Asian women entrepreneurs, Wong says, "we have to do business with the wider world."

Her group has held meetings with the Manhattan Chamber of Commerce and with African-American and Hispanic groups to increase member contacts with a broader business population.

Access to credit still poses difficulties for minority women entrepreneurs, as do cultural and language differences in some instances. And some say they still have to work very hard to be taken seriously. By most accounts, however, minority women business owners say they are thriving, and by generating more than \$184 billion in annual sales and employing nearly 1.7 million people, they are certainly contributing to the U.S. economy.

Says Guadarrama: "I'd like to see that ... as we go into the new millennium, we just overwhelm everybody with how many successful minority women-owned businesses we've got out there." NB

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