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OPPORTUNITIES AND CHALLENGES FOR WOMEN ENTREPRENEURS ON THE 20TH ANNIVERSARY OF THE WOMEN'S BUSINESS OWNERSHIP ACT

ROUNDTABLE

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

September 9, 2008

Printed for the use of the Committee on Small Business and Entrepreneurship

Available via the World Wide Web: http://www.access.gpo/gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

44–861 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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OPPORTUNITIES AND CHALLENGES FOR WOMEN ENTREPRENEURS ON THE 20TH ANNIVERSARY OF THE WOMEN'S BUSINESS OWNERSHIP ACT

TUESDAY, SEPTEMBER 9, 2008

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS AND
ENTREPRENEURSHIP,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 428–A, Russell Senate Office Building, the Honorable John F. Kerry (chairman of the committee) presiding.

Present: Senator Kerry.

Majority staff present: Karen Radermacher (professional staff member) and Greg Willis (counsel).

Minority staff present: Linda Le (professional staff member) and Erik Necciai (counsel).

OPENING STATEMENT OF THE HONORABLE JOHN F. KERRY, CHAIRMAN, SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP, AND A UNITED STATES SENATOR FROM MASSACHUSETTS

Chairman KERRY. Well, we will officially open up this roundtable. I appreciate everybody's patience. I am sorry I got hung up on the telephone, and I am sorry to keep everybody waiting. We are delighted to welcome so many people here, and I gather we have even an overflow room where additional folks are listening.

I will just bring you all up to speed. These roundtables are a different way of doing business here, but we think a far more effective way of doing business, frankly, because it deformalizes the hearing process a little bit and increases the ability to have a substantive dialog, it doesn't just become a kind of formal few questions, one panel, next panel, but we get to go on and have a longer discussion. While I can't stay for the whole discussion, the staff to my right and left, Karen Radermacher and Ms. Le, will manage the discussion as we go forward.

There is a formal record kept of this so that our colleagues are able to follow it and catch up to it, and we have found through the years that this has really been one of the most effective ways of laying the groundwork for good legislation and really working through some of the issues with the community at large.

A number of you in this particular roundtable have taken part in previous ones and we are grateful to you for that and we are

very, very happy. I know that many of you sitting in the audience would have preferred to have been here at the table, and I understand that. I apologize that not everybody can be accommodated all at the same time. But we will leave the record open for a 2-week period of time, and if you hear anything that is at odds with your experience or something that you would like to add to the record, we really welcome it. It will be particularly helpful to us in building the foundation for us to be able to legislate here effectively as we proceed forward.

This is the second roundtable that we have had this year focused specifically on women's business issues. In March, the committee held a roundtable in Framingham, Massachusetts, entitled, "Women in Business: Leveling the Playing Field." That is exactly, really, what the discussion will continue on here today.

This Committee has made, I think, significant efforts, and I am pleased to have worked with Senator Snowe both when she was Chairman and now in my role as Chairman. We have really sort of interchanged the process here very easily and the committee as a whole has worked very effectively on a bipartisan basis.

But your comments today are going to be critical to helping us as we think how to break down these last barriers that seem to remain. They have been persistent and they are persistent, and I think it is good to air that and to underscore the nature of its persistence. I am glad to welcome each of the participants here. I thank you for being here.

Particularly, I am grateful to say hello to Kip Hollister from—pardon me a little chauvinism—from Boston, Massachusetts, celebrating the 20th anniversary, I gather, of your business, some 80 employees, and, I gather, $26 million of revenues. So we really congratulate you on that. I know you have had to overcome a lot of the hurdles that I have talked about and just the upturns, downturns of the economy as it is. So we congratulate you on that.

I also want to welcome Trish Costello, who took part in our—she is from Babson College and she took part in our earlier roundtable in Boston.

So all of you know that 20 years ago, Congress passed H.R. 5050, which was the Women's Business Ownership Act, and it was the first comprehensive small business legislation aimed to help women business entrepreneurs succeed. The bill was the culmination of a movement that really began in the 1960s to address economic inequalities between men and women and continued with changes such as the passage of the Equal Credit Opportunity Act of 1974. The women leaders throughout that period of time pushed to move the Women's Business Ownership Act forward, and it has been a very important tool in helping provide the tremendous growth of women-owned businesses that we have seen over the last two decades.

The Women's Business Ownership Act created Women's Business Centers and they provide consulting and training to women who seek to start or grow a business. I know firsthand of the positive impact of that program through the work of the Center for Women in Business Enterprise in Boston and in Worcester. Since 1995, the three branches of this center have helped over 14,000 entre-

preneurs. So it just goes to show there is a demand out there and when we meet the demand, we have a very positive impact.

H.R. 5050 also created the National Women's Business Council, which presents policy advice on women small business issues to Congress and to the President. It required the Census Bureau to include women business owners in its census survey, and it called for all agencies to report on any new contracts with women-owned firms, one of the earliest efforts to try to get our arms around the problem of whether or not women were really getting their fair share of Federal contracting.

According to the data that the Center for Women's Business Research will officially release tomorrow, and they have shared it with us, between 1977 and 2002, the number of women-owned businesses grew by a whopping 824 percent. The new 2008 numbers also show that 7.2 million firms were owned by women. These firms employed 7.3 million workers and created $1.1 trillion in revenue.

But despite these, the success that is clearly articulated in those numbers, women-owned businesses still lag behind their male counterparts in important areas. Women-owned firms have lower revenues and fewer employees than their male-owned counterparts, and we are talking about apples and apples here, not apples and oranges. Eighty percent of women-owned firms have revenues under $50,000. And although 6 percent of men-owned firms have revenue of $1 million or more, only 3 percent of all women-owned firms do, so it is 2-to-1. Women-owned firms often have fewer employees, as only 16 percent of all firms with employees are owned by women. And in Federal procurement, women-owned firms receive less than 3.5 percent of all Federal contracts, and that is deeply troubling.

Understanding what causes these differences and taking steps to address them is critical in terms of properly addressing questions of the strength of the American economy itself. It is particularly important during these tough economic times. As reported in the Global Entrepreneurship Monitor 2007 Report on Women and Entrepreneurship, and I quote it, "ignoring the proven potential of women entrepreneurial activity means that countries put themselves at a disadvantage and thwart their opportunity to increase economic growth."

In reviewing the last 20 years, it is disturbing to see that the issues that were hindering women entrepreneurs from achieving their full potential 20 years ago are still barriers today. Access to capital, access to markets, particularly Federal procurement, as we have just pointed out, and other issues continue to be the central issues of concern in this relationship and they are the central issues of concern to this committee as we meet here today.

This roundtable is going to focus on each of these issues, accessing markets, especially Federal contracting and procurement, accessing capital, and accessing networks and decisionmakers. Twenty years later, the committee continues to be engaged in addressing those issues.

Last year, Senator Snowe and I worked together to pass legislation giving permanent funding to established Women's Business Centers. That language was implemented this year. In addition, we

unanimously passed out of the Committee the Entrepreneurial Development Act and the Small Business Venture Capital Act. The Entrepreneurial Development Act reauthorizes the Women's Business Center program and the National Women's Business Council. In addition, the Small Business Venture Capital Act creates incentives for financing of women-owned firms under the SBA's program for Small Business Investment Companies, the SBIC, as many of you, I hope, are familiar with.

Both of these bills are now part of S. 2920, which is the Small Business Reauthorization and Opportunity Act, and we are working to pass it in the Senate. I hope that each of you from whichever State you come from will be in touch with your Senators in order to urge them to pass that forthwith.

Senator Snowe, myself, and many others are also working to prevent the Women's Procurement Rule—some of you may be familiar with it—which has been offered by—some of you is an understatement—well, you will be pleased to know we are working hard to prevent that procurement rule from being finalized. This has been one of my top priorities ever since the Bush administration proposed the rule on December 27 of last year. This rule would allow set-asides for women-owned firms in only 4 of a possible 140 industries. If you want to have an interesting background to that question, just pull up the testimony we had with the Administrator of the SBA and the Administration when we questioned them as to the rationale, both Senator Snowe and myself, and their answers on rationale is really very, very disappointing. That is when Steve Preston was still there and we had that dialog last year.

Now, maybe there are those in this Administration who believe that women business owners don't deserve a fair shot at doing business with the Federal government, but I think the statistics are clear. More needs to be done to provide access to women in the Federal marketplace, and we have a Federal goal that women should receive at least 5 percent of all Federal contracts. Last year, they received only 3.4 percent. In addition, that is without some of the Federal contracting areas being available, like TSA, which we have now mandated are available. So the pie, in fact, has grown significantly larger than that and the percentage would be significantly smaller when measured against the larger pie.

So I will just close quickly by saying that we have got to do more and this proposed rule is really an affront to hard-working women business owners who simply need an opportunity to be able to prove what they are able to do and we ought to live up to the law. It is pretty simple stuff.

I will continue to do everything I can to see that that rule doesn't see the light of day in its current form and to ensure that women have an opportunity to contract with the Federal government by putting in place a meaningful procurement program.

So I look forward to our discussion today. If you want to make a comment, the general format is you take this thing and just stand it up on its end like that and one of the staff leaders will recognize you as we go forward. Or if I am here, I will call on you. And we ask you just to keep your comments and answers tight so that we can stay engaged and keep moving around, and who knows, maybe we will even have the opportunity toward the end

to have a few interventions from folks in the audience if we do this in a crisp fashion.

So either Linda or Karen, or Karen and Linda, in whichever forum, will help to manage the discussion, and without further ado, why don't we kick it off. Do you have a preordained—do you want someone to go first, or do we just want to lead off on the first topic?

Well, why don't we start off, I mean, we have those three sectors, access to capital, access to—I think we ought to divide it up, and then if we want to look at it generically. Virginia, you were one of the people who helped make this thing happen 20 years ago. Maybe you would be the ideal person to lead off the discussion and give us a sense of where we are compared to where we have traveled from.

Ms. LITTLEJOHN. I am not going to give you the full history. I am just going to give you a couple of anecdotes in the interest of time, the first one relating to data and statistics. The SBA's publication, State of Small Business, reported on the state of women's entrepreneurship in the 1970s and 1980s, but because the Federal Census measured only the sole proprietorships, the figures were extremely distorted.

So at a very meeting in this room in 1982 or 1983, one of the—the Staff Director said something about women-owned businesses only had gross annual receipts of $10,000 a year and most of them were basement or kitchen table-based businesses with basically macrame firms or candle making. We had 40 women business owners sitting in the room and I said, you know, I am sure this isn't true. You are never supposed to do something unless you know your numbers. But, I said, do you mind if we ask in the room how many of you own C corporations, et cetera. I asked everybody to raise their hand if they had more than $1 million in sales per year. You could hear the thunderous slamming of jaws onto the table with slack-jawed stupefaction as they realized all of the data were completely wrong. So that was the background on getting that piece in 5050.

In terms of access to business credit, in the 1970s, there was a congressional hearing where a divorced woman business owner who didn't have a husband to cosign her loan provided information about the request to have her son cosign her loan. Now, here is the interesting part. The son was 17 years old.

And then in the Federal procurement area, in hearings that were held in the late 1970s, there was discussion about accessing Federal markets, which has been a huge issue for years and years, and the woman business owner who was testifying was telling about a conversation she had with the Federal procurement officer and she asked him about how she could break into the Federal market, what did she need to do, and the serious response was, sleep with the contracting officer. This was what we referred to within the community as the Hollywood casting couch, the Federal version of things.

So all of those issues and others were addressed in H.R. 5050 and we have made huge, huge progress since then, but we still have a long way to go.

Chairman KERRY. If you had to pick, Virginia—and thank you for your efforts through the years on this—if you had to pick one

of those sectors or one thing that we could do that would make the most difference, what would that be? I mean, if it were access to capital or procurement or networking, where do you think the biggest single leap could be made if X, Y, or Z barrier were removed?

Ms. LITTLEJOHN. Well, I would say the biggest barrier has really been in the Federal market. That has been—in 1978, when I still lived in San Francisco, we were working on trying to get women-owned businesses into the Federal marketplace. It has been so incremental. We have barely inched ahead. But huge, huge strides are in the thinking process with the economic blueprint and with some of the initiatives that are going on right now. I think that is the biggest structural impediment.

There are many other issues that need to be dealt with that are in the economic blueprint, but we basically decided in 1988 that we didn't think we would be able to get anything passed if we went heavily after Federal procurement at that point. We felt that it would jeopardize the entire bill. So of the five burning issues we had then, we decided we would try to deal with that later in another way and not jeopardize the whole what became the Women's Business Ownership Act.

[The prepared statement of Ms. Littlejohn follows:]

Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act of 1988

REVISED COMMENTS of Virginia Littlejohn, Co-Founder and CEO, Quantum Leaps, Inc.
Senate Small Business Committee Roundtable, September 9, 2008

My Involvement with Women's Entrepreneurship: I have been working with women entrepreneurial advocacy in the US since the 1970s. I consulted to the Carter Interagency Committee on Women's Business Enterprise, was the SBA's first National Women in Business Advocate of the Year in 1980, coordinated the initial lobbying program in support of the Office of Women's Business Ownership (OWBO) at the SBA, organized the National Association of Women Business Owners' (NAWBO) first two National Public Affairs Days in 1982 and 1983, was NAWBO National President in 1984-85, oversaw its international affiliation and the world's first women entrepreneurial trade mission in 1985, chaired NAWBO's initiative that resulted in getting 12% of the delegates to the 1986 White House Conference on Small Business, was one of the three primary architects of the Women's Business Ownership Act of 1988, served two terms on the National Women's Business Council (NWBC), and spent a number of years working with the House and Senate Small Business Committees to refine the structure of the Council, to get the right representational mix. Since the mid 1980s, I have also worked extensively with governments and international organizations at the global level to share women entrepreneurial best practices: the OECD, the International Trade Center and other UN agencies, the World Bank and Global Banking Alliance for Women, Asia Pacific Economic Cooperation (APEC), etc.

Quantum Leaps, of which I am Co-Founder and CEO, identifies and shares women entrepreneurial best practices, and catalyzes strategic initiatives both domestically and internationally. We are currently working to facilitate women's access to corporate markets and global supply chains in the US, Canada, China and India. In addition, we are working with the NWBC and national women's business organizations to develop *The Roadmap to 2020* in the US (see below).

History of Women's Enterprise: I have been asked to address some of the early history of women's business enterprise in the United States.

NAWBO was founded in 1974 in Washington DC, and for a number of years it was the primary women business owner (WBO) organization. It played a strategic advocacy role with both the executive branch, particularly during the Carter, Reagan and first Bush Administrations, plus various legislative hearings in the 1970s and 1980s, as well as several White House Conferences on Small Business.

Various challenges were identified in Congressional hearings in the House and Senate. By 1988, the year that the Women's Business Ownership Act passed, five major problem areas had been identified:

- **Data and statistics about women owned businesses** (WOBs), because only sole proprietorships were counted. As a result of the SBA's publication, *The State of Small Business,* there was a widespread public perception by policymakers and male business leaders that women typically owned only, e.g., small candle making and macramé businesses that they operated out of their basements, and which grossed below $10,000 in sales per year. This misperception was addressed by the mandate in the Women's Business Ownership Act of 1988 of a business census of all women owned businesses
- **Access to credit,** including business credit for women
- **Entrepreneurial education and training,** facilitated through creation of the Women's Business Centers (and more recent training initiatives focused on growth-oriented businesses)
- **A voice for WBOs,** addressed through creation of the NWBC
- **And Federal procurement.** In one Congressional hearing in the late 1970s, which included the challenges that women business owners were having in accessing federal markets, one witness testified that when she had asked a federal procurement official how to access the federal market, he

had told her, "Sleep with the contracting officer." Within the women business owner community, this was referred to as the federal equivalent of the Hollywood casting couch

The Women's Business Ownership Act of 1988 addressed all of these issues except for Federal procurement, which we and our champions on the Hill decided not to include in the legislation, in order to improve the chances of passage.

Since the passage of the Women's Business Ownership Act of 1988, a highly differentiated women entrepreneurial ecosystem has developed. Many new WBO groups have been created, to address emerging niches focused on growth, the need for angel and venture capital, access to corporate markets and supply chains, women of color, international trade, federal procurement, etal. And of course, WIPP was created as an umbrella organization to give all women business owner groups a powerful collective voice.

But a great deal still needs to be done. WIPP's *Blueprint* outlines some of immediate priorities. I would like to emphasize four issues:

- Access to federal procurement remains a huge area of underachievement, and is one of the biggest structural impediments to the economic advancement of women owned businesses in the US.
- Strategic research about women's enterprise development is critically important, and the crucial role played by the Center for Women's Business Research in helping "to make the economic case" cannot be overestimated. I would recommend federal funding for continued strategic research.
- In my opinion, the National Women's Business Council needs to be structured in such a way that it includes **continuity of institutional representatives from leading WBO associations, even if the number of association representatives has to be expanded and its budget has to be increased.** While having individual women entrepreneurs representing both political parties is valuable, the opportunity for all of the major associations to have a regular forum in which to share perspectives and to collaborate on advancing women's enterprise development is absolutely crucial. The Council's structure should be modified to facilitate this dialogue and to foster consensus building. In addition, **I recommend that there be an annual Summit meeting of the leadership of the major WBO associations and support organizations, which could be convened under the auspices of the NWBC. This Summit meeting could play a key role in helping to implement policy and programmatic recommendations in *The Roadmap to 2020*** (see below).
- Finally, I recommend that **the Interagency Committee on Women's Business Enterprise (IACWBE) be reactivated through legislative mandate, and that it convene periodically in joint meetings with the NWBC.** The IACWBE was created in the late 1970s during the Carter Administration, and it worked extremely effectively during a number of presidential administrations. However, it has been dormant in recent years. As our nation struggles with huge economic challenges and significant job loss, it seems increasingly necessary that government help to spur growth and job creation in the women's economic sector through small but strategic investments that will achieve desired results.

To address longer term strategic gaps and spur growth, Quantum Leaps is partnering with the National Women's Business Council and the major women's business groups to develop *The Roadmap to 2020: Fueling the Growth in Women's Enterprise Development in the US in the Coming Decade.* It is a strategic action plan that will be released in early 2009. Each contributing organization will take responsibility for implementing specific components that pertain to its core mission. *The Roadmap* will address strategic gaps in the women entrepreneurial ecosystem, and specific obstacles that still need to be overcome in such areas as research, "the missing middle," capital for growth, federal procurement, and access to global market and supply chain opportunities.

The Roadmap to 2020 will **blaze some important new trails** by:

- Collaborating with partners to develop strategies and tactics for building a dynamic global women's enterprise movement
- Proposing metrics for measuring the social and economic return on investment (ROI) in women's enterprise development
- Promoting the need for creativity, innovation, R&D, strategic utilization of technology, alternative energy, and "clean and green" technologies
- Catalyzing the creation of a Women's Enterprise Development Philanthropy Initiative, to facilitate cooperative funding by major foundations, and contributions by successful women entrepreneurs who want to make a difference, domestically and/or internationally

When *The Roadmap to 2020* is released, we very much hope that Congressional hearings will be held on its recommendations. And further, that the Senate Small Business Committee will once again play a strategic role in advancing the next stage of women entrepreneurial development in the United States.

Thank you for the opportunity to provide this input, both in the Roundtable, and in these additional comments.

Best regards,

Virginia

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Chairman KERRY. Does anybody else want to pick up on that question I just asked? Yes, Dr. Coleman? Tell everybody who you are.

Ms. COLEMAN. Yes. My name is Faye Coleman. I own a contracting, Federal contracting and management consulting company named HIT, health consulting company in Bethesda, Maryland. I have been in business since 1984, so I have been around for 20, almost—well, next March it will be 25 years. And I really just want to quickly echo what Virginia said about the opportunity for significant improvement and advancement in the figures and the impact being in the Federal procurement area.

As someone—about 80 percent of our business is in the Federal sector, and even before I started my business, I had worked as a consultant in the Federal arena, and so I thought I knew—because this was something I was familiar with, that is the direct——

Chairman KERRY. What does it do? What does your business do?

Ms. COLEMAN. My business provides technical assistance and training and program assistance to agencies in the health arena, health promotion, disease prevention, risk reduction, and also the infusion of technology to provide solutions to—our clients include the National Institutes of Health, the Center for Substance Abuse Prevention, and many of the other agencies in the health——

Chairman KERRY. How many employees?

Ms. COLEMAN. We have got 43 employees and we have revenues of $16 million. One of the things that—I just went to a pre-proposal conference yesterday for a large procurement out of the Department of Defense and one of the things that just really reinforced this whole issue around access to Federal markets to me was that when people talk about the goals that are set by contracting officers and procurement officials for subcontracting, particularly for large bundled procurements, multi-million-dollar procurements, women's business, the goals for women-owned business involvement is probably one of the least, the last ones. Small business, of course, is number one.

And the pie is so big on this that it is not a matter of necessarily putting it in increments because there is enough for everybody to go around, but it just is interesting to me that it is almost an afterthought in many cases that procurement officials and contracting officers, when they are talking about percentages and goals for involvement in a subcontracting basis, that women-owned businesses—service disabled veteran-owned businesses, HUBZone businesses, 8(a), women-owned, they are all involved, but the percentage goals are smaller for women-owned businesses. So I do think——

Chairman KERRY. What stuff do you do outside the government?

Ms. COLEMAN. I would say about 15 to 20 percent of our business is outside of the Federal government. That includes——

Chairman KERRY. Are you growing outside——

Ms. COLEMAN. Yes. Yes, we are. We definitely are. But I would say that the majority of our larger multi-year contracts are on the Federal side.

Chairman KERRY. And in your efforts to secure the Federal contracting, have there been perception issues you have had to get over? Have there been just sort of fundamental——

Ms. COLEMAN. Well, it is—yes. There have been some perception issues, particularly early on when I first started. There was a perception that women were not quite as capable as a male-owned company, particularly in some markets, in energy and NASA. We do work with Transportation and NASA and some of the more scientific agencies, Commerce. So I frequently got—now, it is hard to pinpoint exactly, that that is exactly the case, but you would go to procurement meetings and fora and women were definitely underrepresented, and this sort of gets into one of the other issues about access to networks and decisionmakers.

Again, in the Federal procurement area, there is a whole universe of people who are very instrumental in the decisionmaking process and just the knowledge sharing process, and if women are not as equally represented at those tables, then you don't have the information that you need to be as successful and as savvy in putting together winning proposals and crafting teaming agreements and joint ventures and all the things that lead to success.

Chairman KERRY. Did you find that there was a proactivity on behalf of the agencies you were dealing with, or did you have to kind of break down the doors and say, hey, we are here. We are——

Ms. COLEMAN. Not as much for women. I will say it is getting a little bit better. But the proactivity was not as—definitely not as much for women-owned businesses as you saw in some of the other areas.

Chairman KERRY. Sharon?

Ms. HADARY. I am Sharon Hadary, Executive Director of the Center for Women's Business Research. Mr. Chairman, we thank you for making our—or previewing our announcement of the Ninth Biennial Update on the numbers of women-owned businesses that we will be releasing tomorrow.

I just want to throw a little data in here. Obviously, we are the Center for Women's Business Research and, in fact, we evolved because of the Women's Business Ownership Act because part of that said research is vital to understanding the issues and having actionable knowledge, and we are the premier and probably the only nonprofit research institute in the world devoted exclusively to studying women business owners.

There are a couple of statistics I would like to add to this. When we look at the businesses that are majority owned by women, they represent about 30 percent of all businesses. We also have to look at the changing profile of women-owned businesses. Twenty-six percent of all women-owned businesses today are women of color, and oh, by the way, that is up from 20 percent just a few years ago.

So a lot of the issues we are talking about are exacerbated, we found in a 3-year study that we are doing on accelerating the growth of businesses owned by women of color, many of these issues are exacerbated—made worse, these big words—researchers have trouble with big words.

[Laughter.]

Ms. HADARY. But seriously, many of these issues are, in fact, made more difficult when the individual is both a woman and a minority. I just very quickly want to give you a couple of examples

of this disparity, of the disparities we see, because when we look, break this down by industry, you can't just go with the overall—when you break this down by industry, for example, when we look at industries like education, where the majority of the businesses in that industry code are women-owned, 56 percent are women-owned and yet they get only 7 percent of the dollars. When we look at health care, 58 percent of the businesses in that industry code are owned by women and they get only 7 percent.

And then when you drill down to some of the less traditional areas for women-owned businesses, utilities, 14 percent are women-owned but they get only 10 percent—I am sorry, only 1 percent of the contract dollars. Transportation, 12 percent of the firms and they get only 1 percent. This is not——

Chairman KERRY. Let me stop you there for 1 second.

Ms. HADARY. Yes.

Chairman KERRY. Each and every one of those categories that you have just listed, I might add, are left out of——

Ms. HADARY. Yes, sir.

Chairman KERRY. 140——

Ms. HADARY. Yes, sir, and I can go through every industry category, but I figured in the interests of time, you would prefer that I just pulled out a few of the most interesting ones. But those—I am not—in every industry, we see the same kind of gap and disparity, and I want to just add one more thing.

This is not necessarily about equity. This is about economic development, because in research, what we have seen is that the businesses that have Federal contracts are the businesses that show continual, regular growth over a period of time. So it is important for economic development for our country as well as for the opportunities for women business owners.

[The prepared statement of Dr. Hadary follows:]

Center for Women's Business Research

Knowledge that Means Business

Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act

Statement of the Center for Women's Business Research

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Presented to the U.S. Senate Committee on Small Business & Entrepreneurship
September 9, 2008

Center for Women's Business Research is the premier non-profit research institute devoted exclusively to conducting research on women business owners and their enterprises worldwide. For 20 years, the Center for Women's Business Research has been providing the data-driven knowledge that advances the economic, social and political impact of women business owners and their enterprises.

We thank Senator Kerry, the members and the staff, especially Karen Radermacher, of the Senate Committee on Small Business & Entrepreneurship for this opportunity to share what we have learned in our research about the achievements and the continuing challenges of women business owners of all races.

Women-owned businesses are a potent economic force in the U.S. economy and have been so for more than two decades. Between 1977 and 2002, the number of women-owned businesses skyrocketed by 824%.

Today, September 9, 2008, the Center for Women's Business Research releases its ninth biennial update on the status of women-owned businesses. The 2008 projections show that there are 10.1 million firms in the U.S. that are 50% or more owned by a woman, providing 13 million jobs and generating nearly $2 trillion in revenues. These firms represent 40% of all privately-held firms.

The projections show that there 7.2 million firms that are majority (51%) owned by a woman, providing 7.3 million jobs and generating $1.1 trillion in revenues. These are the firms that qualify as women-owned for government procurement and other federally funded programming.

The 2008 projections were generated using a new, proprietary to the Center for Women's Business Research projection model that, for the first time, takes into account fluctuations in the economy, changes in the racial/ethnic profile of women business owners and changes in the industry distribution of their businesses.

Women of color business owners are 26% of all majority women-owned firms – up from only 20% just a few years ago. Women of color are starting businesses at three times the rate of all businesses.

Despite the economic challenges of the past few years, women-owned businesses are keeping pace in growth and expansion with men-owned businesses – and in some cases surpassing them.

Women-owned businesses are in all industries, including many that have in the past been considered "non-traditional" for women. The top industries for women-owned businesses are:

- Health care and social services (16%)
- Administrative support/waste management (15%)
- Professional, scientific and technical services (15%)
- Educational services (13%)
- Transportation and warehousing (9%)

ACCESS TO CAPITAL

The Center for Women's Business Research is the only organization that has been tracking women business owners' access to capital for almost two decades. While there have been dramatic improvements in women business owners' access to capital over this period, there is still a long way to go.

On the positive side, satisfaction with banking relations more than doubled since 1992 – from 35% to 82%.

Yet, women business owners still consistently lag men business owners in using either credit or equity. Even when we control for revenue, we still see this gap. The Center for Women's Business Research's studies show that only 56% of women business owners use or intend to us credit compared to 71% of their men counterparts. Similarly, only 4% of women business owners use or plan to use equity compared to 11% of men business owners.

What is perhaps most concerning are the attitudes about capital. Thirty-four percent never sought a line of credit, and 48% report they have never sought a bank loan. Part of the explanation may be education and training. Over two-thirds (68%) of women business owners prefer not to carry debt. SBA funded programming to teach women business owners the fundamentals of business finance are an important response to these findings.

However, there is also work to do on the financial institution side. Based on personal experience or the experience of colleagues, many women business owners expect that they will be turned down anyway, so why bother to apply. This expectation of being turned down is especially prevalent among women business owners of color.

Women business owners also lag men business owners in receiving SBA loans. In 2004, 22% of the 7a loans went to women business owners, but they received only 16% of the total dollars loaned. And between 2000 and 2004, 7a loans to women business owners decreased by 35% compared to only a 23% decrease in the loans to men business owners.

ACCESS TO MARKETS

The data show a broad incidence of disparity in Federal contracting in every industry. For example, while women-owned business represent more than half (56%) of all businesses in educational services, they receive only 2% of the contract dollars.

In health care, women-owned businesses represent 58% of the businesses but receive only 7% of the contract dollars.

In the less traditional industries for women business owners, we see the same disparities. In utilities, women own 14% of the businesses but get only 1% of the contract dollars. They own 12% of the firms in transportation yet receive less than 1% of the contract collars.

Private sector supplier diversity is not substantially better. Six in ten Fortune 1000 companies spend $1 billion or more with outside supplies. Yet, on average, women business owners receive only 3% of these dollars.

Studies show that businesses that receive government contracts are more likely to grow consistently over time. The issues around contracting disparities are not just about equity – they are about economic development for women-owned businesses and for our entire economy.

ACCESS TO NETWORKS

Networks mean access to the decision makers – for capital, contracts and expertise. Many women business owners, and especially women of color business owners, tend to stay within their own networks. The Center for Women's Business Research's studies show that the women who own the larger, faster growing businesses join more networks and use networks for various purposes including professional advice as well as garnering customers.

Acceptance into industry networks is often difficult, especially for women of color. Even when they join the meetings, they are not welcomed nor are they part of the activities.

RECOMMENDATIONS FOR ACTION

1. Monitor and track awards at both the first and second tier level in Federal contracting.
2. Track contracting separately with women business owners of color in both the public and the private sectors.
3. Reinstate the Survey of Small Business Finance formerly conducted by the Federal Reserve. It is the only source of national data on business loans by gender, race and ethnicity.
4. Foster growth goals among women business owners.
5. Support SBA programming with a strong focus on business finance education.
6. Create affinity groups of women business owners of color for communications and education.

Chairman KERRY. Well, that is a very good point, and what I would like to do, Linda, is make sure that Senator Snowe and I take your data and send a letter to the Acting Administrator of the SBA and underscore to them these findings relative to their proposed rulemaking. I think that is really important for us to follow up on.

Margot Dorfman?

Ms. DORFMAN. Thank you. I greatly appreciate the opportunity to be here. My name is Margot Dorfman. I am CEO with the U.S. Women's Chamber of Commerce, and, of course, our number one issue is making sure that the Women's Procurement Program is implemented as it was intended, so thank you for your efforts on that.

I would like to add to some of the statistics that we have. While total Federal spending grew from $200 billion in 1999 to over $340 billion in 2006, and that is an increase of $140 billion, spending with women-owned firms increased by only $5 billion. So we see that where the spending is occurring is a challenge.

Additionally, we believe that the numbers that are shown right now with the 3.5 percent or whatever it is spent with women-owned firms is probably overstated. We are releasing a report, and one of the things that we have done is we have identified the top 50 firms that are in the Federal Procurement Data System and we find that over 50 percent of those that are shown as women-owned actually have male CEOs. We are looking at about $2 billion of contracting with women-owned firms that is stated that may not be actually going to women-owned firms.

Another issue we see is that nine Federal agencies spent more than 50 percent of their total spending with women-owned firms with just ten firms each. So while there is money that is being spent out there, it is a very small pool of women-owned firms that are actually accessing the dollars.

Chairman KERRY. That is pretty stark. Two of you further document what I think everybody in the audience understands is happening, and the documentation is critical because you have got to make your case and be persuasive. But let us assume for the purposes of this discussion now that it is as bad as it can be, and we all understand how bad it is. The question is, what is the fastest remedy here? How do we turn this around?

Now, in my judgment, and obviously I put a lot of energy into this 4 years ago, believing it, if you have got a President who tells his cabinet officers this is going to happen and you check every other week on whether it is happening, it happens. It is called executive leadership and we need to make sure that whatever the next administration is, we are going to have strong executive leadership.

But what can we do in terms of the law or the access to capital rules or anything that we can control here, in your judgment, to most rapidly remedy this, beyond the executive leadership that is necessary to demand that those goals be met? Judgments on that? Yes, Ann Sullivan?

Ms. SULLIVAN. Virginia referred to the economic blueprint that was released this week, and that is 30 organizations have come together and a lot of individual business owners who are in this audi-

ence to talk about what they want from the Congress and the next administration in terms of action on these issues.

So with procurement, we have three main points. One is, which we have talked about, put into place a meaningful Women's Procurement Program. As you know, it has been a long time in coming and we are very dissatisfied with what is proposed. But that is the vehicle. If you can set aside contracts, if you can limit the competition, that will definitely help the agencies meet their goal.

Two, contracts are too large. We have to unbundle contracts. Without that, and it is the trend today that contracts are bigger, these small businesses just can't compete.

And then, three, we have to strengthen small business subcontracting by enforcing prime contractors' subcontracting plans. If we helped you win the bid, you need to use us when the work comes in, and that would, in our opinion, also help the numbers that have been cited. It would really help women businesses get contracts.

Chairman KERRY. Good suggestions. Trish, you had your placard up, or you put it back down——

Ms. COSTELLO. Well, I am looking at it, as well, Senator Kerry, from the standpoint of with these stronger businesses, with the contracts that can go in to enable these women's businesses to be stronger, this has a tremendous impact on our ability to have a robust economy because we know through the Global Entrepreneurship Monitor that you mentioned earlier that the number of women that are participating as entrepreneurs, the stronger they are, the faster they grow, the more robust our economy is.

And, in fact, looking across the world at actually countries that represent 90 percent of the GDP, that is consistent, that the more women that are involved in the economy, from the lower-wealth countries to the higher-wealth countries, the more women that are involved and the stronger those companies grow, the more robust the economy will be.

So we are not looking just at the opportunity that these individual women have and these individual companies have, but it also has a major impact on our ability to be competitive and to grow our economy. And as we are looking at how to revive and push our economy forward, we need to be looking at how we provide these kinds of services and opportunities both in procurement and in other areas for women because it is a major key piece.

In addition, what we have been doing, and I know you know, Senator Kerry, because this is happening in Massachusetts, but you can take—we are now taking the Global Entrepreneurship Monitor data and not only are we all over the world, but we are now moving down to the State, with Massachusetts being the first one where we are actually looking now county by county to see the growth of women in that State as our first pilot one to see where do we have growth around the State, where are the women growing fastest, in what industries are they, and how are they benefiting, so we are being able to determine best practice in a wide area across both sales and procurement and different types of data points.

Chairman KERRY. Good. Great. That is helpful. Lisa?

Ms. DOLAN. Thank you. Thank you for the opportunity to speak today. My name is Lisa Dolan. I own Securit. We are a private in-

vestigations and security firm in New York. We provide 60 percent of our contracts to the Federal government.

To Dr. Hadary and Ms. Dorfman's point on their percentages, the Women's Procurement Program, being in a male-dominated field—my NAICS code is 561612—it wasn't even a consideration for the SBA and we are certainly in a male-dominated field. I was very disappointed. So obviously the Women's Procurement Program didn't mean anything to me because they didn't include me. They excluded me. So I do believe that you have to look at those numbers because 4 categories out of 140 sectors is certainly not a fair assessment of women-owned businesses where we are underrepresented in many other industries. We do a lot of business with the government, but we could do a lot more if that carve-out allowed us to be included.

Chairman KERRY. Can you define further the impediment that you run into in terms of the doing more now? What is the restraint?

Ms. DOLAN. Well, there are a number of restraints. One is the contracts are very large, so in order to get those contracts, you have to tap into capital. We have a line of credit. We tried to increase it, but the bank actually said, well, 60 percent of your contracts are with the government and that doesn't make us comfortable.

[Laughter.]

Ms. DOLAN. And I thought that was a very strange statement. So here we are, having this opportunity to be awarded these contracts, and yet I had to tap into my personal finances to support the payroll because the bank wouldn't increase my line of credit. So there are a number of impediments. Also, being in a male-dominated field in security, I am usually the only woman at the table and not taken seriously. In fact, I think I told Karen this story, I went to a meeting. I sit on a governing board on a grassroots effort for some legislation in the security field and there were 14 men at the table and I was the only woman and I came in with my legal pad, because I take copious notes wherever I am, and the gentleman sitting next to me said, "Oh, are you John's secretary?" We are in the year 2008.

Chairman KERRY. Well, he wasn't.

Ms. DOLAN. He wasn't. You are right.

[Laughter.]

Ms. DOLAN. That is right. So, yes, there are some impediments.

Chairman KERRY. We are going to go over—yes, Kip?

Ms. HOLLISTER. It is a pleasure to be here celebrating our 20th, as well. You all will be shocked that of the $26 million that Hollister is doing this year, guess how much is dedicated to government? Probably 15 percent. And I will tell you why. I have—one, I think we have got to stop the loopholes for the phoniness of it is not really females that are running these companies. I have been courted by many who want me to come in as the token woman, and guess what? It is a very hard thing to resist because my revenues will shoot up. But I have integrity as a female owner and I say no. But I know it happens in my community.

Second, the relationship—I am in a relationship business. We are a service business. We are a staffing company. No, I don't own Hollister Clothing. I wish I did, and so do my four children.

[Laughter.]

Ms. HOLLISTER. But in the relationship business, I think we need to bring some relationship to the procurement process, and I don't know how to do that. First, the procurement process needs to be easier point of entry for someone like me to manage because it is easier right now for me to do business in the private sector. And so I need ease of entry. Maybe I need mentorship. I agree, I don't know what I don't know.

But second, once you get these contracts, you are a number and that is not how I run my firm. All my clients know who I am. I am the female CEO. I go see them. And it is really hard to work into the system. So if that is a value, which I think it should be, how do we better create a system that can partner so that someone like me can take advantage of the government and use it to grow my company, because I am not stopping. I really have the vision of growing my company to $100 million. The only reason it has taken me this long is because I also value my work-family balance with my four children. But I am competing with some male competitors and it is just a very frustrating experience.

Chairman KERRY. It sounds like it.

Ms. HOLLISTER. Yes.

Chairman KERRY. Well, I appreciate the integrity that you bring to the effort and hopefully we can make it easier to access more of that——

Ms. HOLLISTER. I would love it.

Chairman KERRY. Do you have a sense, I mean, beyond what I said about the executive piece of it, is it bundling that is a problem?

Ms. HOLLISTER. Yes, that is part of it, because what happens in bundling is that they need us to help in the bundled approach. So we get invited to the table——

Chairman KERRY. For the beginning, but then they cast you aside afterwards.

Ms. HOLLISTER. Absolutely, but then I look at how much revenue has come or what was the price I had to pay, also inclusive in my gross margin dollars, and I run a sales organization, so my staff, I don't want to burn out. So yes, it is partly the bundling issue, and I think the size of the contracts, which has been communicated. You know, we do need the capital to then fuel it, so there are a lot, I mean, there are a lot behind Door Number 3, but——

Chairman KERRY. Have you had any interaction with the Business Centers?

Ms. HOLLISTER. No.

Chairman KERRY. You haven't?

Ms. HOLLISTER. No. Should I?

Chairman KERRY. Have you used any kind of technical assistance or input from the SBA or——

Ms. HOLLISTER. You know what, that is something that I really want to do. Yes.

Chairman KERRY. Do you have any SBIR or SBIC——

Ms. HOLLISTER. No.

Chairman KERRY. None of that?

Ms. HOLLISTER. No.

Chairman KERRY. I guess you wouldn't on the service side. That makes sense. OK.

Tara Elder from West Virginia here, am I right?

Ms. ELDER. I am Tara Elder. I am the Women's Business and Training Center Director from Beckley, West Virginia. You asked how to fix the problem and I think everything that has been suggested is right. You have to start from the top down, but you also have to start from the bottom up, and a lot of that is, like Dr. Coleman said, more women have to be at the table. More women have to be trained on how to approach the government for contracting, how to do SBIR, how to do STTR. Women's Business Centers are out there every day. That is what we do. We assist women every day in their business, but we struggle. We struggle in how to train women in government contracting. We struggle in how to present SBIR and STTR training because it is so expensive to bring and that is something that needs to be addressed, is how to bring that training day in, day out, to women so they can compete in government contracting and make a difference to their local economy.

Chairman KERRY. Do the women that you train come to you or do you go to them?

Ms. ELDER. Both.

Chairman KERRY. Do you cast a net and try to pull people in?

Ms. ELDER. Both.

Chairman KERRY. You do?

Ms. ELDER. Yes. We are a very rural State in West Virginia. We cover—our center covers 11 counties, and from one end to the other, it is about 5 hours. So some training we take on one end, some to the other, and some events we bring them to the center. And right now, we are the only Women's Business Centers in the State of West Virginia, so we field calls from the whole State.

Chairman KERRY. How do you target who you are approaching or sort of the net you are casting?

Ms. ELDER. A lot of the times, we use SIC codes. We look at the industry they are in. But then we do a broad-based press release, as well, so that we let people who we may have missed with our targeting marketing who pick up the press release and say, oh, that is government contracting. I may be interested in that. And it may have been our shortsightedness who thought they wouldn't fit into that SIC code or it may not be the right industry for them. They may know more than we do sometimes.

Chairman KERRY. Do you coordinate with the Secretary of State's office in terms of their recordation of all existing businesses?

Ms. ELDER. Sometimes. It depends. They are hard to get a list from, so sometimes we can get a list very rapidly and sometimes we can't.

Chairman KERRY. It seems to me maybe we ought to think about making that sort of an automatic——

Ms. ELDER. You would think.

Chairman KERRY [continuing]. That when a business is incorporated or filed appropriately, there is some kind of transfer to the SBA folks and they know, wow, there is a new young business here and then you can actually reach them rather than having them—

it seems to me that we don't talk to each other within these processes very well.

Ms. ELDER. Unfortunately, State, Federal government doesn't talk very well——

Chairman KERRY. Yes.

Ms. ELDER [continuing]. And agencies inside the State Government don't talk very well and neither do Federal agencies a lot of times.

Chairman KERRY. We ought to think about ways to do that. What about Chambers of Commerce? Do you have an automatic——

Ms. ELDER. We work very well with our Chambers of Commerce. Our local Chambers work very well with us. We partner on everything, so we use their mailing lists and they use ours.

Chairman KERRY. Margot Dorfman, do you want to come back here? I have got to run in about 4 minutes here, folks. I am going to turn it over to the staff momentarily.

Ms. DORFMAN. Thank you. One of the things that we find when I talk to the small business officers and directors for the agencies, what they have said to me, we would love to get more women in the door, but without the program in place, we don't have any directions on how to actually bring them in because there are all sorts of legalities. There is no FAR. There is no regulation and we have to have that regulation in place so that we know how to live by the law according to procurement. So that is why we are so adamant about getting this law on the books in a way that reflects what we see as the 87 percent of all businesses or all industries that are underrepresented with women-owned firms, so that we can open that up.

And in addition, what we see is a need for the SBA to have some transparency and do what they say they are going to do. It is very clear that their mission is to support small business, but just the fact that they are impeding the process of implementing this program is one. They have cut their budgets. So when you talk about the State level, a lot of the State-level SBAs don't have the resources anymore to do any outreach because their budgets have been cut and cut and cut and they are—the people that have left, they have not been replaced.

And the same thing about when you get access to capital funding. That also has been—levels of funding have been cut for loans and the access to those loans. So there are, I think, a number of areas that the SBA needs to be held accountable for that we need to have them move forward.

Chairman KERRY. Fair enough. Heidi?

Ms. JACOBUS. Thank you. I am Heidi Jacobus and I am the founder and CEO of Cybernet Systems, which is a high-technology business founded in Ann Arbor, Michigan. I have 50 employees and——

Chairman KERRY. Fifty?

Ms. JACOBUS. Fifty, yes, and they comprise a lot of Ph.D.s and master's degrees and very well trained engineers.

I am interested to note that more than 50 percent of the master's degrees since 1983 in science and technology have been awarded to women and yet we still see so very few women taking their edu-

cation and bringing it to practice and whether—what the impediments are for them to do that. But they certainly don't lack for technical background to be able to do that.

I have the advantage of an excellent education. I started college at a place that was forced to accept women in 1970 after the Supreme Court ruling, so I think a lot of us know what it is like to have been denied access to certain very fine colleges until that year. I did my undergraduate there, and then I went on to graduate school in computer science, where I earned my master's degree in computer science in 1977 and continued toward my Ph.D. I never finished the Ph.D. I started my company instead.

But it is lonely out there, and I don't think—I think we see a lot more women graduating than we see occurring in businesses. There is a trend for the number of women graduates going up, and yet the data shows the number of women in these technology businesses flat. So it doesn't make sense. The numbers don't compute to me.

Chairman KERRY. That is interesting. Well, it is good to see what the product of a good football program can do.

[Laughter.]

Ms. JACOBUS. No comment.

Chairman KERRY. It doesn't compute, and it would be really interesting to try to figure out—I can think of a lot of possibilities about why it doesn't, but I don't want to even hypothesize. It would be very interesting to understand where those folks are going and what they are doing as a result of that, because you are absolutely correct. There is about a 50 percent or even better——

Ms. JACOBUS. Right.

Chairman KERRY [continuing]. Rate of graduation. We ought to try to see if there is any data on that and see if we can figure it out.

Folks, I, unfortunately, I have got an 11 o'clock. I have got to run out of here. But I kept promising you Linda and Karen and you finally get them. What I would like you to do before you wrap this up—and again, I want you to invite, if there are any interventions from the audience at large, I would like to invite them, also—see if you can prioritize. I mean, see if at the end of this you can say, OK, here is one, two, three, four, whatever, that we ought to tackle so that we can come out of this with maybe a consensus about what the order of priority is as to what we might try to achieve. That would be really helpful to us on the committee.

So hopefully without interrupting the flow, I really thank you all very much. It has been very, very interesting, and I know it will continue to be, so go ahead.

Ms. RADERMACHER. All right. Actually, Faye, did you want to—I think your card is next up. Oh, no, I apologize.

Ms. MERLINO. Thank you. Thank you, Faye. Nell Merlino from Count Me In for Women's Economic Independence. We are a not-for-profit provider of resources for women in business and we won a program called Make Mine a Million Dollar Business. One of the things that we have seen and continue to see is the desire for women to grow their businesses to a million dollars and beyond and a real lack of resources to the point that was made in West Virginia, about the lack of resources, say, that the SBA has to actu-

ally reach out to women. We are finding across the States where we are doing our programs the SBA is coming to us and asking us to do outreach to women and to get them to come to our events so they can meet them at those events.

So there seems to be a real disconnection or lack of awareness on the part of an awful lot of businesswomen about those agencies because they are not able at this point to do the kind of outreach that I think was—it was a great suggestion about perhaps notifying those agencies as women start businesses, but more importantly, the women who are—and Julie Weeks is in the audience who coined a phrase called "The Missing Middle," which is everybody who is beyond a startup and is trying to figure out how to grow their business. How do we put more resources to the missing middle who will create more jobs than certainly any other group?

We have a goal at Make Mine a Million and in our program of getting a million women to a million dollars in revenue and that alone would create a minimum of four million jobs. So I think the focus on growth, but growth for a large mass of women, is important, because then they would be able to take advantage of the procurement situations that are being described.

Ms. RADERMACHER. Great. I think that is a really important point that you bring up, Nell, about the missing middle and also about how to help small businesses grow and perhaps it is a good way to transition into some of our other topics. We have spent the first hour talking about procurement, which is such an important topic.

So I guess one of the questions I would have for you, what are—you mentioned the missing middle and what you are doing to help them. Are there any other either specific needs or things that should be done, whether by SBA or anyone else, to help these small businesses grow into multi-million businesses, or million-dollar businesses?

Ms. MERLINO. Certainly, a lot of the things that were discussed already. The issue of the size of government contracts is formidable to a lot of businesses. But it is a combination—I think I can best answer it with a very short story about a woman who went from $400,000 to over $20 million in 18 months and the intervention that we supplied was relatively small but significant.

One, she had never taken advantage of the fact that she was a woman and minority-owned business and wasn't quite sure how to do it. So we were able to direct her to the places. She runs a business called Human Potential which trains people coming back from Iraq and Afghanistan how to get back into the workforce, and people coming out of prison and people who have been downsized. So given the economic news, her business is kind of valuable and important and she was stuck at $400,000 for 5 years, mainly because she didn't know how to delegate to employees, and she has grown from now ten employees to 80 employees. So it was a minimum amount of technical assistance and education and awareness about the opportunities that existed in government contracts and programs.

So I think this issue of the networks and how aware we want to make people about what those opportunities are—too many women are coming to our program and going from way under a million dol-

lars to over a million in 12 to 18 months and it suggests a focus in this area would move millions of women out of that $50,000 revenue area into larger and larger businesses where I do think there are then resources, or some resources—I am sure some folks on the panel would argue with me about that—but there seems to be greater opportunity. It is getting to the point where you are big enough to start thinking about taking advantage of these opportunities that I think needs to be addressed more clearly by the SBA and the Business Centers around the country.

Ms. RADERMACHER. Right. Well, I think that is actually an incredible point, even, about the impact that just a little bit of help can have, and it does make me think of the impact on the whole economy if that were available to everybody.

Did you have a question, Linda?

Ms. LE. I first wanted to welcome all of the women here on behalf of Senator Snowe. She was in the House of Representatives in 1988 when the Women's Business Ownership Act was passed and she voted for it then and has worked very hard since then to support it, so welcome, everyone. I also wanted to thank Karen Radermacher because she has worked so hard to put this together.

My questions are about Make Mine a Million. What is it that the women are learning when they come to your program that is propelling them forward? What are the two or four or five things that are making such a difference that they are going from below a million dollars to above a million dollars in such a short period of time and how can we take that and replicate this model so that we can push that out through Women's Business Centers and elsewhere?

Ms. MERLINO. It is awareness of opportunity and meeting other women who have done it. I think it is incredibly important when you have so few women in your community or in your—meeting other women who have grown, knowing what the opportunities are, both in terms of government programs but also in terms of corporate contracts and things, understanding the opportunities, and understanding more about their own finances and how that works.

Financial literacy in business is critically important and it is something that I think once they get into a Business Center, they often learn, but there are millions of women who never get into those places and I think there needs to be a greater outreach to women from those centers so that they are aware of places.

We also provide community for these women, which I think is another issue. If you are shut out of networks and you are going to meetings where you are the only woman in the meeting, it is helpful to be able to have someone to talk to or to call on who has some experience in these areas or just has done the same thing so that you know sort of what the rules of the road are. We still are not aware enough of those, but I think there are enough of us in it with organizations with WPO and all the organizations represented in this room.

There is enough awareness now, and somehow through the SBA, the Business Centers, there has got to be a way to share that information so women aren't reinventing this every time they start to do it, because we are moving women—it is surprising to us how quickly they are getting past the million dollar mark in revenue

and it is a combination of these things, and the additional things that are being talked about here, these businesses would skyrocket.

Ms. LE. Thank you. I appreciate that. When you are working with these women, are you finding that they are having—you talked about resources earlier. Are you finding that they have difficulty also accessing capital besides procurement, which we have talked about a great deal? Ms. Dolan talked about how she went and she had a contract and the bank said, no, you have too much with the government, which it seems like they would say, oh, great, you have so much with the government. Let us go.

Ms. MERLINO. Right. They pay.

Ms. LE. Right. What have you seen along the lines of access to capital, because that is another one of the topics that we are very interested in—and please, other women, as well—are the women finding that that is one of their major barriers, that they can't grow because they are not being able to get the next level of capital funding or they are not being able to get the startup level of capital funding? Where is it that your participants are having the most difficulty?

Ms. LE. They all have stories about challenges with access to capital, every single one of them. A lot of them, if it is taking out lines of equity on their houses to finance their businesses, and sometimes in their husband's name to do that. We have women who have not been able to start a business without financing from Count Me In because we do have a small loan fund available, who go on to—who get $5,000 from us and go on to be million-plus businesses. So that challenge remains.

We have the wonderful situation of being able to offer the women who win Make Mine a Million access to financing through American Express Open, which has been a huge help to a lot of these women. But I think it is helping other agencies and organizations that provide financing to understand that these are great businesses and with financing will grow and, you know, produce great jobs and products and services and everything.

Ms. RADERMACHER. Thank you. Ms. Dorfman, did you want to comment on this, as well?

Ms. DORFMAN. Yes. When you talk about access to capital, we see a few things happening. An example is I had a member go to Bank of America asking for a business loan only to be told that we are not giving business loans anymore, but we will take a look at your personal—what you have for personal wealth and let us see if we can loan against that. That is one issue.

I have another member who went to get a loan and she was told by that lender that she needed her husband to sign off on it. She has a six-figure salary. He had a mid-five-figure salary. They didn't believe her. They said, well, you couldn't possibly be making more than your husband. You have to have him sign or we are not going to give you the loan.

So this is not—back when you started this whole thing, it was the same thing. We haven't really moved forward. Additionally, when you are taking a look at the SBA loans, what we see is that the banks are now using it as a tease. Oh, yes, we have SBA loans, and now what happens is we get you in the door and we give you a line of credit instead, so you are putting your business on credit

cards rather than using the proper financing vehicle to have that happen.

Additionally, what we see now with the economy is definitely impacting because women have had to go and use their homes as equity, and now that the housing, the bottom has dropped out, they don't have as much funding available to them to grow their loans, and traditionally, women are given smaller loans anyway. They don't have access to the larger loans to be able to grow, so those are some of the challenges that we see.

Ms. LE. Let me just ask a follow-up question on the SBA thing. So they are bringing women in saying, come get this SBA loan, and then they are ending up pushing them into a credit card. What is it that they are—I mean, obviously it is a bait-and-switch, but what is it that they are telling these women and that they are coming back and telling you to justify taking them from a fixed loan, or a——

Ms. DORFMAN. Well, we are just starting to investigate what that all means. But we have seen that that has become an issue. They also cherry pick. They will take the cream of the crop out there, which doesn't leave—you probably have the same type of—it is a good, solid business plan and in order to do the business plan you need good funding, and in the old days, you could go get a business loan and now women have to rely on the SBA loans. But if we can't access them because we are being pointed in a different direction—additionally, some of the SBA loans out there have exorbitant fees attached to it, so a smart businesswoman probably wouldn't accept a small business loan with that on top of it. So those are some of the issues.

Ms. LE. Thank you.

Ms. RADERMACHER. Actually, I would like to turn it over to hear some thoughts from other people. I think, Faye, you have had your card up for a long time.

Ms. COLEMAN. Yes. I just wanted to—thank you, Karen. I just wanted to sort of address the intersection of the procurement and access to capital issue that has come up, because when you said, Ms. Dolan said that her bank had refused to provide additional financing to support her growth, I think one of the things that is a problem that might possibly be a way to address this is a lot of banks and financial institutions don't understand Federal contracting and the underpinnings of how receivables financing works, for example.

So many women business owners, women-owned businesses are in the service arena as opposed to manufacturing or something where there are hard fixed assets. So in the service industry, in my business and Ms. Hollister's business, your assets are in your head or with your people and not necessarily in a factory somewhere. The whole notion of understanding how the process of receivables financing in the Federal government sector works is something that I think a lot of banks, particularly the community banks who in many cases are the first point of entry for women-owned businesses who are starting or who have reached a plateau and they are trying to get from that $500,000 to the million or to the ten million or whatever, they are the point of entry as opposed to the large, the mega-national conglomerate banks.

And so if there was a way that an entity—I don't know whether it would be the Women's Business Centers or some entity, SBA, some entity that could naturally bring together the financial sector, banks and financial institutions that have capital available, because we have the statistics to show that this is a growing industry, that there is money to be made, and particularly women, and the facts, the statistics verify that.

I think it is a lack of knowledge and understanding of how the process works, and I can speak from my own personal situation. When I first started out, I tell people I was turned down by every bank. I went to all the large banks and they said no. I went to the small banks and they said no. And I finally got a small funding, which I, of course, had to guarantee, from a community bank, but that got me started to a point where within about a 9-month period, I had actually outgrown that bank's capacity to finance me. And they said, we just don't have the infrastructure. We don't have the staff. We don't have the understanding. So I went to larger and larger banks.

But I do think that there is a need for more intervention with these financial institutions to train them in what type of—what the mechanism, how the procurement financing works and what the opportunity for making money for them and matching them, what they need to expect, what the regulations are, all of that. A lot of the banks just are not set up to do that, and so that is why they would say to somebody who—this is a wonderful opportunity for them to grow along with this growing company. Instead of saying no, no, no, it is too risky, oh yes, and compete for her business.

Ms. RADERMACHER. Right. That makes a lot of sense and it does seem like more education is needed.

Trish, I saw you nodding and——

Ms. COSTELLO. Well, I just want to jump right in here with Faye. There are a couple of things that I think very specifically the SBA could do, and to follow on with this and then to expand to a few others. You know, the idea of having banks compete for women's business is a very important one, and actually the SBA does have data on which banks are making loans to women. If we could access that data and have a little bit of funding to actually do a project, we could do something that I think everybody in Congress could be excited about, which is really stimulate competition for women's business by showing who is actually banking women right now and even doing a review of the terms, because it is not just who is banking women but there are some banks that are actually really taking advantage of women by putting much higher rates and really onerous terms.

So who is banking women, and then let us put that out in the public, and I know as a woman myself, I would make sure, even though I am not into business right now, to make sure that that is where I was putting my business, and let them go out and start advertising and competing on terms for our business.

I know from talking with the SBA that that data could be made available in 6 or 8 months if we had the kind of money to put those reports out. We can even do a demonstration project, take two or three States or a region and actually look at it. It is a little complicated with the roll-ups, but it still could be done, and I think in

a very short period of time that could actually cause some significant changes for us that we could actually see and measure.

I think the other thing in that area—there are a couple of other areas there, in addition, and a couple that I do want to just back up a bit on the education programs. The SBA, the Women's Business Development Centers have been very successful, but they are always kind of just gripping to the edge, not knowing if they are going to get more money again. And we have seen some fabulous Women's Business Development Centers go under or are at the risk of going under right now because the money is not—you can't plan on the money. You can't leverage it for other grants.

And so I think if the SBA would really look at making a long-term commitment, understanding that this is still a seed project, you know. There is not the kind of money that is out there yet for them to be able to really take care of themselves and really be self-sufficient. But if you let them die, you are going to drastically impact the ability for women's businesses to progress in this way.

In addition, there are other programs like Nell's and others all around that are really hitting that middle ground, and the SBA could put out some competitive grants, some very lucrative competitive grants to take those programs like Nell's and others and make sure that they are able to expand and handle more women and document what they are doing that is really working, because these people are on the forefront of work that has not been done anywhere else in the world, and it is an ability for us to again stay very competitive and take advantage of this and make sure that we don't have a lot of women that are demanding assistance or don't even know it is available and can't get it.

And then, finally, I think there are some other programs out there. When we are looking at the Federal government, I do want to acknowledge the National Science Foundation in their quest to get more women and minorities into the SBIC and STTR, or SBIR and STTR programs. They have a special committee, and I think SBA should look at this as a model, where they have put together a special committee and they have made recent—they know every organization that deals with women electrical engineers and every woman and minority science association and organization in the country and they are aggressively going after them. So there are pockets that are doing really well out there and I think those are the ones we need to actually hold on to and make sure that we can take those and take advantage of it.

There are a lot of other areas I have in the venture capital and angel, but I will pass for those right now.

Ms. RADERMACHER. And we do want to talk about those, too, so we will get back to that. Lots of great points, everything from having banks compete for women-owned business owners, I mean, that is a great idea, the need for data from SBA, also figuring out what is working with that transition through the middle ground.

I do want to give some other people a chance to respond, too. Margaret, did you want to——

Ms. BARTON. Yes, thank you. I am Margaret Barton and I am Executive Director of the National Women's Business Council and I am so very pleased today to see so many current Council members among us as well as former Council members. This is an im-

portant organization that was born 20 years ago along with the SBA Office of Women's Business Ownership and we are pleased to be the only independent policy voice for women entrepreneurs.

And what I would like to go back to is the networks, the importance of networks. We are not a membership organization. We represent all women entrepreneurs nationally, so we have to rely on networks, and we have just had a series of five town hall meetings throughout the United States with another one planned in the San Francisco area for November. We could not do this without the networks, the networks of organizations that are represented on the Council like WIPP and WBENC and NAWBO and WPO.

But it was amazing to us in our findings, which you can find on our Web site, as to how many women owners, business owners, did not even know about their local Women's Business Centers. I think SBA has been very delinquent in advertising and outreach. Outreach doesn't—the centers don't work unless there is outreach. The organizations understand the outreach to the State and local levels.

And so we have really made an effort to reach out to connect, make some of the connections in our small way without very much budget and we will continue to do so because we believe without the networking, it will not work. This whole movement will fall apart. So we are committed to that.

Also, I would like to make a comment about—back to procurement a bit. While the Council all agrees on the 5 percent goal, they don't all agree on how to meet that goal. But one of the issues that we have that I think Tara Elder referred to is the bottom-up, and maybe one of the recommendations we can make is to link the contracting officers with their goals via their annual performance reviews. So that gives them some accountability, real accountability that they can understand, to help fulfill those goals.

[Light applause.]

Mr. NECCIAI. Ms. Barton, following on that note just for a moment—Eric Necciai from Senator Snowe's staff, her Procurement Council—actually, for Ms. Coleman, I am curious. I am reading from the Federal Register of the December 27, 2007 procurement rule. I am curious, in your consulting with the Federal government, or anyone consulting with the Federal government, do you work in any of the industries of coating, engraving, heating, and treatment?

[Laughter.]

Mr. NECCIAI. Is anyone else on the—does anyone else in the audience work in that? I didn't think so. Does household furniture installation, kitchen cabinet making? Motor vehicle dealership? National security and international affairs? Well, nobody would be doing that because that is actually for the public administration. No private entity can do that, either. So the four industries actually go down to three industries.

Ms. BARTON. Right.

Mr. NECCIAI. Nationwide, we are looking at 1,238 firms, at least at my last count, that could potentially go into these three industries. As of this morning, almost over 66,000 CCR registrants, women-owned firms. At the time of the report, it was 55. So we are looking at less than 2 percent that this rule would apply to after, of course, having to go through the discrimination issue, which is—

there are two fundamentally flawed issues with the procurement rule.

One of my questions is, what as far as relation to this procurement rule would you recommend, and anyone else on the panel recommend, to fix this rule? What Senator Snowe has done, and with the support of the Chairman, through various comment letters, and thank you for letters of support on various issues, but is to try and fix those two fundamentally flawed things. Is there anything else in addition to obviously implementing, which I know is something that Margot Dorfman is trying to get with her agencies, to try and get a workable—along with WIPP—to try and get a workable program that can help increase that 3.4 percent to 5 percent? What other suggestions or tools do you think, specific to this program, do you think that need to be done in order to fix the rule?

Ms. COLEMAN. Are you directing the question at me or——

Mr. NECCIAI. It is directed to kind of somewhere else.

Ms. COLEMAN. I think the first thing they can do is look at the data and see what the data show in terms of where the success stories are, where the growth is, where the potential and the opportunities are, and pay attention to that. I mean, that is obviously—that is a very easy thing that they clearly did not pay attention to, because to come up with these four areas that are so disconnected with what the data—and there is a multitude of data that you can tap into. So that would be the absolute first thing that I would recommend.

But I also think that, again, being much more proactive, putting some action behind the rhetoric and being proactive about in the way that they encourage women, either through the funding and the sustaining of the Women's Business Centers and other mechanisms for reaching out and providing technical assistance to women-owned businesses to grow their businesses and to sustain their businesses. There are, through SBA and Department of Commerce, there are many other entities whose existence is presumably to provide this type of technical assistance and they are not being adequately advertised, as we have heard, used. The resources are not there.

So when you have rhetoric that says we believe in growing the percentage of contracting by women-owned businesses and we are committed to meeting these goals, and I have not met a procurement official or a contracting officer who has not said that, but the actions are just not there.

Mr. NECCIAI. There are a few other—I know Karen is going to ask a few questions. There are a few other questions I wanted to ask, as well.

Ms. RADERMACHER. OK. Quickly, I know that you need to leave early and so I just wanted to give you a chance to talk, and I know you have been waiting, so——

Ms. SULLIVAN. I feel like a student with my hand up.

[Laughter.]

Ms. SULLIVAN. But on procurement, thank you for that question, because Congress, we think, needs to strengthen the underlying law, and Senator Snowe has a bill. I know that Senator Kerry is working on one. So the first action we would recommend is that you go back and you fix some of the original language so that we

would never end up with an unacceptable, insulting rule like the SBA published on December 27.

Second, we need—going forward, we need to make sure that the bill that is going to be passed will allow it to be—will allow for the program to be legally sound. So we need more findings. That is why I think everybody is asking the participants in this audience to send their own stories and their own letters for the record. That would be a huge help.

Third, you can't have past discrimination finding by an agency. I mean, that makes the program immediately unworkable. That has to be fixed.

And then the other thing that everybody here has alluded to is that there are no cabinet makers in this audience. We have to expand the category and the group of people that are going to be covered by it and we need a much better interpretation by the Small Business Administration about which industries are under-represented.

So I thank you for your efforts to fix things by putting together legislation which will greatly help us and hopefully we are never going to be in this situation again where an agency can put forth such an unacceptable bill.

Can I just go back to access to capital, since I need to leave?

Ms. RADERMACHER. Sure. Absolutely.

Ms. SULLIVAN. OK. I just—the one point that everybody seemed to talk about was that while there is technical assistance by the SBA and some of their programs for those women who are beginning, who need to know how to apply for their initial bank loan, there is not the proper technical assistance for small businesses who need large infusions of capital to grow. I think a lot of people in this audience are in that situation. So we would ask for an expansion—we meaning WIPP and all the organizations that belong to it would ask for an expansion of that program, those programs, to be able to now help women who are in a growth mode and who are trying to secure large government contracts.

We also—can I say one more? We also believe that Congress should restore the loan guarantees and subsidized rates so that the SBA loans are more acceptable. I mean, the reason there are high fees is because it has to be a self-sustaining program. So we would urge the Congress to go back to that.

Ms. LE. Let me ask you about that, Ann, because one of the other issues I do is SBA lending, which is almost as fun as women's but not as much.

[Laughter.]

Ms. LE. My question is, what size of loan are you talking about? In, for example, 7(a), we can go up to two or three million. What size are you looking for?

Ms. SULLIVAN. Well, I think there was a study done by a lot of angel investors and it seems to be that the big gap is between $500,000 and $7 million, and that is, by the way, why we think angel investors, who are an important source of capital in that in-between stage, should be given additional tax incentives so that they want to invest in our business.

I mean, WIPP surveyed their—did a 2008 survey. Sixty-six percent of the respondents used bank financing backed by home equity

loans. Forty-nine percent used credit card financing. Thirty-six percent got their funding from family and friends, and I know everybody is not wealthy. So this means that they are relying on their own sources, begging and borrowing to be able to grow their companies versus more traditional ways that perhaps male-owned companies have access to.

Ms. LE. And you talked about technical assistance or training. I think that that may be a little different than what we normally think about when we do technical assistance with loans. So what type of training do you specifically see for those larger loans or that gap in the middle for the women trying to grow that are already established?

Ms. SULLIVAN. Well, I think there is a whole set—at least I hear from the women business owners—they are trying to assess whether they ought to take, you know, what does it take to get equity in that amount, at those levels. What should you do in terms of taking on a partner? What should you do in terms of equity positions? What do you need to look out for venture funding? You know, we hear horror stories about people just taking over the company. So there are all kinds of questions that need to be addressed that nobody can answer that is just an expert in how to fill out a startup bank loan.

Mr. NECCIAI. And thank you so much for your support in this issue and your members' support and the Chamber's support on particularly the women's procurement issue.

I wanted to just briefly touch on a few comments. Ms. Hollister, you had mentioned mentoring, how that may be a useful tool for women-owned businesses. There was a bill November 7 of 2007 by Chairman Kerry, S. 2300, with the support of the Ranking Member, actually creates a mentor-protege program for women-owned firms. So we feel that that tool could be very useful for women-owned firms.

Another thing we talk about is bundling. Bundling was an issue that had been brought up on various different participants. That bill also attacks bundling on various different levels by increasing the eyes on the contracts. The procurement community in the Federal government is decreasing and it has been decreasing since 1980, and obviously with more procurements happening, we are now at hundreds and hundreds of billions of dollars being procured and it just keeps to grow. Those fewer eyes and those more dollars just ultimately results in more bundling. So one of the things that the bill does is also create a PCR program, Procurement Center Representative program, and there are more PCRs that are looking at this. So there is legislation currently by the Chairman and by the Ranking Member to address some of these vital issues.

Ms. Jacobus and Ms. Barton, you had mentioned also the SBIR. SBIR is another piece of legislation that this Committee recently passed, just recently last month or the month before, to address more reporting after following the recommendations of the National Academy of Sciences to report how many women-owned firms are out there, to get that data. So you need the data in order to address the problem, so that is another crucial aspect that exists out there.

Ms. Sullivan had to leave, but I just wanted to again thank her and thank all you members for addressing this vital issue.

Ms. RADERMACHER. Actually, I do see Sharon, Heidi, and Lisa all have your placards up. I do want to bring the conversation a little bit to something that Ann mentioned, which was venture capital and how that is one of the areas where more funding needs to go to women-owned companies. I wanted to open up that a little bit, and I know that, Trish, you have done a tremendous amount of work here. I don't know if you guys want to comment on that or something else, but I did want to start that conversation.

Ms. COSTELLO. Well, it is, I think, a critical piece of it, both angel investing and the venture capital investing in women's businesses. Unfortunately, what we have seen over the last 10 years is that those percentages are staying relatively constant at below 10 percent, closer to 6 percent, sometimes under 6 percent down to 3 or 4 percent, and actually even over the last 20 years, you are not seeing much of a change, although those were like 2 and 3 percent early on. So the numbers just have not been, from the standpoint of investment capital, really been moving into women-owned businesses.

Now, there are a couple of things that I think we could do that—that we kind of touched on that could be very helpful, and one that Ms. Sullivan just mentioned before she left is that there are a number of States that have started to use tax credits very effectively in getting more angel investing into their local companies, and that could be a very effective tool, looking at a number of different tax opportunities to invest in women and even in women and minorities. There are ways that you can also put some protection around that. You could have programs that certify or put some guidelines around those kinds of investments that would make them very effective.

I also know that the U.K. has a program where they will match investments of certified angels into startup companies. They will actually match them dollar-for-dollar. So there are some very interesting programs that are going on outside of the U.S. that is causing more money, equity investments to go into startup companies.

And frankly, I mean, those are areas where you really get a wealth machine going. If the E.U. and other countries get way ahead of us in that area, that is something that we are going to be playing catch-up on. So I think that both with angels, there are a number of different ways that the SBA and the Congress could drill down on to make it more effective.

Women have to know more about being able to access that money, and again, that is another area where there should be education going on. I know at Babson, we actually incubate our women alums that we believe have the potential to get equity investing and we put a whole team around them. And sometimes it will take 12 to 18 months or longer, 2 years, before we really have them ready to go out and target the equity market. And it will sometimes take that. But the results of that can be so amazing.

And once they figure this out, this isn't just a one-time. These are women that can become serial entrepreneurs, that can do it over and over and over, creating large businesses that are going to create jobs and wealth for our country.

And then on the venture capital side, I would just toss out to you that a number of years back when we had the SSBICs, we were really ahead of what the market could actually provide, and you know, that happens with startups all the time. The technology is ahead of where the environment is. At that point, we did not have, I believe, enough women in venture capital that had a lot of expertise and experience. So we were putting money out and our market wasn't really at the place where it could take advantage of it.

That is not the case today. The timing is perfect to actually get some significant SBICs targeted to women out there and we could see some very successful investments made and some great success stories.

There is another thing that I would like to toss out, what I call a women's kicker. There are—in all the mainline venture capital firms now, and there aren't that many, but in all the mainline venture capital firms, you now have at least, in the average, at least one or sometimes two senior partners in those firms. There is an opportunity for some kind of, I think, very innovative idea where you say, everyone that has two women partners in mature firms, we will give you $20 million to focus on women over the next 5 years. It is like an SBIC-type of thing, but different. These are mature firms that would not ever go for SBIC money.

And you could potentially have the impact of having investments made by these top venture capital firms with all the resources they bring to bear toward women. It has never been done before and I think this is an area where you have the most experience putting the money in women's business that can draw so much more and leverage so much more.

So I might actually think it is something like that, some kind of very experimental programs using some of the best talent out there now. And as I say, we have some tremendous women VCs that are doing fabulous work now. We didn't have them 10 years ago. We probably didn't even have them 5 years ago, but they are there now.

Mr. WILLIS. Hello. My name is Greg Willis. I am Counsel on the Senate Small Business Committee and I wanted to follow up on the VC question. One of the things that we are trying to do in S. 2920 is increase leverage to women- and minority-owned firms so that they can invest in—well, the leverage would go to the VC and then the VC would access that if they did a percentage of their business with women or minority businesses.

One of the questions that we have is what has been just on the ground level experience for women business owners in attempting to access venture capital? I mean, what is the experience when they have gone into the room? Who have they been meeting with? What have they been saying? And anybody at the table, if you have had experience of trying to access venture capital, whether you have been successful or unsuccessful, could you kind of give us some insight into what you are dealing with on the ground level in trying to access venture capital. If nobody at the table, is there anyone in the crowd who could speak to that? Yes? Could you come forward?

Ms. JOHNSON. I am Jeanne Johnson. I am from Kansas City. I own an information technology consulting firm that is located in St.

Louis, Missouri. We are a high technical firm, as well, so it is nice to have technical people in the room. We are in the missing middle, and the banking missing middle looks at us, too. Venture capitalists are hesitant to invest in women businesses because the climate is not conducive for growth.

So my recommendation from the individual out here in the middle with a multi-million-dollar company, many, many employees, is that the Federal government needs to lead the way and show the example. Bundles exist. Audit the bundle at the end and make sure that, if it is verifiable, that the subs who were quoted at the beginning are then used and paid. They can't escape it.

Also, if there are women-owned businesses that are receiving prime contracts that are not women-run or women-owned, they are defrauding the Federal government. If I defraud the Federal government, I go to jail. I recommend punitive measure.

And that is all I have. Venture capitalists are hesitant because it is tough for us and we have to fight. We love to fight. We are very effective. But we just need to make sure that it is a level playing field. Thanks.

Ms. COSTELLO. We have to understand, too, that 90 percent of men that apply for venture capital get turned down, too. I mean, I just want to put that out there. We have to be realistic about——

Mr. WILLIS. I think I see a hand in the back. Ms. Payne, Joann?

Ms. PAYNE. Joann Payne, and I am not going to speak to venture capitalists even though this person right here beside me is an expert at it, Heidi. But I do want to go to the prime contracting procurement and subcontracting since this wonderful lady right here suggested it.

My suggestion, let us just throw away the rules and regulations and start over again. We have an opportunity to put together a program for women that could be a hallmark and actually a program for all of SBA now and all of procurement programs. I think our system is broke. There are not a lot of prime contracts for women in general in government and subcontracting, there is a lot of opportunity.

I represent women highway contractors. We do about, what, $2.2 billion a year in subcontracts. Our subcontracting program on the other levels is broken. There is so much available. Break up the bundling. Give the women an opportunity. You set goals. You make sure that the prime contractors give those contracts to those individuals that they are contracting out to.

Women do beautiful work, do great work. They can do the job and they can earn the money. It is as simple as that. I mean, this is not rocket scientists, I am telling you. If you look at the DBE program and how it works, it is the best program, procurement program, we have, and it is very successful.

Ms. RADERMACHER. Great. Thanks so much, Joann.

Actually, I think we had someone over here who also wanted to make a quick comment, if you can squeeze in.

Ms. WANG. I am Rose Wang, Binary Group. My company, we have over 100 employees in Federal government contracting. But my previous life, I am a serial entrepreneur. My previous business, I tried to raise venture capital and I was a spectacular failure in that venture. Mainly, I think, my experience is I did not have the

wherewithal to get to the network, to know the right people, to get to the right—present to the right people.

There is a national—one of my best friends actually just had to dissolve one of her businesses that was backed by venture capital. Only 1 percent of entrepreneurs in this country are backed by venture capitalists that are women, only 1 percent. We don't have a big network.

My current business, we are in the missing middle now, so I put small business—I joined a venture fund as a result. I want to see more women entrepreneurs have a chance, because nobody is—not enough people, I should say—it is tough enough to have an idea that is presentable, but it is even tougher to relate to people in the room when you don't have access to that network, to the knowledge, to the body of knowledge. That is one of the key things. And no mentors. So that is my experience.

Ms. RADERMACHER. Yes. Thank you so much for adding to that.

I actually do have one more person and I actually do want to talk a little bit more about the networks, which we said we would talk about today, and we are starting to run short on time. But if people could keep their comments brief so we can get in as many comments as possible, that would be great. Go ahead.

Ms. PORGES. Hi. My name is Shelly Porges. I am a serial entrepreneur, as well, as well as being the Vice Chair of the Board, Nell's board, Count Me In for Women's Economic Independence. I wanted to talk to you about two of the five business experiences that I have had, two of them with VCs and I will call it alternative investors.

The first was a venture that actually I didn't found. It was founded by another woman, however, and I came on board as the Chief Marketing Officer. We found that there were a lot of closed doors to getting the financing for what was a great business idea, what became at the time, considered to be one of the ten fastest-growing online ventures, a company called Third Age Media.

What was our successful strategy in the end was that we brought on board private investors who were friends of the founder and of mine who were themselves connected to the investment community and it was sort of the functional equivalent of having to get your husband to sign for your loan. It was essentially getting these men on board who had credibility.

Having said that, I was Chief Marketing Officer for Bank of America during a big turnaround where we went from number 23 to number 1 in consumer lending in the country. So we had people on board ourselves who had tremendous business experience and credibility, but it wasn't until we got those guys on board that we could access the VCs. So that is part one.

My second experience, however, was partnering up with a very well known investment banker for the next venture and we had no problem there, and he was a man.

Ms. RADERMACHER. Great. Thank you very much for adding that. Actually, that is one of the comments I have heard actually from a number of women, is hiring men in order to get access to networks or to get jobs. So I do want to quickly ask about networks, and before we close, I will give Sharon, Heidi, and Lisa a chance to respond.

One of the things that we hear over and over again, and Rose mentioned it here, having access to the decisionmakers and to the appropriate networks, and if someone would like to respond to that, or we can start with Heidi or Sharon if you would like to.

Ms. JACOBUS. I would like to speak about the access to equity, which is an older topic now, but every business needs access to equity. You do the work first and then your customer pays you, and so you have to have money to do the work.

I went 20 years ago, like Dr. Coleman did, to a bank with a signed Federal contract and asked my banker for a line of credit and the banker said, no, it doesn't count for anything, and I was mystified but I drilled down to figure out why. It turns out that Federal contracts don't fall under the Uniform Commercial Code, and so therefore the bankers comply with a formula that says, here is my mix of banking assets and here is my risks and here are the loans I have out. But Federal contracts count for zero in the bank examiners' metrics.

So it is really not a mystery. It is confusing why it would be, but the reason is the Federal government does not allow their contracts to be assigned. So if I am owed money by a department store and something happens, my debtor can go to—my loaner can go to the department store and get money. But if something happens to me and my contract is with the Federal government, they can't touch it. So they have no back-up plan.

Ms. RADERMACHER. Right. That makes a lot of sense.

Actually, Sharon and Heidi, and we will allow you guys to speak, as well. Again, if people can keep it brief, just because we do want to end on time or close to it.

Ms. DOLAN. I just have one quick point. I want to say that on the mentor-protege program under the 8(a) in Title 13, as codified in the CFR, the mentor can invest up to 49 percent in the protege's firm, and that would be a great vehicle. The only problem is it is such an arduous task to get your mentor-protege approved by the SBA that by the time you get it approved, that mentor is down the road looking for somebody else. This happened to me personally. This was a very large company. But the task that it took to get them to the table to look at things—they couldn't even interpret the CFR properly. They don't know how to interpret that program if it is just a little bit off.

So I think that is a great vehicle that could be used for a lot of these small businesses. I am an 8(a) firm. I am going to be graduating next year. But we tried to get into that to get an infusion and we just had so many impediments and were met with so many barriers that I just threw my hands up and said, forget it. It is never going to work.

Mr. NECCIAI. I would like to get your card after this. We could discuss your story and see how we can address that issue.

Ms. DOLAN. Absolutely.

Mr. NECCIAI. Thank you.

Ms. RADERMACHER. Actually, Sharon, do you want to comment, and then we will let both of you guys comment, as well.

Ms. HADARY. Yes, and I love data, so I am going to throw out—instead of telling a story, I am going to throw out a couple of disparate pieces of information. I want to focus on the other side of

the equation. We are talking about how are we making venture capital, how are we making higher-level loans available to women. But what we also see in the data is that women in many cases do not understand. About 60 percent of women business owners, when we ask about venture capital, don't understand why they want equity, what equity investment would do for them, how they would go after it, and we hear again and again, I don't want to lose control of my business.

So I think, looking at the Women's Business Centers and other groups, there is a whole—there are two sides to this story. One side is we have got to make it available, but the other side is we need to increase that financial sophistication, and I think this is Trish's term, of women business owners.

We also see, and I find this very interesting, we have hard data that shows that the only consistent statistically significant factor that will predict whether a women business owner will get capital and grow her business is not the size of the business, length of time in business, or the industry. It is her goal for growth. And I think what Nell has done that is so spectacular is she has made women declare and therefore internalize a goal for growth, and as a result, they are moving ahead.

So I think those are very important things. We are still seeing that there are so many women who say—I think it is 60–some percent of the women who say they would prefer not to carry debt. So this whole issue of financial sophistication and training, I think is very important on the women's side.

In terms of networks, I think that is also an important issue because if you are not visible in these networks, you don't get access to capital, you don't get access to markets, and what we see looking at women overall, and particularly we saw it in our study of women of color, is that women tend to stay within their community and their networking. They tend to belong to fewer and smaller networks, and that much of their network is really for personal support as opposed to for business issues and getting business. So I think that is a whole area—this whole area of not only access to networks, but when the women come into these networks, to make sure that they have the introductions and the credibility.

Again, we heard, particularly in our study on women of color, they said, yes, I go to the meetings and nobody notices that I am there. So I think there is another area, that we need to get them to expand their networking, but we need to find ways when they get into the networks that they have the introductions and they have the credibility.

Ms. RADERMACHER. Great. Thanks so much, Sharon. A lot of very important points.

If you guys would like to comment——

Ms. MAPLES. I can be very brief.

Ms. RADERMACHER. Actually, can you give us your name?

Ms. MAPLES. Oh, I am sorry. I am Karen Maples. My company is MYUTIQ LLC. We are based in Arlington, Virginia. There is actually one very good success model for helping women understand how to take more advantage of VC funding. Springboard has done programs throughout the year, and I have attended events and seen firsthand the incredible amount of confidence they are able to

build in women and how they present their business and their business idea to a VC group so that they can actually start to participate more in VC funding. So as a model for something specific that we could do more of, I think that is a very important thing for us to look toward. Thank you.

Ms. RADERMACHER. Great point. Thank you.

Ms. SHRIER. A tremendous amount of Federal contracts are going to deal with important issues in energy and the environment. Ms. Jacobus pointed out earlier how many women have the degrees in those fields, have worked through firms in those fields, and often are not getting to the top levels in those fields. Next Friday, the Committee on Women and Science and Engineering and Medicine at the National Academy of Sciences is having a whole workshop on women in transition in their careers and looking at getting into tenure. For a lot of women who are in practice in using these professions, that transition becomes starting their own business so that they can fully practice and fully engage in their professions.

It is absolutely critical that we make sure that we are supporting those women who are starting businesses in those areas. Often, we are coming in as subcontractors to these larger bundled projects because these big engineering firms are getting the contracts. I used to do business development for a large firm, a large engineering firm, and we would look for the women-owned business. Oh, yes, that is going to be good for the team. That is going to help the proposal. But it is absolutely critical to make sure that they are fully engaged in the actual use on the projects.

Ms. RADERMACHER. Great. Can you tell us your name and which organization you are with? Thanks.

Ms. SHRIER. I am sorry. My name is Cat Shrier. I recently started a firm here on Capitol Hill called Watercat Consulting, doing water resources planning and policy work throughout the country.

Ms. RADERMACHER. Great. Thanks so much.

Ms. GAYDOS. My name is Valerie Gaydos. I am an angel investor. I manage the Private Investors Forum in Philadelphia and also I am involved in the Pennsylvania Angel Network, which seeks to fund these early stage companies.

You know, I was downstairs in the other room when I missed some of the questions that were asked before, but the number one thing is that we do see a lot of women businesses. The problem is they are not scalable. The problem with that is that scalable technologies typically tend to be in technology. I think to solve the problem is encourage more women to get into technology fields to create products and devices that are scalable. So, I mean, there is an education component to that early on.

Second, I see that women get into mostly service businesses because that is what they do, and it is because there is a lack of bank loans and the early stage financing which allows them to keep their equity. So I think looking at banking regulations and loosening up banking regulations for women-owned businesses would be very, very helpful.

I think also when you mentioned about giving tax credits, someone mentioned giving tax credits to establish venture capital firms, as an angel investor and an early stage investor, I don't think that is the issue. I think what the tax credits should go to are the

women businesses that are developing the business, because the problem isn't on the end that these guys don't necessarily look at these businesses, and I know maybe some of you said that you had problems getting access.

The thing is that when a business plan comes across my desk and I see that it is not scalable, honestly—I mean, I do a pretty good effort, make a pretty good effort to call some of these women back and explain to them and say, hey, look, this is a good business but—it may be a lifestyle business, but I am not going to invest in it. And so I try to do my best to try to educate them, what does scalable mean? What are the elements that a venture person is going to invest in that business?

That is where I believe that we need more education and more help, but I think it starts with banking and it starts with getting more women into technical positions.

Ms. RADERMACHER. Great. Thank you for that.

Ms. BAKER. Hi. I am Tina Baker. I am the CEO of Cadence Group. I am also the Georgia Chair for WIPP. I just want to say that—I want to reiterate what someone said earlier about leveling the playing field and enforcing the opportunities at the government level, because in working with successful businesswomen in Atlanta, there are women that are in the private sector and doing well and are not moving into the government sector because there is an obvious lack of opportunity. So there is a large cost for bidding a Federal procurement. You can easily spend $50,000 just to bid. And if there is not a recognizable opportunity for women, then why not take that money and use it in the private sector instead.

And the other thing I want to point out, in doing work with the Federal government ourselves since 1992 and doing that through small business set-asides, that there is a need to protect those set-asides, I believe, as you move forward. So, for instance, for us in particular, we had a contract from 1992 through 2005. The last contract with the same agency was a $12 million contract. That contract was bundled in an A–76 study which was then awarded to the government instead of outsourced, and then a large percentage of what was a successful small business set-aside for 13 years was given without a requirement for a bid process as a subcomponent of the A–76 award to the government to big business. So there are problems with bundling that go beyond just initial offerings. Thank you.

Ms. RADERMACHER. Great. Thank you very much.

Yes, one more. Go ahead.

Ms. BIERMAN. I am Christine Bierman with Colt Safety out of St. Louis, Missouri, and Las Vegas, Nevada. I just want to go on record saying I testified—I came to Washington and testified for H.R. 5050 20 years ago and I am very disappointed that we need to continue to have this conversation today. We, I feel, haven't gone very far, specifically in women business owners contracting with the Federal government. That is my core.

Ms. RADERMACHER. OK. Thank you very much.

I do have two more things that—one more question and I promised Senator Kerry we would also prioritize right at the end. Oh, and Linda has one question. We have talked a lot about the missing middle and some of the other issues. The one thing we haven't

talked as much about, and I at least want to get a little bit of feedback, is the microenterprises and if there anything specific to that that anyone wants to bring to our attention or that we should look at more. I did want to hit on that at least briefly.

Actually—oh, did you want to comment? Go ahead. You did? OK.

Ms. ELDER. Probably 90 percent of the businesses we see are microenterprises and it goes back to access to capital and I want to touch back on that. I have to. SBA's top lenders last year as far as number of loans were Innovative Bank and Superior Financing. Those were Community Express Loans. Those are great. It is a great program. It does put money out into the economy. It does fund small businesses. However, those are awarded at prime-plus–3.25 or 4.75 percent. That is huge, huge percentage-wise as far as small businesses go.

Now, that needs to change. Something needs to be done with that so it is not that high of an interest rate for small businesses just starting out.

We know that many, many women's businesses start with a small influx of cash. Fifteen-thousand to fifty-thousand get hundreds of businesses started every day. In addition, there is no collateral requirement with those loans, so it makes it very attractive. For women to go in and get a loan for collateral is almost as hard as to go in and get a loan for a small business.

I had two women who were very successful. They went to get a business. It took them 2 years because they couldn't get a bank to give them a business loan. They had collateral. They had credit. They had everything they needed. They were asked for their husbands' signatures. It still happens today.

Ms. RADERMACHER. Wow.

Ms. ELDER. Yes, every day. However, the networks are essential. If they know us, if they know the Women's Business Center, if they know a bank, if they know a Chamber, if they know who they can come and talk to, they can find the other resources.

Going back to the networks, it is imperative that those networks exist. We had a conversation in here earlier. Women are great at networking. However, we have our own little network, our own little circle that we cultivate and we create and we strengthen and we almost guard because we worked so hard to create it. That is our thought, too, because we don't share that circle very well. We don't take the time out of our busy schedule to say, wait a minute. Let us share this circle.

And I think we have to get better at that, and I don't know how you can help us with that, but I think somehow we have to get better at the Chamber sharing the circle with the Women's Business Centers and the Women's Business Centers sharing that circle with the research and the businesses sharing that circle with us so that all of the startup businesses, all those in the middle businesses, and all those million-dollar businesses have a place to come together so that those networking decisionmakers are available.

Ms. RADERMACHER. Great. That makes a lot of sense and I feel it touches on what Sharon and Rose and others have said.

I will give Faye and Trish and Margot a chance to respond and then I do want to just quickly at the end talk about what kind of

the priorities are and what they should be in order if you guys want to think about it. Go ahead.

Ms. COLEMAN. Real, real quick. I just wanted to comment on a comment that Heidi had made about her experience with getting bank financing for your contracts. My experience, and I do understand about the UCC, but I do think that sometimes banks use that as an excuse, because I can actually say my experience has been that, particularly earlier on, when I needed to get larger and larger financing for larger contracts, the bank actually said the only way we will finance your contracts is if you assign them, and I did assign them. Now, later on, it was not a requirement.

So I know from personal experience that if they are so inclined, they will find a way to allow those contracts to be assigned and they did that because that was—that bolstered their comfort level because we were—again, the whole issue of not having collateral and all of that. But I have heard that situation before. But I know that there are ways to get around it. Despite the UCC requirement, there are ways to get around that if they are so inclined.

Ms. RADERMACHER. That makes sense. Thank you.

Trish, and then Margot, very quickly.

Ms. COSTELLO. Just a quick thing. I do have copies of the new Women's GEM report and it is true, it doesn't matter where you live. If you live in Latin America or Africa or here, the number one issue is robust professional networks. If you are going to grow your company, it is just absolutely completely clear in the information that is coming out.

And then the other thing is, I wonder if—I am starting to think that all of us that have been in business for many years should really take a step back and look at if the business that we are in today really is what is the vehicle that we should be using as entrepreneurs going forward, because the world has changed dramatically and that issue of, you know, can I grow it, a lot of it has to do with the type of business you are in and it was a chicken and the egg. Even a few years back, we had to get into businesses that didn't take money because we couldn't get money.

Ms. RADERMACHER. Right.

Ms. COSTELLO. Now we are in businesses where we can't get more money. And I would make a provocative comment and say probably 30 percent of us should shut down the original businesses we were in and look to our future in another vehicle, or a portfolio, and that would be very hard for women, for we as women to do. We have personal connections. But I think that this is something—what we should start thinking about, that whole idea of the business as a vehicle and what we should be driving today, not our father's Oldsmobile.

Ms. RADERMACHER. Right. Thanks, Trish.

Margot?

Ms. DORFMAN. Back on access to capital, the microlending should be put back into the SBA lending platform. That is key. The other thing is that we see is when we talk to banks about—and this is Wells Fargo did this—oh, isn't it wonderful we are lending X-percentage to women. I think it was they lent $10 million to women-owned firms and isn't this wonderful, and we said to them, well, what is the greater—how much did you lend to the full amount?

Give us some specifics on these numbers. And they came back and said, well, we can't really do that because legally, we can't give out the race or the gender of the lendees.

The issue we see is now that is covering their tracks so that they can be a little loosey-goosey and not tell us the truth and I think we need to open that up so that there is transparency and put that into play where they should be responsible. If they are going to say they provide lending to this number of women-owned firms or a generic thing, we want to know across the board all the details on that.

Ms. RADERMACHER. OK. Thanks so much.

Linda had one quick question. We will keep it brief. We do need to prioritize and then we will be done.

Ms. LE. Actually, I think that this question ties into all of what we are talking about. The Women's Business Ownership Act was passed 20 years ago. The whole purpose of the Act was to try to drive women entrepreneurship and development. We know that Women's Business Centers can't be the solution to all things, but I am concerned about the level of outreach that they have made, that they haven't ever helped Ms. Hollister and that they may not have reached other of the many women businesses that are out there. And so the question is, how do we bring these women into either organizations like Count Me In or into Women's Business Centers?

I think that, yes, there is a resource constraint, but also what can the SBA do to do better outreach, to bring in these women to make sure that they understand that these resources are available so that we can help these women starting off not just grow their businesses, but even choose the type of business that they should be in so maybe it is more scalable, that type of thing. How do we, you know, propel the success of Women's Business Centers so that they are not just reaching this group of women, but this group of women?

Ms. COSTELLO. Why don't you start.

Ms. DORFMAN. I would be glad to. When we take a look at overall the SBA, the funding that has been cut from the budget, we see two tiers. We see here at the national level where the policy is driven and the budget is driven and the goals are set, and then when you get into the regions, you see that because the budget has been cut, there just aren't the resources that they should have to do the programs, whether it be lending, the SBIR, SBIC, the outreach to the community. I know in the communities the SBA folks are just as frustrated because they want to do a good job. So I would say that the key thing is to make sure that the budget is grown and the resources are truly made available so that they can do the work that they need to do.

Ms. LE. Thank you, and Karen and I have worked on that multiple years, hoping we are going to have better success.

Ms. RADERMACHER. And actually, I do just want to make that into a bigger—it ties right into what I wanted the last question to be and what Senator Kerry mentioned earlier. We have heard so many great ideas about what we can do and I do just want to hear from people what you all think are the top three or the top five, or even just the top issue that you think either needs to be ad-

dressed, or if you have a specific idea about how to do that, we would definitely like to hear that. I don't know if, Trish, you want to start, but then Kip and Virginia.

Ms. COSTELLO. I was on the last one.

[Laughter.]

Ms. RADERMACHER. OK.

Ms. COSTELLO. Yes. I was on the last question.

Ms. RADERMACHER. Kip, do you want to start?

Ms. HOLLISTER. Well, I think it is clear that this procurement process has to be at the top of the list. I think all of us have talked about it. I think the audience is compelled to speak about it. And unfortunately, I don't have the—I have the what, but I don't have the how, and I think that is feeling frustrating to me sitting here. But if we could make it easier and point of entry easier and tie it with what we are talking about as the networking and the education behind it so that there is a collaborative effort to engage and then measure those results, I think that would be phenomenal.

Ms. RADERMACHER. OK. Good point.

Ms. LE. Thank you.

Ms. RADERMACHER. Virginia, do you want to——

Ms. LITTLEJOHN. Rather than mentioning a specific policy issue, I think it is sort of the point of view of what we focus on. When we were doing H.R. 5050, we were much more at a startup or much earlier stage. I think if we look at the missing middle piece and growth and how we move beyond that with different components that relate to the capital piece, the VC and the angel piece, the procurement piece, which honestly I have spent 25 years of my life often on addressing that issue, I think if we look at it rather than the incremental components but as what we do to spur growth, by looking at missing middle, where all of the gaps are that will really be able to advance the ball.

And I wanted to mention to everyone that Quantum Leaps, my organization, and the National Women's Business Council are collaborating on developing a road map to 2020. The women's business owner groups will all be plugging in on pieces of that. But I think if we look at it in a strategic way rather than just this piece, this piece, this piece, but in terms of what has been lacking for a long time, I do think the Federal procurement is one of the biggest lacks.

Ms. RADERMACHER. OK. That makes a lot of sense. Thank you. Actually, do you quickly want to add in?

Ms. ANDERSON. Yes. Thank you for letting my voice be heard. I serve as the National Public Policy Chair for the Association of Women's Business Centers. My name is Petrea Anderson. I am also the Executive Director of the Canisius College Women's Business Center. And I have to say, I think collaboration without duplication is critical moving forward. We do a lot of collaboration in the local market in Buffalo, New York, with the Small Business Development Centers and SCORE. We focus on existing versus startup businesses, and I have to say, we are an economic development program, not a social service program, and there is confusion in the marketplace. If we work together, we can really make a big difference in women's business. Thank you.

Ms. RADERMACHER. Thanks so much.

Sharon and Margot?

Ms. HADARY. I want to echo what Virginia said, that we need a strategic approach to this. Partly, it is realizing how women business owners and their businesses have changed. I think we need to be very sensitive to the fact that increasingly, it is a diverse population made up of women who are African American, Asian, Latina, and many other races.

And unfortunately, I don't think we can say, let us focus only on the Federal procurement or only on access to capital or only on networks because my experience over 20 years is that these are so inextricably integrated. You can't do the Federal procurement and the performance if you don't have the access to capital. You can't get the access to markets or the access to capital if you are not part of the networks.

So while we may want to say, especially because of the legislative component, that Federal procurement may be the leading edge, we have to make sure that the fundamentals are underneath that to ensure that once you get the contract, you can afford to perform on it and you can be part of the networks that get you not only that access, but also the relationships to allow you to perform.

Ms. RADERMACHER. That makes a lot of sense. Thank you.

Margot?

Ms. DORFMAN. Great. Thank you. First of all, just as an aside, the networks also should include the Procurement Technical Assistance Centers, because they specifically work on the Federal contracting systems and provide that type of service.

As you already know, our first priority is getting the law implemented as it was originally intended by Congress 8 years ago, and with that taking a look at the SBA and holding them accountable for not just the implementation of the program, but making sure that the companies that are in there are truly women-owned, that the contracts are being put aside for women to be able to move forward.

And then our next big thing is the access to capital piece. Our members say that without—once I get the contract, then I need the capital so I can turn over the contract and deliver.

And the third piece that they say, which has not been mentioned but is very key to our members, is then we need access to affordable health care and other benefits that the big boys provide to their employees so that they can be competitive, getting the class of employees to deliver on the contracts. So those are our three priorities. Thank you.

Ms. RADERMACHER. OK. Great. Thank you.

Actually, is yours up or no?

Ms. COSTELLO. Yes, it is up——

Ms. RADERMACHER. But actually, just quickly, I will allow you, Trish, and then also you to speak, as well, and then everything else, we will ask you to submit for the record. We definitely do want to hear it. We just don't have the time.

Ms. COSTELLO. I would say that one area that we have not talked about but that we see, because in education, we are seeing the people 30 and below that are moving up. SBA and the Women's Business Centers, because there is never going to be enough money. Two-hundred-and-fifty thousand, you are supposed to deal with all

of this in a regional area. It can't happen, will never happen, unless we start seeing huge amounts of resources.

I think we should really—the SBA needs to start looking at what they can do within the virtual world and have specialty areas, because, you know, I look at the Kansas Women's Business Center, that I have been on their board for many years. They can't be an expert in five different—you know, from new venture creation to micro to procurement. So maybe we could have specialty centers that are set up and you can draw on them in virtual world, over the Internet, because that is where everyone else is going educationally. Everyone is moving that way and the Federal government isn't keeping up with that. But it will be much more cost effective.

So I think if we put energy into look at that and into some specialization, understanding there are still face-to-face networks that our SBDCs should do, but in finding resources, and then go to the other end of this and really look at access to capital so that we can keep pulling women into the highest level and they are going to keep reaching back and pulling the next group of women in. Women are good at that.

Ms. RADERMACHER. OK. Great.

Ms. COSTELLO. Those would be my two areas.

Ms. RADERMACHER. Thank you, Trish.

Ms. HERWICK. Hi. My name is Rebecca Herwick and I am President and CEO of Global Products in St. Louis, Missouri, a manufacturing company, and my biggest issue is finding the procurement opportunities. I am able to afford a full-time staff person who does nothing but update my three different codes, classifications, that each of the different divisions of the government has. I don't think that a lot of women know what their SIC code is, what their NAICS code is, what their FSC code is, the matrix of trying to resolve those together and then update each of the different divisions of the government who has a different maze that you go through to try to find your product category. That in itself is a huge problem, just finding the opportunities to bid.

Ms. RADERMACHER. Great. Thank you.

Ms. HERWICK. Thank you.

Ms. RADERMACHER. All right. One last person and then we are really done.

Ms. ADAMS. OK. They say you always leave the best for the last, so I will take that.

[Laughter.]

Ms. ADAMS. OK. I am Juliette Adams and I am a real estate investor. I have heard a lot being said about access to capital and my question or challenge is how can women be helped to form banks or credit unions, form financial institutions so to assist with the issue of credit and financing, because I see that we are working from like a male structure and women have a different way how they do things. Maybe that is why we have been talking for 20 years and we will continue to talk for another 20 years. There is a touch and a twist as women that we have to come to grips with to interject in the systems.

So especially from the financial institution, I am confident there are women who have the expertise, who have the desire. How can

Congress or how can you assist in really getting that going, and then the banks will start to get jealous, you know, the competition.

Ms. RADERMACHER. Right.

Ms. ADAMS. And that can snowball something. Thank you.

Ms. RADERMACHER. OK, great. Thank you so much.

Thank you all for participating. The record is open for 2 weeks and we would love to have more submitted. Thanks so much.

Ms. HADARY. I also would just like to take one last comment and say thank you on behalf of all of us, all women business owners, all 10.1 million women-owned businesses in this country, to Karen Radermacher for her passion and her leadership in making this happen. Thank you, Karen.

[Applause.]

Ms. RADERMACHER. Well, I just have to say, it is Senator Kerry. It is his vision that we seek to carry out, so thank you.

[Whereupon, at 12:25 p.m., the committee was adjourned.]

STATEMENTS FOR THE RECORD

I am writing to express my views on the opportunities and challenges that face women entrepreneurs. During the Roundtable, federal procurement as discussed.

Favor Network Services (FNS) is a woman-owned, 8(a) certified small business located in Fredericksburg, Va. Over the past 10 years we provide information technology and logistics support services for government and local businesses. After years of taking advantage of all the training and guidance that small business offers, we were confident and prepared to compete for the Comprehensive Acquisition Support contract for the Defense Supply Center Richmond. In August 2006, FNS successfully competed and won this contract, estimated at approximately $49 million.

You may ask now why am I writing? I am writing on 2 specific challenges:

1. Leveling the playing field. I am at the transition stage of the 8(a) program and must compete for contracts in the area which I have built past performance. The Comprehensive Acquisition Support contract was a competitive requirement with a base and a one year option. Every one expected a re-compete because the workload remained constant and the government had not increased their work force to manage it. We began our preparation after the base year. As time passed, we heard no discussions of a re-compete. In July of 2008 we began hearing rumors of a new contract and contacted the government for validation. At this time we were instructed that there was a new requirement and it would be an 8 (a) set-a-side to an ANC company. Yet, the work being performed is the same work, using the same employees, working at the same work stations.

The question then becomes; how can FNS and other companies like mine stay in business when competitive work that should stay competitive is re-written to look like a new requirement and awarded to ANC?

2. An equal opportunity. How can businesses like FNS continue to stay in business when our competition is an ANC and/or NAC with little stipulations? Once a procurement effort has been solicited and awarded on a competitive basis it should remain as such. I completely understand setting aside some contracts for small disadvantage businesses and I have certainly benefitted for the program; however, I and many like me welcome open competition. Not to mention, it's necessary as part of the transition from the 8 (a) program.

Thank you for your time.

Name: Saberina A. Ballard
Company: Favor Network Services, LLC
Address: 701 Kenmore Avenue
Suite 120
Fredericksburg, Va 22401

Date: September 23, 2008

Report to: Small Business Roundtable Discussion

From: Wanda E. Gozdz, President
W. Gozdz Enterprises, Inc., 3880 HWY A1A #1203,Ft. Pierce, FL 34949
Phone: 954.452.9651 E-mail: wicked-wanda@att.net
WEB ADDRESS: www.wgozdz.com

RE: "Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act." September 9, 2008.

I am writing to express my views on the opportunities and challenges that face women entrepreneurs. During the Roundtable discussions, federal procurement and access to credit was discussed.

In 1981 W. Gozdz Enterprises, Inc. , a library management and consulting company was incorporated. In 1984 I applied for an unsecured line of credit. The loan officer in my local bank asked me to have my brother co-sign on the loan. I was mortified. My brother was not an officer or employee of my company, so why was the bank looking for his name on a loan request. I sensed it was because I was a single woman and banks did not loan money to single women.

I changed officers and found a woman loan officer who was more supportive and who helped our company secure a line of credit. We held that unsecure credit line for 15 years. The bank was bought by a larger entity. When the note came due for renewal the bank asked that it be secured. The bank informed me that it had changed it's portfolio diversification and that all loans had to be secured. I informed the bank that I would not secure a loan that was unsecured for 15 years. Our company had a $25,000.00 line of credit with American Express and Wells Fargo Bank provided our company with a $25,000.00 unsecured line of credit.

W. Gozdz Enterprises, Inc. moved their money from that bank after being a faithful customer for 15 years. Today in 2008 women business owners still face the same credit issues that my company faced 20 years ago.

As a delegate to the 1986 White House Conference on Small Business the FLORIDA DELEGATION reccommended that "women be given equal access to credit". It was one of the top 25 recommendations of the 100 presented by Small Business Owners. The National Association of Women Business Owner's was instrumental in crafting the recommendation which later became legislation and today is a law that gives women "equal access to credit". Today's women business owners enjoy that privilege because of the work of their sisters.

In 2008 women business owners are still having difficulty getting business loans in the range of $750,000 to $14 million dollars. Small Business is the driving engine of our economy and without access to credit our businesses cannot expand, grow and prosper.

W. Gozdz Enterprises, Inc. is an established company that has contributed to the economy, provided jobs, and paid its taxes annually for 28 years. We are calling our legislators to action and asking that they make "access to credit" a priority.
Respectfully submitted.

Date: September 23, 2008

Addressee: Small Business Roundtable Discussion

Addressor: Maria Mahoney, President/Broker
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RE: "Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act". September 9, 2008.

In response to the Small Business Roundtable Discussions regarding the opportunities and challenges that women entrepreneurs face, I would like to convey my experience as it relates to government contracting.

I am the president and broker of The Mahoney Group, Inc. a commercial and industrial real estate brokerage firm in Lakeland Florida, celebrating its 10th year in business. Over the years we have represented clients within the scope of acquisition and disposition of commercial real estate including the negotiation of leases with governmental offices (FDLE and the Veterans' Administration).

Our latest government project involved our representation of a client who fulfilled all requirements of small business and minority (Black woman doctor who also is a Major in the USAF) in a proposal to lease space to the VA for 10,000 SF build-to-suit new medical facility for a 7-year lease, in Lakeland, Florida. Our proposal was submitted and covered all the points addressed in the SFO with more benefits than requested. Full proposal was submitted and later on negotiated upon for certain items.

We were informed by the VA that our bid had been rejected in favor of another one in spite of being told by the same VA contracting officer that our proposal was more favorable with regards to the cost of the project and timeliness of completion and availability. Once the details of the other proposal were known, it was obvious that the recipient did not meet the requirements outlined in the SFO in terms of cost of project (much more expensive – occupancy date (7 months longer than what had been conveyed to us as the absolute deadline), location (within an industrial park), lack of public transportation and amenities besides the fact that the recipient was not a small/minority business. We provided a side by side comparison of both properties for the VA's reconsideration of the award in light of those major discrepancies. Although we were granted an audit review with the contracting officer and the VA's contractor, it was obvious during our meeting that they stonewalled us and could not justify the reasoning behind their choice which was by far a departure from the requirements outlined in the SFO. Another excuse was made to the fact that the winner of the bid was a "known" entity as opposed to my clients who were extremely qualified in terms of existing development and financial capabilities but had not yet had contracted out with the VA.

Small Business Roundtable Discussion
September 23, 2008
Page Two

As US citizens, my clients and I failed to see how a project that was more expensive, less centrally located, less accessible to public transportation and local medical facilities adequately addresses the healthcare needs of the Veterans of our County.

It was obvious in the long run that the VA local officers had already made a decision to locate that clinic where they did, beforehand and needed another bid to "justify" having gone through the process. Needless to say our attempts to rectify this wrong choice in every way was met with stonewalling from the contracting officer and the VA contractor. Unfortunately the time that elapsed between the awarding of the contract and the audit meeting with my clients and the VA officers resulted in a past date for our ability to officially protest this award.

The amount of time, effort and money involved in putting together a bid of this magnitude is always equaled to the hope that every bidder has a fair chance of obtaining governmental bids and that we all are playing on a level field. To find out that the outcome had already been decided before the process began, is a total waste of resources, time, efforts and becomes a mockery of process which is detrimental to women business owners and small businesses in general.

It is my opinion that a serious revision and reconsideration of governmental contracting process take place to address these serious discrepancies and issues. My example is only one of many. I can point out to another women-owned business in Orlando Florida which put together bids which were used by larger companies within the scope of bundling, and after having received the award, the primary bidder did use this company's bid in terms of prices but not the company as provider of that same accepted/used bid.

Respectfully submitted,
Maria Mahoney

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September 22, 2008

Valerie Shondel
SelectoFlash/WIPP
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West Orange, New Jersey 07052

"Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act."
September 9, 2008

I am writing to express my views on the opportunities and challenges that face women entrepreneurs. During the roundtable discussion Federal Procurement was discussed. Currently only 3.4% of all government contracts are awarded to women-owned businesses even through federal law mandates a 5% government wide procurement goal for women owned business. I ask that there be commitment to implement a real women's procurement program. This program should have agencies provide accountability for awards to women owned business with required yearly objectives.

I am a manufacturer of large format screen printed and digital graphics. While I am one of the largest companies of my kind in the US and the largest in the northeast, many government programs would be more accessible to my company if large contracts were unbundled. This would certainly assist with achieving not only the objectives for woman owned companies, but as well for the small business objectives.

Another major area of concern for me is rising energy costs. My company has adapted the ISO 14000 enviornmental standard as a measurement tool. Many of the objectives to transform our company to a "green operation" will require significant increases in costs for implementation and research and development. I ask that there be consideration to allow for research and development incentives as well as assistance from the SBA to assist small businesses in reducing energy consumption.

Finally, as with most US businesses, rising healthcare costs are a constant challenge. My company is able to offer all of our employees single family coverage. Yet, in order to do so we must have employees contribute 25%. As our costs rise, so does the impact on our workforce. Additionally, many

employees pay the additional fees to provide benefits for their families. This becomes a huge financial burden on them and absorbs most of their earned income.

I ask that there be increased access to small and individual insurance markets, increased transparency in benefit plans, the establishment of an Interconnected, Nationwide health technology system, increases in the number of healthcare providers and the establishment of a healthcare reform commission.

During the roundtable discussion with Senator Kerry, WIPP formally presented its Economic Blueprint for the next administration. This blueprint sets the public policy expectations of women owned businesses. Addressed in this document are key issues affecting us including healthcare, procurement, tax principles, energy principles and telecommunications. WIPP represents more than a half a million women business owners throughout America, more than 45 business organizations and women from different political arenas and backgrounds. I ask that this document be a call to action for our next administration.

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"Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act." September 9, 2008.

Dear Senator Kerry:

Thank you for the opportunity to submit comments on the roundtable discussion for the **"Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act." September 9, 2008.** I realize that the deadline for comments has passed, but hope the following will be given some consideration.

I am a professional environmental consultant with degrees in Civil Engineering, Geology, Environmental Management, and Government, and have worked for more than 20 years in the fields of natural resources management and energy. My worked has been particularly focused on water planning, management, and policy. Roughly half of my professional experience has been with large and medium sized consulting firms or as an independent consultant, with the remainder of my time spent working with water agencies, legislative offices, and university institutes.

As you know, there has been tremendous growth in the number and size of women owned businesses. As reported in such as "How She Does It," Margaret Heffernan's new book on Women Entrepreneurs (2007), these women are not starting cookie-baking companies, but rather in major sectors of our economy, including professional, scientific, and technical services.

Right now, our country is facing critical issues in energy and the environment, requiring the best minds in the industry to apply themselves towards challenges involving climate change adaptation, increasing demands on water supplies, deteriorating infrastructure, and development of innovative approaches to natural resources management, energy efficiency, and alternative energy production. At the same time, industry, consulting firms, and agencies have raised the alarm regarding the number of experienced personnel in these sectors who are reaching retirement age.

Although we have seen increasing numbers of women entering "the pipeline" in the professions critical to the energy and environment sectors, women are often not reaching the leadership positions through which their experience and expertise can be fully utilized. The numbers of women are increasing in junior and middle management

positions, but these women are not joining the ranks of associate or principal, vice president or director.

Corporations and consulting firms have acknowledged this problem, and have begun to seek help retaining women in the senior levels. For example, the Society of Women Engineers' Corporate Partnership Council, comprised of 55 industry leaders, commissioned a study in 2007 on retention of men and women in engineering practice, which found higher levels of dissatisfaction among women. Academic institutions and national laboratories are also seeking better ways to retain and advance women to leadership positions. The National Academies' 2006 study "Beyond Bias and Barriers: Fulfilling the Potential of Women in Academic Science and Engineering" also found women to be underrepresentated in the leadership in academic institutions relative to the numbers of women qualified to hold those positions.

On October 18-19, 2008, the National Academies Committee on Women in Science, Engineering, and Medicine (CWSEM) held a workshop on transition points in women's careers, particularly as they move to into more senior levels and assume leadership roles. Several women's professional societies were invited to provide statements for consideration by the committee. An alarming number of those statements referred to surveys and studies in which women in their fields identified their work environments as "hostile" – such as the statement by the American Institute of Physics, which found that women in their profession "often report that they have encountered behaviors ranging from being ignored to blatant sexual harassment and that these behaviors affect them deeply."

We are losing far too many women in the science and engineering professions at the senior levels of consulting, industry, and academia. **Often the development of a new women-owned business in science and engineering fields occurs as an alternative to women leaving the profession altogether.**

While studies have not been performed to provide exact statistics on women in science and engineering starting their own companies, the histories provided by women on the circumstances leading to their entrepreneurial ventures, as related in Heffernan (2007), in the presentations at the National Academies' CWSEM Workshop, and elsewere, provide repeated evidence of women who have started their own businesses after becoming frustrated with being ignored, devalued, and even harassed in traditional institutions such as consulting firms, corporations, and universities.

Despite these roadblocks, women in the science and engineering professions are determined to continue to contribute their hard-earned experience and expertise in their chosen professions on behalf of the public good. Often, the best opportunities to contribute in areas critical to society are through government contracts. In seeking these contracts, women are often working to overcome obstacles not only as women-owned businesses, but also prior discrimination with their previous employers.

If the opportunities for women to succeed as business owners AND with other institutions are not available, women are more likely to leave the practice of their professions altogether.

Right now, the challenges in energy and the environment which are facing our country are too big and the numbers of senior professionals are too small for us to be able to lose women who have the expertise and experience to help address those challenges. In many cases, women are seeking to make their professional contribution to the public good through creation of their own companies. In order to ensure that we, as a country, are bringing the best minds and energies to bear on these critical issues facing our nation, particularly in the areas of energy and the environment, we need to ensure that we are maximizing the contribution of women-owned business in the federal procurement programs.

Steps can be taken towards a better understanding the development of women entrepreneurs in energy and the environment, and in other fields in science, engineering, and technology; why women in these fields are starting their own businesses; and whether women in these areas are receiving and being fully utilized in federal procurement (as opposed to being included on proposal teams and not included in the allocation of awarded work):

1. prepare a survey or "roster" of women scientists and engineers who have formed their own companies, and update that roster annually; include in this database information on the size, income, and number of employees in these companies
2. track the sectors and types of organizations (consulting firms, academia, national labs, etc.) from which women entrepreneurs in science and engineering are coming from, and their reasons for leaving their prior positions.
3. track annually the number of women owned science, engineering, and technology companies that seek government contracts, both as lead firms and as members of proposal teams (tracked separately), and the numbers of firms awarded those contracts
4. track government contracts awarded to women owned science, engineering, and technology companies and, where contracts are applied for but not awarded, track the reasons given for failure to award those contracts to those applicants
5. include women scientists and engineers on selection panels for government contracts.

Thank you for your consideration.

Statement of Ms. Charlene Turczyn
On behalf of
CMW & Associates

Submitted to

U.S. Senate Committee on Small Business and Entrepreneurship
"Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act" Roundtable

September 9, 2008

Fifty percent (50) of Women owned businesses are started by single mothers trying to feed, clothe and educate their families. Most try to start low cost, low capital firms such as service firms. Without assistance from the Federal government, in the form of set asides, most single mothers and their children would go on welfare.

I speak from experience. In 1971, my father died, leaving my mother with four underage children to raise. We ranged in age from 17 to 9. My mother came from an age, in which women were not to be educated. Mother did not have a high school education. Although she had won a scholarship to college while in grade school, her father refused to allow her to go on to high school. She was instead sent to work in a factory.

My father died of a heart attack, there was no time to prepare. We all began to collect social security. This is not enough to raise a young family on. It would not have been enough to send any of us to college.

Our neighbor, who was a widower, helped my mother get her real estate license. At the time, there was no assistance for women owned business, either at the State or Federal level. Mother went to work for a real estate broker, who quickly cheated her out of money, knowing she could not afford a lawyer. After the mandatory year, working for a broker, my mother started her own firm, which she ran with a great deal of success for over twenty years. She made enough money to University educate four children, fund her retirement and fund a University education for all eight of her grandchildren.

Without help from our neighbor, we would have been on welfare, none of us would have had an opportunity to go to college and none of us would be in the highest tax bracket paying the maximum amount of taxes into the federal and state coffers that we currently do.

Not all single mothers have a kind neighbor. I urge you to pass realistic women owned set aside legislation. This legislation will help not only women but their children and grandchildren. Without set aside legislation it is impossible for small women owned businesses to compete in the Federal Sector. I believe firmly that a vote for woman owned business is a vote for the American family.

Gayle Waldron, President and Owner
The Management Edge
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I attended the "Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the Women's Business Ownership Act" roundtable hearing on September 9, 2008 with WIPP (Women Impacting Public Policy).

I am writing to express my views on the opportunities and challenges that face women entrepreneurs. During the Roundtable, federal procurement was discussed. I have been in business for 22 years and a Federal contractor for the last 15 years. I have both prime and sub-contracts to provide organization and management development consulting services. Our primary service is building inter-agency teams and facilitating their on-going meetings, providing additional training at each meeting. We work for the Department of Defense, Environmental Protection Agency, and Department of Energy.

I am a former Co-Chair of WIPP's Procurement Committee and served as a contributing writer for the National Association for Women Business Owners (NAWBO)'s, Procurement Task Force, which produced a comprehensive study with recommendations in 2006. I have attached the final Report and the Executive Summary for your use.

As a Woman and a Small Disadvantaged Business contractor, I have experienced both overt and covert discrimination while navigating the Federal Procurement process. The following are some of the issues that need to be addressed.

Small company disadvantages in the bidding process: As you no doubt know, the entire process is designed for procurement professionals, which only large companies can afford to have on staff. Small companies are at a distinct disadvantage in locating opportunities, interpreting the arcane language and requirements and then producing a winning proposal. Large companies keep on staff procurement specialists who search for opportunities full-time and produce the proposals. Sometimes the proposal writers are additional specialists with large companies.

For any small company, producing a proposal is a very time consuming process, time that is not spent on the work that produces essential income. It is rare that the owners are not involved in writing or managing the proposal process, in addition to their already heavy load. And it is exceedingly rare that the expertise to put together a winning proposal exists within the small company. So few bids are won.

As a result, many small companies find little success with their efforts and give up on competing for future RFPs. When this happens, the Federal government loses the expertise, the creativity and innovative approaches, the agility, the focus on customer services that is a hallmark of small businesses. This issue is magnified if the company is owned by a woman or a disadvantaged minority.

In addition, small companies searching for answers to these problems are increasingly drawn to the many companies who offer to "help" them wind bids, offering to find the

opportunities, etc. and promising great success in the government marketplace. These services are expensive and rarely deliver what is promised. These experiences also dissuade small companies from seeking Federal work.

Women who own small business face this discouraging situation and its impacts are typically harsher for them, as many own service companies and WOBs tend to be smaller than the average. So their resources and their NAIC codes are fewer. As a result, many women business owners avoid Federal procurement and see it as too much effort for too few possibilities. Since most women who own businesses are busy balancing family duties to their spouses and children and, increasingly, to their parents, as well, the extravagant use of time required to make just a beginning does not seem to be time well spent.

Need for more training and professionalism in Federal Procurement staff: One of the biggest discouraging issues I have found is the pervasive lack of training and professionalism of the contracting staff in all the agencies we work with. I have been amazed to find some who do not know the FAR---the essential rules and regulations they must know to do their jobs.

I have had to "educate" some on the FAR regarding 8(a) and how GSA works. At one point, one of the Air Force agencies we worked with asked me to send my Dir. Of Operations and Finance, who is my Contract Manager, half way across the country to hold training for their contracting staff on how a GSA works and how to access vendors through it. Needless to say, we did exactly that.

No matter what decisions are made and what recommendations are offered the Procurement profession within the Federal government is under more pressure with fewer resources than ever before and this will negatively impact any changes that are offered. The following issues are essential to address:

- Lack of proper training for Contracting staff
- The increase in their workloads
- The continuing departure of experienced contracting staff, through cut-backs and retirement of "boomers".

In addition, I have found contracting officers who are unwilling to use their power to set aside RFPs for either small businesses, SDBs or 8(a), even when offered the proof required by the FAR to do so. I can only assume this is a result of poor training, lack of experience, inability to request information from a supervisor with more knowledge or discrimination.

SBA: The Dec. 2007, SBA ruling is an incredible example of the on-going resistance to implementing a Public Law that is faced by women in business. No other minority has been asked to undergo such Machiavellian or Orwellian processes in order to participate in Federal procurement.

The evidence that women owned businesses are under-represented in almost every category is over-whelming and undeniable. It is difficult to understand how SBA could have come up with such a proposed plan if they had taken into account their own data.

It is an insult to women business owners, but, more importantly, it is a seriously flawed plan with the potential to severely limit the participation of women business owners even more than they are already limited. This plan must be abandoned and replaced with one that truly removes impediments rather than adding on new ones.

Thank you for the committee's efforts to clarify and rectify this defective procurement situation on behalf of 51% of the population. It does not seem honorable in our country to disrespect, limit, and discriminate against such an essential segment of our citizens. I appreciate your ongoing attention and your commitment to effect positive change.

Best Regards,

Gayle Waldron

The Report of the National Association of Women Business Owners Procurement Task Force Executive Summary

February 2006

Principal Authors:
Sherré DeMao, Chair
SLD Unlimited Marketing/PR, Inc.

Claire Guthrie Gastañaga
CG² Consulting
Vice President, Public Policy, National Association of Women Business Owners

The Report of the NAWBO Procurement Task Force
February 2006

I. Executive Summary

This report to the Board of Directors of the National Association of Women Business Owners® (NAWBO®) by the NAWBO Procurement Task Force presents a comprehensive assessment of barriers to federal procurement participation intended to guide further discussion of procurement issues by NAWBO members and inform possible advocacy by NAWBO related to these issues.

The Procurement Task Force was comprised of women business owners from around the country and in different industries who, along with the participants in a national survey of NAWBO members, also effectively represent the interests of many minority-owned firms and small business in general.

Through extensive research, nationwide outreach, due diligence, and multiple conferences among task force members, the Task Force identified five core issue areas of concern: accountability, certification, contracting practices, education and awareness and access to capital. The Task Force also reviewed the more than thirty recommendations included in this report and chose eight to which it would assign a priority in considering further action.

Following is a summary of the five core issue areas and the priority recommendations of the Task Force:

Accountability
Although the government has been committed to a 5% procurement goal for women business owners since 1994, the goal has never been reached in large part because of a lack of accountability for producing results.

The US Small Business Administration has not been held accountable for its failure to complete a mandated disparity study or for the five year delay in implementing a Congressionally authorized restricted competition program for women owned small businesses (WOSBs).

Agencies have not been held accountable for their failure to reach the minimal 5% goal. Prime contractors are not held accountable for utilization of WOSBs as subcontractors.

Leadership and a strong commitment to accountability at the highest levels of the federal government are essential to further progress. That is why the Task Force recommends that NAWBO seek issuance of an executive order that includes a number of provisions designed to make agencies, agency heads and procurement officers more accountable for results. It is also why the Task Force recommends that consideration be given to moving completion of the long-delayed disparity study and implementation of the WOSB restricted competition program from the SBA to another agency.

Certification
There is no universally accepted process for qualifying as a woman-owned business. The process of being certified has become a cumbersome, daunting and repetitive task that has become a

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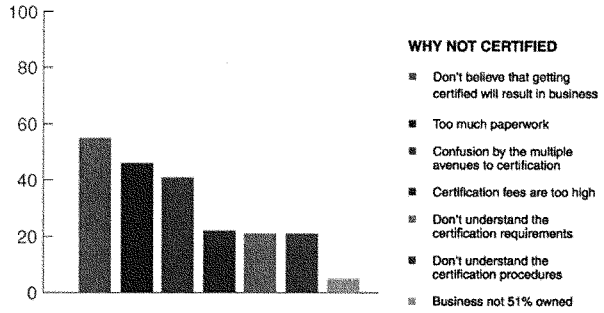
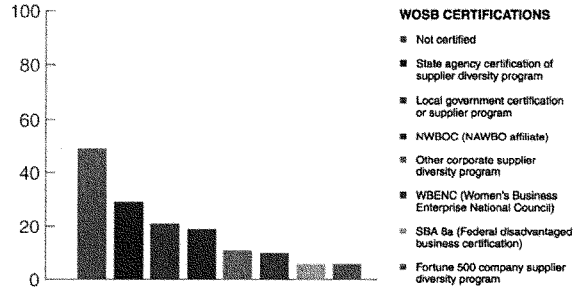
stumbling block in obtaining contracts. There are multiple avenues of certification open to women business owners, each with its own standards and criteria, breadth of coverage and cost.

A majority of NAWBO members responding to the Task Force survey reported that the return on investment for the time and energy required to get certified was not sufficient to warrant their going through the process. At the same time, however, certification by a reliable third party agency is considered by contractors and procurement officers to be key to the integrity of the WOSB restricted competition program and supplier diversity programs in general.

The Task Force believes that it is important to encourage more women business owners to get certified. That is why the Task Force recommends that NAWBO take a leadership role in seeking simplification and elimination of duplication in certification requirements.





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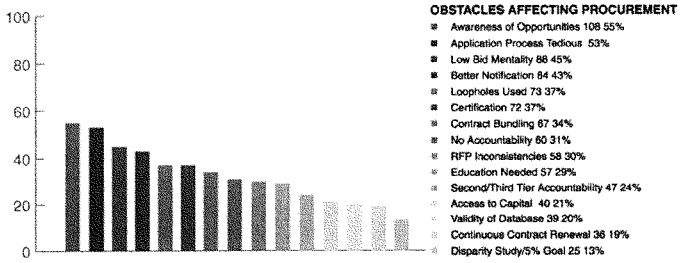
Contracting Practices

The Task Force found a number of contracting practices at the federal level that are based on inefficient standards that often result in poor quality service and products as well as cost overruns. More importantly, these ill-conceived practices discourage creative, cost-effective, and technically superior bids from WOSB, MBE and small businesses. Current practices in place within federal, state and local government are counter-productive to efforts to increase opportunities to WOSBs, MBEs, and small business in general.

Contract bundling continues to be a critical issue for women business owners and the Task Force recommends that NAWBO continue to oppose bundling. Contract bundling excludes WOSB, MBE and small businesses from many government contract opportunities in a persistent and consistent manner. Each year, the federal government awards over $200 billion in contracts. In fiscal year 2001, there were 11.4 million contract actions valued at $234.9 billion. Federal agencies state that they generally award nearly 23 percent of the total dollars spent on federal procurements each year to small businesses. In addition, in fiscal year 2001, large businesses subcontracted approximately $35.5 billion in federal work to small businesses.

Other practices that discourage WOSBs from participating in federal contracting include manipulation of the contract thresholds, application of size standards to render a WOSB ineligible based on the award of one contract, low bid mentality, performance based contracting that fails to measure the performance of the contractor and a number of issues with the process of soliciting and accepting bids.

The Task Force made a significant number of recommendations to address these issues.



Education and Training

One of the biggest inhibitors to women business owners entering the procurement arena is lack knowledge of procurement practices and procedures. There is no single effective and efficient program to teach small businesses how to identify, qualify for or pursue procurement opportunities with all government agencies.

There are over 100 federal agencies and each one has a specific set of rules to follow in order to do gain access to contract opportunities. Although the Central Contractor Registration (CCR) Database was implemented and all organizations wanting to do business with any government

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Now, state and local governments are also directing companies to this same database in an effort to streamline their processes. Just as small businesses have difficulty getting "in front of" government agencies, the agencies have trouble finding the right companies as well. It's a double-edged sword.

The Procurement Task Force has identified a number of areas in which WOSBs lack adequate awareness and knowledge of procurement opportunities and procedures and where the federal government could assist in providing information in a more usable form through better use of technology and other approaches.

Key among the issues is awareness of informal contracting opportunities that often are sized at the level many WOSBs can best compete.

Access to Capital

Access to capital has been, and remains, a critical issue for emerging and growing businesses, particularly those owned by women and minorities.

A recent national study funded by Wells Fargo and conducted by the Center for Women's Business Research found that only 52% of women business owners (compared to 59% of men business owners) had access to bank credit. And, in fast-growth firms only 39% of women owners had bank loans compared to 52% of men owners.

Bonding requirements and other financial tests can impose an insurmountable barrier to WOSBs seeking federal contracts.

The Task Force recommends a number of actions that can improve the ability of WOSBs to overcome these financial hurdles.

Priority Recommendations of the Task Force

- Standardization Of Certification: NAWBO should take a leadership role in developing a single set of criteria for certification of women-owned businesses and obtain agreement among state, local and federal agencies (including the SBA) and private sector businesses to accept (without further paperwork or investigation) certification awarded by either the National Women Business Owners Corporation or the Women's Business Enterprise National Council.

- Achievement Of 5% Goal: NAWBO should advocate executive branch action or legislation necessary to assure effective implementation of the long-delayed Women-owned Small Business (WOSB) restricted competition program and accountability for achievement of the 5% federal contracting goal for women-owned businesses.

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- Accountability of All Government Entities: NAWBO should support legislation or executive action that will hold ALL government entities, departments and purchasing agents accountable under the Small Business Act.

- Standardization Of RFPs According To Service/Product/Industry: NAWBO advocate executive branch action or legislation necessary to facilitate standardization of RFP solicitation language and specifications according to the industry type being sought to fulfill the proposed contract.

- Accountability of Primary Contractors: NAWBO should advocate executive branch action or legislation necessary to hold prime contractors accountable for using minority and women-owned businesses, and documenting actual use throughout the course of the contract with penalties for false disclosure of entities not used, but presented when being awarded contract. This order should also address penalties for slow payment to subcontractors.

- Procurement Education: NAWBO should take a leadership role in developing comprehensive education and training to help women-owned businesses gain a step-by-step understanding of the federal procurement process. The curriculum should be based on the actual experience of successful WOSB contractors.

- Notification of Informal & Formal Opportunities: NAWBO should advocate executive branch action or legislation that will create a single source of timely information regarding formal and informal opportunities (projected and planned). There should be a single portal and standardized formats for displaying procurement information and opportunities on agency websites.

- Bundling Accountability: NAWBO should advocate executive branch action or legislation that will ensure agencies are held accountable for documentation and accurate valuation of bundled contracts. NAWBO should continue to advocate unbundling of contracts in order to afford more women-owned, minority and small businesses the opportunity to win federal contracts.

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The Report of the National Association of Women Business Owners Procurement Task Force

February 2006

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NAWBO Procurement Task Force Goals

1. Remove obstacles that limit or prohibit participation of women owned businesses in federal, state and local procurement opportunities
   - Identify all potential obstacles in order to guide government officials in eliminating these barriers.
   - Identify solutions or possible actions in order to act as a facilitator of progress and a partner in effective action
   - Initiate activities to help women business owners overcome obstacles, which may be out of the government's control or which can be better facilitated by an outside entity.

2. Ensure inclusion of women owned businesses as lead contractors and subcontractors in federal, state, and local contracts, regardless of percentage goals.
   - Actively monitor and hold the government accountable for inclusion of women owned businesses in both formal and informal contracting opportunities.
   - Demonstrate the efficiency and effectiveness of inclusion of women owned businesses in federal, state, and local procurement.
   - Encourage and pursue continuous change, which will lead to increased procurement opportunities for women, minority and small business as a whole.

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The Report of the NAWBO Procurement Task Force
February 2006

I. Executive Summary

This report to the Board of Directors of the National Association of Women Business Owners® (NAWBO®) by the NAWBO Procurement Task Force presents a comprehensive assessment of barriers to federal procurement participation intended to guide further discussion of procurement issues by NAWBO members and inform possible advocacy by NAWBO related to these issues.

The Procurement Task Force was comprised of women business owners from around the country and in different industries who, along with the participants in a national survey of NAWBO members, also effectively represent the interests of many minority-owned firms and small business in general.

Through extensive research, nationwide outreach, due diligence, and multiple conferences among task force members, the Task Force identified five core issue areas of concern: accountability, certification, contracting practices, education and awareness and access to capital. The Task Force also reviewed the more than thirty recommendations included in this report and chose eight to which it would assign a priority in considering further action.

Following is a summary of the five core issue areas and the priority recommendations of the Task Force:

Accountability
Although the government has been committed to a 5% procurement goal for women business owners since 1994, the goal has never been reached in large part because of a lack of accountability for producing results.

The US Small Business Administration has not been held accountable for its failure to complete a mandated disparity study or for the five year delay in implementing a Congressionally authorized restricted competition program for women owned small businesses (WOSBs).

Agencies have not been held accountable for their failure to reach the minimal 5% goal. Prime contractors are not held accountable for utilization of WOSBs as subcontractors.

Leadership and a strong commitment to accountability at the highest levels of the federal government are essential to further progress. That is why the Task Force recommends that NAWBO seek issuance of an executive order that includes a number of provisions designed to make agencies, agency heads and procurement officers more accountable for results. It is also why the Task Force recommends that consideration be given to moving completion of the long-delayed disparity study and implementation of the WOSB restricted competition program from the SBA to another agency.

Certification
There is no universally accepted process for qualifying as a woman-owned business. The process of being certified has become a cumbersome, daunting and repetitive task that has become a stumbling block in obtaining contracts. There are multiple avenues of certification open to women business owners, each with its own standards and criteria, breadth of coverage and cost.

A majority of NAWBO members responding to the Task Force survey reported that the return on investment for the time and energy required to get certified was not sufficient to warrant their going through the process. At the same time, however, certification by a reliable third party agency is considered by contractors and

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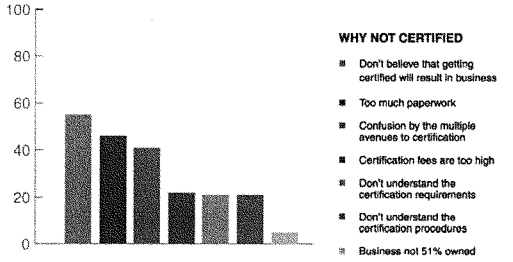
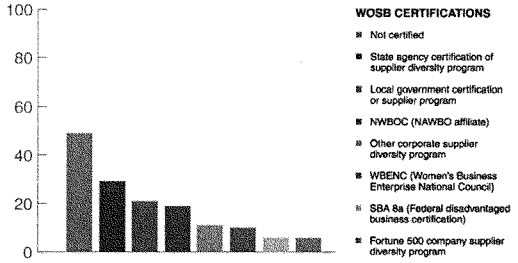
procurement officers to be key to the integrity of the WOSB restricted competition program and supplier diversity programs in general.





The Task Force believes that it is important to encourage more women business owners to get certified. That is why the Task Force recommends that NAWBO take a leadership role in seeking simplification and elimination of duplication in certification requirements.

Contracting Practices

The Task Force found a number of contracting practices at the federal level that are based on inefficient standards that often result in poor quality service and products as well as cost overruns. More importantly, these ill-conceived practices discourage creative, cost-effective, and technically superior bids from WBE, MBE and small businesses. Current practices in place within federal, state and local government are counter-productive to efforts to increase opportunities to WOSBs, MBEs, and small business in general.

Contract bundling continues to be a critical issue for women business owners and the Task Force recommends that NAWBO continue to oppose bundling. Contract bundling excludes WOSB, MBE and small businesses from many government contract opportunities in a persistent and consistent manner. Each year, the federal government awards over $200 billion in contracts. In fiscal year 2001, there were 11.4 million contract actions valued at $234.9 billion. Federal agencies state that they generally award nearly 23 percent of the total dollars spent on federal procurements each year to small businesses. In addition, in fiscal year 2001, large businesses subcontracted approximately $35.5 billion in federal work to small businesses.

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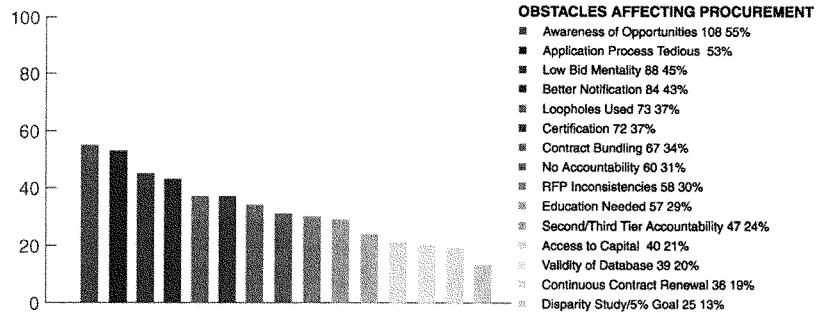
The Task Force made a significant number of recommendations to address these issues.



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One of the biggest inhibitors to women business owners entering the procurement arena is lack knowledge of procurement practices and procedures. There is no single effective and efficient program to teach small businesses how to identify, qualify for or pursue procurement opportunities with all government agencies.

There are over 100 federal agencies and each one has a specific set of rules to follow in order to do gain access to contract opportunities. Although the Central Contractor Registration (CCR) Database was implemented and all organizations wanting to do business with any government agency are now required to subscribe to this database, this has not enhanced the knowledge or awareness of contract opportunities or procedures among women business owners.

Now, state and local governments are also directing companies to this same database in an effort to streamline their processes. Just as small businesses have difficulty getting "in front of" government agencies, the agencies have trouble finding the right companies as well. It's a double-edged sword.

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Key among the issues is awareness of informal contracting opportunities that often are sized at the level many WOSBs can best compete.

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II. The Scope of the Problem

In 1988, the federal government began taking steps toward full recognition and effective elimination of economic discrimination against women-owned businesses. Congress passed the Women's Business Ownership Act, HR 5050 that amended the Consumer Credit Protection Act to bring gender equity to business banking, established the National Women's Business Council, required the collection and dissemination of Census data on women-owned businesses, and appropriated money to the Small Business Administration for business assistance for women-owned businesses.

The development of data and the empowerment of the National Women's Business Council as an advocate for women-owned businesses were important first steps in developing awareness of the breadth and scope of the problems faced by women-owned businesses in the marketplace. Unfortunately, awareness did not bring resolution or fairness to the procurement process.

The 5% Goal – Ten Years and Counting

In 1994, Congress enacted the Federal Acquisition and Streamlining Act (PL 103-355; FASA) that, among other things, set a contracting goal of 5 for women-owned small businesses (WOSB). This goal has never been achieved. In fact, the amount of federal contract dollars awarded to WOSB has not exceeded 3.03 (FY04) percent.

FASA did not establish any specific means by which the five percent could be achieved and it did not specify how the goal would apply to prime contracts and subcontracting.

WOSB Restricted Competition Program

Recognizing the lack of progress toward the five percent goal, Congress acted in 2000 to authorized a "restricted competition" or set aside program specifically for women-owned businesses. This program, the Women-Owned Small Business (WOSB) Federal Contract Assistance Program, was included in the SBA Reauthorization Act (Public Law 106-554) and has now been codified in the Small Business Act, 15 U.S.C. S 637(m). The act is sometimes known as the Equity in Women's Contracting Act.

When implemented, the WOSB program will (for the first time) allow federal agencies to "restrict competition" to WOSBs when they solicit supplies or services in industries where WOSBs are underrepresented; at least two or more WOSB are expected to compete in order for the government to be able to make an award at a fair and reasonable price; and the contract amount does not exceed $3 million for services or $5 million in manufacturing.

PL 106-554 requires a small business concern seeking to compete in a WOSB restricted competition to be certified as WOSB by a federal agency, state government or national certifying entity approved by the SBA, and to submit "adequate documentation" to support such certification. The law also requires a study of the disparity between availability and utilization of women-owned businesses in federal contracting in order to identify industries where WOSBs were underrepresented.

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Unfortunately, more than four years after Congress authorized the new set aside program, it has yet to be implemented.

SBA Action

In October 2001, the SBA gave public notice in its statement of regulatory priorities that it would be publishing rules to implement the WOSB program in 13 CFR part 127. It deemed the proposed regulations as "economically significant."

At that time, the SBA reported, "the Office of Contract Assistance for Women Business Owners (CAWBO) in the Office of Government Contracting is drafting proposed regulations to implement the program. The proposed rule is expected to be published in February 2002. It will contain provisions about how a WOSB can be certified to participate in the program, who is eligible, how protests will be handled, etc."

On May 13, 2002, the SBA published its semi-annual regulatory agenda and listed the rules for the Women-Owned Small Business Federal Contract Assistance Program among "discontinued entries." The only comment was that it had been "withdrawn" by the SBA on April 24, 2002. There has been no mention of the rules in the SBA's regulatory agenda since. In addition, the SBA did not release the disparity study and regulations implementing the set-aside program completed in 2002, citing legal concerns.

In June of 2004, the SBA announced that it might have a "methodology" for completing such a study by the end of 2004. The SBA asked the National Academy of Sciences to review the methodology used in the earlier disparity study. In March 2005, the SBA released the results of the NAS study stating that the disparity ratios from the earlier study were "inadequate."

Before the results of the NAS review were released in March the US Women's Chamber of Commerce filed suit against the SBA in October 2004 asking the federal court to order the SBA to complete the disparity study and implement the WSOB program. The federal court rejected a motion to dismiss filed by the SBA and, in December 2005, the court ordered the SBA to come up with a plan to implement the program within 45 days.

The Consequences for Women Owned Small Businesses of Not Meeting the 5% Goal

In FY 2003, $8.3 billion in Federal procurement dollars was spent with women-owned small businesses out of a total spend of $277.5 billion. The overall share of dollars spent with women-owned small businesses was 2.89%, up from 2.2% in FY 1998. FY 2003 showed a gain to 2.98%.

If women business owners had received 5% (rather than 2.98%) of the $277.5 billion spent by the federal government with prime contractors in FY 2003, they would have received $13.68 billion in contracts. $4.9 billion more than they received even with the 22% increase reported by the SBA for all contracts.

The data released by the Small Business Administration (SBA) in summer 2005 on federal small business contracting in FY 2004, showed a slight increase in contracting dollars for WOSBs—from 2.98 percent in FY 2003 to 3.03 percent in FY 2004, a .005 percent increase.

According to data from the Federal Procurement Data Center (FPDC), the total federal spend on women-owned businesses went up $1.5 billion or 22 percent between FY 2002 and FY 2003. In FY 2004, the rate of increase

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in contract dollars slowed to 8 percent, just a third of the 22 percent increase the year before. And, the actual dollar increase in contract awards fell to $800 million in FY 2004 from $1.5 billion in FY 2003.

If the goal of 5 percent in Federal procurement were met, women-owned businesses would have received $14.9 billion in contracts in FY 2004. Instead, they received $9.1 billion, a "loss" of approximately $5.895 billion in contracts because Federal contracting did not meet the 5 percent goal. This "loss" is a billion more than dollars lost in FY 2003.

Some Progress to Report

Despite the fact that there has been no progress in implementing PL 106-554 since 2000, some federal agencies have had success in achieving the five percent procurement goal established by Congress in 1994.

In 2003, 11 of the major Federal agencies met the five percent contracting goal to women-owned small businesses, up from seven agencies in 2002. They are: Department of Housing and Urban Development (HUD) (32.8%); Department of Commerce (8.4%); Department of Education (7.7%); Office of Personnel Management (OPM) (7.4%); Department of the Interior (7.3%); Department of the Treasury (6.7%); General Services Administration (6.5%); National Science Foundation (NSF) (5.8%); Department of Homeland Security (5.6%); Department of State (5.2%); and Department of Agriculture (5.2%).

Many of these same agencies continued to outperform their peers again in 2004 either reaching or surpassing the 5% goal. Commerce was up to 13%, and HUD continued to reach 30%. The Department of Homeland Security was at almost 7%.

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III. Core Issues and Recommendations

The Procurement Task Force identified five core issues of concern in determining the obstacles and prevailing practices that make contracting with the federal government difficult and discouraging for women business owners.

The five core issue areas identified by the task force are: 1) accountability and compliance; 2) certification; 3) contracting practices; 4) education and training; and 5) access to capital.

A description of the issues and the task force recommendations follows.

A. Accountability and Compliance

Accountability Standards are Inadequate

Current accountability standards are inadequate and not enforced. Few stringent and measurable accountability standards exist within all federal agencies for meeting WBE, MBE, and small business goals. The current procedures in place do not openly and comfortably lend themselves to women business owner success in securing government contracts. There should be definable, clear-cut mandates that not only put steps in place for women business owners to do business with Federal agencies, but also there should be an environment that is conducive for small business success in general.

Leadership is Critical to Success

The importance of a clearly defined commitment to Equal Opportunity Commerce in federal contracting must be emphasized throughout all agencies and with federal contractors.

Fundamental to the achievement of the goal of equal opportunity for women-owned businesses seeking federal contracts is the development of a clearly defined statement of commitment to equality of opportunity in federal contracting for small, women and minority-owned businesses.

While the federal constitution and a number of federal laws and regulations prohibit discrimination in federal contracting, the federal government lacks a clear and unequivocal statement by the executive branch of its commitment to assuring that all small, women and minority-owned businesses receive their fair share of the government's business, both in terms of numbers of contracts and dollars awarded. It also lacks a meaningful and effective program for ensuring achievement of statutory contracting goals.

There needs to be a clear and unequivocal promise by the President and the administration that the federal government will hold contractors and contracting officers alike to a clearly defined standard of inclusion and that the administration will take affirmative steps to identify, root out and punish discrimination at every level of the contracting process from solicitation to award to implementation.

The federal government must begin to look beyond minimal goals and implement policies and practices that will ensure that women-owned businesses are getting their "fair share" of federal contracts and contract dollars. "Fair share" is the equivalence of government utilization of women-owned businesses in federal contracting (as prime or subcontractors) to their availability to provide the goods or services sought. Any disparity between

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utilization and availability should be presumed to indicate that the procurement process is tainted by discrimination absent a showing to the contrary based on objective evidence or compelling needs.

Equality of contracting opportunity should not be seen as less important than equality of employment opportunity. Just as there are specific statements, contract terms and reporting requirements regarding employment by federal contractors embodied in a presidential executive order, there should be equivalent statements, contract terms and reporting requirements set forth in an executive order governing contracting by federal agencies and subcontracting by prime contractors on federal contracts.

Recommendation 1
The Task Force recommends that NAWBO immediately seek issuance of a Presidential Executive Order mandating that all federal agencies achieve the 5% statutory goal for WOSBs and setting out specific mechanisms for documenting compliance and sanctioning nonperformance.

To improve accountability for results, the executive order should include, at a minimum, the following actions: a) require all prime federal contractors to include and utilize WOSBs as subcontractors for projects exceeding a fixed dollar threshold; b) impose specified penalties for failure to meet the statutory goal including making proportionate cuts in funding for those agencies that fail to meet mandated goals and reallocate those dollars to complete the disparity study, to implement the WOSB set aside program and to provide education to WOSBs about federal contract opportunities; and c) impose accountability measures on federal procurement officials, including performance evaluations that measure progress in meeting the 5% procurement goal and sanctions to be imposed on agency heads and procurement officers who fail to take good faith steps toward meeting the 5% goal.

The Task Force further recommends that these additional accountability measures be considered for inclusion in the presidential executive order:

1) require each federal agency, contractor and subcontractor to seek in good faith to achieve the mandated 5% statutory procurement goal and, further, to take action to assure women-owned businesses their fair share of government contracts awarded in terms of both numbers of awards and dollars awarded;

2) require the Office of Management and Budget to evaluate utilization of women owned small businesses (as reported in the goaling procurement reports) against availability and issue an annual report documenting any disparity between utilization and availability;

4) require any federal agency, contractor or subcontractor with a documented disparity in utilization to review its contract award and purchasing practices to determine if any such practice has an adverse impact on women-owned businesses, and, if so, to justify its continued use by showing its necessity to the performance of the contract in accordance with essential terms or its necessity to assure reliable delivery of specified goods or services;

5) require that each federal contracting or procurement officer be evaluated and compensated in part on his/her compliance with the nondiscrimination and equal opportunity requirements of the executive order, including his/her achievement of the 5% minimum statutory goal for utilizing women-owned businesses and his/her elimination of any disparity in utilization of women-owned businesses documented by the OMB;

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6) require that each agency head be evaluated and compensated in part on his/her agency's with the nondiscrimination and equal opportunity requirements of the executive order, including its achievement of the 5% minimum statutory goal for utilizing women-owned businesses and effectiveness of actions taken to eliminate any disparity in utilization by the agency of women-owned businesses documented by the OMB; and

7) require that each federal contractor and subcontractor be evaluated for compliance with the nondiscrimination and equal opportunity requirements of the executive order, including its achievement of the 5% minimum statutory goal for utilizing women-owned businesses and the effectiveness of actions taken to eliminate any disparity in utilization by the contractor or subcontractor of women-owned businesses documented by the OMB and that the results of such evaluation be considered as a factor in deciding whether a contractor or subcontractor is "qualified" to be awarded future contracts.

Failure to Implement the WOSB Restricted Competition Program or Achieve the 5% Goal

Although there is a National Small Business Goaling Procurement Program administered by the SBA, www.sba.gov/GC/goals, and reports are made to the President annually, government agencies are not, in fact, held accountable for meeting the mandated contracting goal of 5%.

The SBA's continued delay in publishing the congressionally mandated disparity study is giving federal agencies an excuse not to do business with WOSBs. In the absence of hard data on availability of WOSBs by industry, some federal procurement officers and department heads argue that WOSBs are being treated fairly and that the failure to reach the five percent goal is a function of lack of qualified WOSBs with which to contract. This is argued despite findings by the National Women's Business Council that refute this assertion. See, e.g., Women Owned Businesses in Federal Subcontracting, Measures and Data, September 2003, available online at www.nwbc.gov.

The SBA has offered no persuasive reason why the disparity study has not been completed. The SBA hierarchy has not demonstrated a sense of urgency about getting the study done or the WOSB restricted competition program implemented.

Despite the collection of data pursuant to the National Goaling Program, it does not appear that departmental progress towards mandated WOSB/MBE/small business goals is consistently monitored nor are there any penalties for failure to meet goals. Data is reported and collected but there is no effective scrutiny of why these goals are not being met, or documentation of any efforts under way to effect change.

Recommendation 2
The Task Force recommends that NAWBO support efforts to pass legislation removing oversight of the long delayed disparity study from the SBA and transferring it to another government agency (e.g., the General Accounting Office or the National Women's Business Council) or to a private entity such as the Center for Women's Business Research.

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Recommendation 3
The Task Force recommends that NAWBO seek to identify funds to support a disparity study by the Center for Women's Business Research that will provide independent documentation of the fact that women-owned businesses are underutilized in federal contracting.

Recommendation 4
The Task Force recommends that NAWBO seek additional oversight of goaling by the Office of Management and Budget's Office of Procurement and by the SBA Office of Advocacy. Oversight should include: 1) published quarterly report cards for each department citing progress in attracting and retaining WOSB contractors and vendors; and 2) required publication of detailed statements at the completion of a project/contract, showing actual dollars contracted and dollars paid to each WOSB firm named as a prime or subcontractor on a project,

Lack of Accountability of Prime Contractors To Second/Third Tier Contractors

Prime contractors must be held accountable for seeking and utilizing the services of minority-owned, women-owned or small businesses as subcontractors, and the prime contractors must provide substantive evidence of the involvement of these subcontractors and of appropriate payments to them.

In cases where the federal government has dictated that a short-list of prime contractors are the direct suppliers as delineated by the government agency, these primes must then be held accountable in seeking and utilizing minority-owned, women-owned or small businesses as subcontractors.

There is no consistent or documented policy for primes in regard to using subcontractors across all agencies. In addition, there is no effective mechanism for ensuring that primes actually engage and pay timely all small, women and minority subcontractors listed in responses to RFP's.

Example

As cited from feedback given in the Procurement survey:

"Getting your company included as a subcontractor with a primary is the only way my company can be considered for federal government work. The frustration comes with being named and then not used when the contract is awarded to the company."

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Recommendation 5
The Task Force recommends that NAWBO work with federal procurement officials to ensure that prime contractors are considered an integral part of the solution to increasing opportunities for and participation by WOSB and MBE firms in government contracts, and held accountable for detrimental practices or misconduct.

Recommendation 6
The Task Force recommends that NAWBO seek legislation or executive branch action that would implement procedures for ensuring accountability in subcontracting including: 1) identifying and documenting each instance where a WOSB firm was identified as a subcontractor, but received no work on the contract; 2) initiating a Phase I audit at inception of a contract to confirm that a stated WOSB being used as a subcontracted provider has, in fact, been engaged by the primary awarded the contract; 3) establishing stiff penalties (including contract recission and debarment from future contracting opportunities for falsifying information on WOSB or MBE subcontractors in order to win a bid; 4) establishing a clear expectation for payment to subcontractors as well as a documented record of net profit to the subcontractor which is in alignment with the payment schedule and expected profit of the prime contractor; 5) recognizing and/or rewarding prime contractors that routinely utilize WOSB and MBE firms effectively in completing federal contracts; and 6) notifying all identified subcontractors on a project when a payment is issued to the prime to help ensure that a prime cannot hold or delay its payments to its subcontractors.

Data Base Validity

The CCR database is not routinely and rigorously validated to ensure that the businesses listed meet the criteria of WOSB, MBE and small businesses. The validity of the CCR/GSA database has been a source of contention and concern by small companies seeking contracts due to a lack of accountability for the integrity of the information about companies on the database.

Fortune 500 companies have been found among the lists of small businesses, minority or women-owned businesses and some instances of out-right fraud have been identified. This issue is complicated by the problem of duplicative and overlapping certification programs, which serve as a barrier to WOSBs interested in seeking certification as a "credential" to improve the integrity of the process.

This issue is complicated by the fact that the Small Business Administration size standards have been in a state of flux for two years, and have only recently been reissued effective December 2005. The new standards adjust the monetary standards upward for inflation but do not make changes in categories like those proposed but withdrawn in the spring of 2004.

In August of 2004, it was announced that the database is being made easier to access and navigate. However, the integrity of the information on the database is still not being addressed.

Example

From Procurement Task Force Survey:

"In 2001, RSIS was still classified as a small business even though company revenues were reported in the $70,000,000 range."

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Recommendation 7
The Task Force recommends that NAWBO continue to monitor changes in the proposed SBA size standards and proposed changes in the policies and procedures used to confirm and validate information submitted that becomes part of the CCR/GSA databases.

In reviewing proposed changes in the size standards, NAWBO should consider recommending that business categories be further defined so that consulting services are not lumped in with highly technical, licensed professional services and vice versa and that small businesses be broken down further within database according to employee size-range classification in addition to revenues.

Loopholes Used By Agencies To Avoid Doing Business With Small Business

Loopholes allowing government agencies to avoid offering contracts to small business must be identified and eliminated. In order for agencies to be held accountable, it is critical that any loopholes be exposed and closed within and outside the system.

One of the primary ways an agency is able to avoid doing business with small business is by issuing a contract through a department or entity that is not required or expected to achieve goal percentages under the Small Business Act.

> Example
>
> The Case of the Morale Boosting Berets
> In an example cited by Representative Manzullo, the Department of Defense issued a contract well above the dollar threshold for RFP solicitation for the production of berets to be distributed to military personnel as a means of boosting moral during Desert Storm. The contract was ordered through the Office of Printing, which is not required to adhere to the Small Business Act for specific types of purchases. As a result, an Asian firm was issued the contract. Representative Manzullo exposed this injustice, and a U.S. firm later produced the berets.

Recommendation 8
The Task Force recommends that NAWBO support legislation or executive action that will hold ALL government entities, departments and purchase classifications accountable under the Small Business Act.

Such legislation or executive mandate should require 1) an audit of all exempt purchase classifications and/or entities that do not currently fall under the jurisdiction of Small Business Act enforcement; 2) publication of the results of the audit for public record and scrutiny; 3) an amendment to the Small Business Act clearly stating that the mandate is all-inclusive, requiring full participation.

B. Cumbersome Certification Programs and Requirements

There is no universally accepted process for qualifying as a woman-owned business. The process of being certified has become a cumbersome, daunting and repetitive task that has become a stumbling block in obtaining contracts.

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There are multiple avenues of certification open to women business owners, each with its own standards and criteria, breadth of coverage and cost.

There are overlapping and duplicate requirements at the federal, state and local levels, and two, formerly competing national private certifications relied on principally by the private sector.

The current number and type of certifications is confusing and unnecessary. The majority of women-owned businesses responding to the NAWBO survey reported that the complexity, cost and time required was an obstacle to their seeking certification, particularly in light of their conclusion that there was limited or no return on the investment in terms of additional contract awards or revenues.

One reason to encourage women-owned businesses to seek certification is that it would help allay largely unjustified fears that some significant number of businesses self-certifying as women-owned are, in fact, "fronts for men." To the extent that this perception exists or that there are actually some number of women falsely certifying that they own and operate their businesses, it is important to ensure that objective third party certification is available to address this issue of integrity without imposing undue financial or other burdens on women-owned businesses.

To the extent that there are companies "owned" by women who are merely "fronts" for men seeking a perceived advantage from certification, these companies and the women who "front" them undermine the integrity of the many women who are genuinely managing the day-to-day operations of businesses they own and deserve the credit for the responsibilities they shoulder and the risks they take.

In order to fully comprehend the extent of certifications in the marketplace, a review of the certification programs that currently exist is necessary.

Federal Certification Programs

Congress authorized a Women-owned Small Business (WOSB) Procurement Program in 2000, Public Law 106-554, Section 811(m). Implementation of this program would require the SBA to develop a WOSB certification program. Under the law, WOSB's that were certified under this program would be eligible for "restricted competition" procurements authorized to help federal agencies meet the 5% contracting goal established by Congress in 1994. Unfortunately, implementation of the WOSB program has been delayed for the last five years.

Until the WOSB program is operational, there is no federal certification procedure required for women-owned businesses to participate in any federal procurement nor are there any procurement set-asides, price preferences or other developmental programs that provide a reason for women business owners to seek certification.

Currently, women business owners seeking federal contracts may choose to self-certify as a woman-owned small business (WOSB) in the Central Contracting Registry (CCR) database. The CCR is free and the SBA indicates that both federal agencies and large contractors that are seeking small businesses use it extensively.

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For the most part, however, the effort to encourage women-owned businesses to self-certify is largely a means to document contracts and purchases from women-owned businesses, showing progress toward the 5% procurement goal.

Women business owners may choose to become certified under one of three federal certification programs for disadvantaged businesses currently offered by the Small Business Administration (SBA) or through the Federal Department of Transportation.

The SBA certification programs are: 8(a), Small Disadvantaged Business (SDB) and HubZone. Information is available concerning the 8(a) program through www.sba.gov/8abd. Applications and information regarding the 8(a) program are also available through the SBA's district offices. Applications and information concerning the SDB program are available at www.sba.gov/sdb. Hubzone information is provided at www.sba.gov/hubzone.

The criteria for each of the currently existing SBA programs are different. Women business owners may qualify for the 8a program or the SDB program only if they can show that, as individual women, they were/are "socially and economically disadvantaged." Women are not presumed to be socially disadvantaged and they must provide evidence of bias or discrimination to be considered. Under 8(a), the woman business owner also must have a net worth less than $250,000 or less than $750,000 (excluding principal residence and value of business) program to be certified.

Businesses certified as 8(a) can receive business on a sole source basis. SDB's can receive a 10% price preference. HubZone certification is available only to businesses that are located in a HubZone with 35% of their employees living in a HubZone. HubZone businesses benefit from a set aside and a 10% price preference on certain federal purchases.

The Department of Transportation (DOT) also certifies qualified women-owned small businesses (WOSBs) through its Disadvantaged Business Enterprise program. An advantage of the DOT program is that women-owned businesses are not subject to additional burdens of proof regarding whether they are "disadvantaged." One problem with the DOT program is that it is administered by a variety of state and local transportation departments around the country. Every agency that receives federal highway funds must have a DBE program, and set and meet goals for including women and minority-owned businesses among its contractors.

Unfortunately, there is some evidence, at the local and state level, that women business owners do not receive the benefits of inclusion in the DOT program because required local and state compliance plans do not address or even acknowledge the need to ensure that WOSBs are receiving their fair share of DOT funded business.

To be certified under the Department of Transportation's DBE program, a firm must meet the following basic requirements:

- Be at least 51% owned by minorities or women Day-to-day operations must be controlled by minorities or women
- Be a small business as defined by the Small Business Administration
- Owner's personal net worth must not exceed $750,000.

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State Certification Programs

State certification programs vary in scope, nature and complexity and are often restricted to state located businesses. This is because the legislatures do not want any of the perceived "benefits" of certification to be afforded to out-of-state companies. There are few states where state certification programs accept NWBOC or WBENC certification as meeting state requirements. Two such states where there are cooperative programs are Kansas in which NWBOC certification is accepted by the state and Georgia where the GWEN program works with NWBOC as the certifying agency.

Local Certification Programs

Local certification programs often establish an independent layer of requirements, sometimes in conflict or, at a minimum, without affording reciprocity even to their own state certification programs.

Private Certification Programs

There are two major national certification programs offered in the private sector. Both offer certification to any woman-owned business that can demonstrate according to the programs' published criteria that it is, in fact, owned and operated by a woman or women.

- National Women Business Owners Corporation (NWBOC)

  More than 100 private companies and public agencies accept the national certification offered by NWBOC, a not-for-profit organization affiliated with the National Association of Women Business Owners (NAWBO) launched in 1997. NWBOC undertook the National Certification Program as a public service for corporations, government agencies and women business owners. The Program's objective is to increase the opportunities for women entrepreneurs to compete for corporate and government business while slashing the number of "front" operations. NWBOC is operated and governed by women business owners.

  To be certified as woman-owned by NWBOC, a business must be owned and controlled 51% or more by a woman or women. Among other "control" factors, a woman must be CEO of the business for it to be certified. The current fee is $300.

- Women's Business Enterprise National Council (WBENC)

  Like NWBOC, WBENC is a not-for-profit organization launched in 1997. Dedicated to enhancing opportunities for women's business enterprises, WBENC works in partnership with women's business organizations located throughout the country to provide a national standard of certification for women-owned businesses. Over 500 corporations and a number of federal and government agencies accept WBENC certification. Corporations hold two-thirds of the seats on the board of directors of WBENC. The other third of the seats are held by representatives of women's business organizations and by certified WBEs.

  To be certified by WBENC, a business must show that a woman or women own it 51%, and that the woman or women have effective management and control of the business.

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Paperwork Burden with No Return on Investment

Too many agencies and companies have their own certification processes with different certification standards. This creates separate redundant bureaucracies in each agency and unnecessary duplication of effort, paperwork and cost to each business applying for certification and unnecessary additional costs to taxpayers funding duplicate public certification programs.

Certifying companies, agencies and organizations typically do not honor other certifications.

Some agencies allow "self-certification", or a certification process that does not include a site visit or in-depth interview to ensure a woman or women own and control the business.

There is little uniformity in the current certification processes. There are no agreed upon, recognized standards or criteria for what constitutes an effective certification program.

Women business owners report that they have a hard time seeing the value of certification due to the confusing guidelines, the costs, the duplication and the lack of a return on their investment.

The only Federal certification program that would actually qualify a woman-owned business for "restricted competition" (the WOSB program authorized by PL 106-554) is not yet operating because of delays by the SBA in completing a required disparity study.

The SBA administers other certification programs for which women-owned businesses may qualify but these programs require non-minority women to document that they have experienced discrimination or to meet location specific requirements (HUB zone).

The only federal certification program in which all women-owned businesses are presumed to be "disadvantaged" is the DBE program applicable to recipients of federal highway funds overseen by the Federal Department of Transportation.

Examples

From the Procurement Task Force Survey:

One woman wrote: "Although I am not yet certified I plan to become certified at some point. From my involvement with Public Policy at NAWBO and my polling our chapter members there are too many layers of certifications and I need to better understand whether and how a certification will help my business which is service-oriented (commercial real estate brokerage)."

Recommendation 8
The Task Force recommends that NAWBO take a leadership role in bringing stakeholders together to develop a consensus about the standards, criteria and procedures that should be used in certifying women-owned businesses.

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Recommendation 9
The Task Force recommends that NAWBO encourage the two private certifying entities (NWBOC and WBENC) to merge or to agree on a single, common set of standards, criteria and procedures for certification. While the fundamental difference in the governing structures of the two organizations and the commitment of different women business owners to the two models may make merger unlikely, this difference in governance should not preclude development of a uniform certification process.

Recommendation 10
The Task Force recommends that NAWBO take a leadership role in advocating that all private companies, federal, state and local governments accept, without additional paperwork or investigation, a woman business owner's certification by either NWBOC or WBENC as to the ownership and control of the business by a woman or women. Then, if there were additional programmatic requirements, these would be evaluated without requiring duplicative paperwork on the ownership/control issue.

Recommendation 11
At a minimum, the Task Force recommends that NAWBO be a lead advocate for the acceptance of NWBOC and WBENC certification by the SBA when and if the WOSB program is finally implemented.

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C. Ineffective Contracting Practices

The Task Force found a number of contracting practices at the federal level that are based on inefficient standards that often result in poor quality service and products as well as cost overruns. More importantly, these ill-conceived practices discourage creative, cost-effective, and technically superior bids from WBE, MBE and small businesses. Current practices in place within federal, state and local government are counter-productive to efforts to increase opportunities to WOSBs, MBEs, and small business in general.

Identified as the most cited issues of concern for WOSB firms are:

Bundling & Vendor Reduction

Contract bundling excludes WOSB, MBE and small businesses from many government contract opportunities in a persistent and consistent manner. Each year, the federal government awards over $200 billion in contracts. In fiscal year 2001, there were 11.4 million contract actions valued at $234.9 billion. Federal agencies state that they generally award nearly 23 percent of the total dollars spent on federal procurements each year to small businesses. In addition, in fiscal year 2001, large businesses subcontracted approximately $35.5 billion in federal work to small businesses.

The Small Business Reauthorization Act of 1997 defines contract bundling as "consolidating two or more procurement requirements for goods or services previously provided or performed under separate, smaller contracts into a solicitation of offers for a single contract that is unlikely to be suitable for award to a small business concern." The Act lists several factors that might cause unsuitability for award to a small business. These are: diversity, size, or specialized nature of the elements of the performance specified; aggregate dollar value of the anticipated award; geographical dispersion of contract performance sites; or, any combination of these criteria.

Contracts are bundled due to increased demands to make the acquisition process quicker and less complex coupled with reductions in the overall acquisition workforce have driven acquisition managers to bundle requirements. To meet these demands and increase customer satisfaction, agencies have increasingly consolidated contractual requirements into larger contracts and used limited and simplified competition procedures for acquiring products and services.

The impact of contract bundling on small businesses is significant. According to a report prepared for SBA's Office of Advocacy, for every 100 "bundled" contracts, 106 individual contracts are no longer available to small businesses. For every $100 awarded on a "bundled" contract, there is a $33 decrease to small businesses. Because these types of contracts "run longer and encompass a greater scope, competition is reduced in terms of frequency and the number of opportunities." Analysis of the data indicates that, even though the overall dollars spent in contracting with small businesses remained relatively constant, there has been a sharp overall decline in new contract awards. New contract awards (i.e., new contracts rather than contract modifications or orders under existing contracts) have declined due to bundling, from a high of 86,243 in fiscal year 1991 to a low of 34,261 in fiscal year 2001. The Democratic members of the House of Small Business Committee, report that in 2002 the number of small business contracts actions from 2001 to 2002, decreased by more than 14%. In 2001 the annual bundled contract count was the highest in 10 years up from 19% from 1992.

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NAWBO members reported that contract bundling shuts out small businesses from competing for government contracts due to the inability to compete with larger entities. Contract bundling saves the government time but there is no evidence to date that shows that contract bundling actually saves the government money.

The fact that the Department of Defense, the agency spending the most on federal procurement, issued a statement on September 17, 2004, that agencies in the department will no longer be permitted to bundle contracts is an indication that bundling is not reaping the rewards originally thought to have been gained.

Example

The Boise Office Supply/U.S. Postal Service contract of 2002 is a prime example of a contract that professed to potentially save the government $32 million over the timeframe of the contract, but in reality only saved the government $1 million.

Recommendation 13
The Task Force recommends that NAWBO continue to oppose contract bundling and seek legislation and executive branch action to initiate standards of accountability and justification across all government agencies for contract bundling and common guidelines to effectively monitor, measure and document the necessity and validation of bundled contracts.

Such action should 1) remove loopholes that allow agencies to refer to bundling in different terms; 2) strip agencies of the power to determine whether or not a contract is bundled; 3) prevent agencies from bundling contracts for one fiscal year if they do not meet their small business goals; 4) give small business a fair appeals process when it disagrees with agency policies; 5) eliminate agency authority to make changes to its procurement strategy; 6) make it mandatory that an agency publish the final end-of-contract pricing in conjunction with the bid pricing with justification by both the agency and the contractor for costs above approved contract bid price; and 7) make all of this information publicly accessible.

Recommendation 14
The Task Force recommends that NAWBO support executive branch action to facilitate joint venturing of small businesses to pursue bundled contracts with the RFP being scrutinized based on the collective capability and capacity of the venture as a whole. Such action should ensure that contracts will 1) allow joint-venturing businesses to present qualifications in a collective manner; and 2) allow joint-venturing businesses to present capacity and financials required for contracting in a unified manner versus one being required to be the lead contractor citing its sole financials.

Contract Solicitations With Unnecessary, Restrictive or Targeted Requirements

It is too often the case that the solicitation document is written to include requirements that are unrealistic or unnecessary, effectively causing a small business to self-eliminate due to the inability to adhere to the requirement.

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Examples

Bonding and Insurance Requirements: While bonding and insurance requirements may be necessary for large construction projects, in many industries, these requirements are not applicable or necessary at the level required in many RFPs. In addition, a business is expected to include proof of such insurance or bonding in responding to an RFP. At the levels many of these contracts require, a small business often cannot justify investing money to buy insurance or obtain bonding prior to the contract award.

The following statements were pulled from the NAWBO Procurement Survey citing other problems with unnecessarily burdensome or skewed contract requirements:

"A specific, unrelated requirement can eliminate a small business from submitting a bid. For example, in one RFP it was required that the contractor to be considered publicly advertises, which was totally unrelated to the RFP, but a stipulation just the same. We choose other methods of marketing and do not mass advertise. This seems more conducive to a large business practice."

"We have come across RFPs that are written for a specific product, including a specific brand, model, which eliminates comparable alternatives and appears to be written with a particular company in mind. I have offerings that have more functionality and cost less than the systems already in place. I cannot expose the agency to the alternatives, because the RFP is written to eliminate any that do not provide to the brand and model specs."

Recommendation 15
The Task Force recommends that NAWBO seek changes to solicitation practices that would require agencies to simplify and standardize solicitations for proposals or bids including: 1) prepare RFP solicitations based on the standards within a given industry, versus allowing another industry (such as construction) to dictate investment requirements and qualifications; 2) utilize a private industry advisory board to assist in the development of such standards; 3) allow a business to show a notarized letter of intent signed by an insuring entity to confirm that the bonding or insurance would be secured at the time of the contract; and 4) identify a set number of days in which the small business would be required to show actual proof of insurance subsequent to the notice of award.

Application of Size Standards to Reclassify Business Based on Contract Award

When classification of a small business in an industry is based on revenues or sales volume, a single, large contract could require reclassification of the business, thereby, eliminating them from future set-aside or restricted competition opportunities under the Small Business Act.

It is understood that the small business size standards are in place to protect and facilitate opportunities for truly small businesses. Nonetheless, a genuine, small business that wins a single large federal contract could be automatically reclassified once the large contract is awarded.

In this case, a small business would be penalized immediately for taking one step up the growth ladder and discouraged and disadvantaged in seeking additional government contracts. Moreover, the reality is that the

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large contract is typically awarded for a finite period of time; therefore, making the reclassification premature if once the contract is complete, subsequent sales may not justify the immediate reclassification.

Recommendation 16
The Task Force recommends that NAWBO seek modification of the SBA size standards to prevent a small business from being reclassified for federal contracting purposes based on an increase in revenues or personnel generated by the award of a single federal contract.

The size standards should be modified to state that should a government contract push a small business' sales volume over the maximum limit and such increase in volume represents more than 10% increase in revenues for the company, then the business would not be reclassified based on such increases during of the term of the federal contract.

Manipulation of Contracting Thresholds

In some cases agencies are intentionally dividing contracts for goods or services so that amounts fall within informal purchasing programs where public notice and bid are not required. Such practices give the procurement officer or agency the ability to handpick a supplier without regard for status as a small business or qualifications. Lower dollar supply and service needs of the government are the ideal types of projects for small businesses to begin doing work and gaining opportunities with government agencies.

Recommendation 17
The Task Force recommends that NAWBO seek passage of legislation or issuance of an executive order that initiates measurable performance standards for tracking the types of businesses obtaining contacts through informal processes including size, frequency, and designation as a MBE or WOSB; establishes separate goals for low dollar threshold or informal contract opportunities specific to small business, WOSBs and MBEs; and requires compilation and publication to all procurement officers of a separate qualified database of small businesses certified and capable of providing service and/or products for smaller projects or service needs under a certain value or quantity amount.

Low Bid Mentality

Automatic award to the low bidder encourages underbidding based on the use of inferior products, under-skilled labor, and poor project management. Simultaneously, it discourages the innovative small entrepreneur who is able and willing to provide superior service, highly qualified support and technical expertise. The government contracting officers have the freedom, with limitations, to structure the solicitation and selection process using either of two standard decisional approaches:

Selection of the offeror whose proposal is technically acceptable and who offers the lowest price (the Lowest-Priced-Technically-Acceptable or LPTA method)

Selection of the offeror whose proposal reflects the best combination of features, whether or not the offeror's price is the lowest (the Best Value method).

LPTA ignores the value of technical superiority versus technical acceptability. LPTA also fails to consider the probability of successful performance by the offeror. By assuming that cheaper is better, LPTA is comparable to

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buying a hammer and hiring an unskilled laborer rather than buying a nail gun and hiring an experienced carpenter.

The Task Force does not believe that a contract award decision based solely on the lowest bid ultimately provides the best value for the government in the provision of good and services.

The practice of awarding a contract based on Lowest Price/Technically Acceptable places small business at a distinct disadvantage and effectively discourages small business from pursuing a multitude of contracts due to:

- Low bid means low margins and little profit. Any scope deviation or change eliminates profitability.
- A low margin means fewer dollars to hire and train new employees.
- Trends towards always hiring experienced professionals with developed skill sets reverts to hiring and training professionals newer to the field, with less experience.
- The Lowest Bidder may have the lowest bid solely due to arithmetic errors in their proposal, misinterpretations of plans or specifications, or errors in subcontractor or supplier bids.
- Low Bidders are pressured to cut costs, and possibly corners by using inexperienced staff, older equipment, or lower-quality materials resulting in subcontractors, often times small businesses, being squeezed in pricing in order for primary contractor to make desired profit.

The U.S. Federal Highway Administration (FHA) has conducted extensive studies and has determined that the low-bid mentality can lead to poor designs and cost overruns, as compared to similar European infrastructure projects. The FHA notes that U.S. highway projects have almost exclusively been awarded via unit price bids using 100 percent complete construction drawings. Europeans use a best-value selection process, reviewing the overall skill level of the applicant as the primary means of decision-making for contracts.

David Walker, Comptroller General for the U.S. General Accounting Office, made the following statements regarding the revised OMB Circular A-76 in October 2003. The circular makes "best value" instead of "lowest cost" the factor that agencies must use in determining who will win a public-private competition. Walker notes:

For many years, federal agencies conducting negotiated procurements under the Federal Acquisition Regulation (FAR) routinely have traded off cost and non-cost factors in making contract award decisions. The tradeoff process is often called "best value." Among the most common non-cost factors, all of which are required to be identified in the solicitation, are the contractor's technical approach, past performance, and management plan. Tradeoffs reflect a widespread practice used by other governments (state, local, and foreign) as well as by the private sector.

The tradeoff process moves the federal government past the "low bid" mentality of the past, with increasing consideration of factors such as quality and past performance. It entrusts federal employees acting as source selection officials with the authority to use their judgment in selecting among proposals offered. While concern sometimes has been expressed that the tradeoff process allows source selection officials very broad discretion, that discretion has boundaries. An award decision must comply with pre-established evaluation criteria, and is subject to challenge if it appears it did not. In this regard, GAO considers bid protests challenging the way

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tradeoffs are conducted, and sustains protests where the process was unfair, unreasonable, or inconsistent with the terms of a solicitation.

The previous version of OMB Circular A-76 allowed the use of a "best value" tradeoff selection process among private-sector proposals. The process created in the March 1996 revisions to the Circular A-76 Supplemental Handbook endeavored to capture the benefits of the tradeoff process, while maintaining the perceived objectivity of a cost-only selection.

Under the new Circular A-76 issued in May, federal agencies will be able to use tradeoffs only under certain conditions. Under the terms of the new Circular, a tradeoff source selection is allowed in a standard competition for (a) information technology activities, (b) commercial activities performed by a private sector source, (c) new requirements, or (d) certain expansions of current work. An agency also may use a tradeoff source selection process for a specific standard competition if, prior to the public announcement of the competition, the agency's Competitive Sourcing Official approves use of the process in writing and notifies OMB.

The extent to which cost in tradeoff decisions will be a significant factor under the new Circular is unknown. But while the role of cost is important it must be balanced with the government's ability to obtain the technical capability and quality it needs to meet mission requirements. Although cost is important, it is not everything.

> Example
> A Woman-Owned Enterprise, which was rated excellent in its performance over a two-year contract, lost the contract in the re-bid of a continuation of the contract due to a large competitor undercutting the contract by $2,000,000 in order to receive. The contract was won using lesser caliber personnel to fulfill the functions of the contract compared to the previous vendor.

Recommendation 18
The Task Force recommends that NAWBO advocate executive action to ensure that checks and balances are in place to assure that caliber of firms or suppliers are fairly assessed on capability and product quality expectations whether for renewals of first-time bids. Such action should establish a checklist or procedure for comparing contracts to assure "apple-to-apple" comparisons of qualifications and fulfillment of contract to assure that lowest bid candidates are not padding submittals with lesser quality personnel or materials in order to win contract.

Value-Based Contracts With Low Bid Under Tones

The long-term value of products, service and technical support have been proven to be more cost-effective than short term cost savings related to low bids. The Procurement Task Force strongly supports the practice of vendor selection based on value received versus selection based on strictly the low bid. This is especially critical in contract areas where intellectual or technical expertise is paramount to the successful result of a project.

One area of concern in Value-Based RFP solicitations is that often times the contract is still written with verbiage consistent with a low-bid solicitation, making the request both confusing and contradictory. It is suspected that this occurs because standard templates for RFP preparation have been developed and presented to procurement departments. Since most RFP solicitations do focus on the low bid as a primary criterion, then the initiator of the Value-Based RFP may add the value based element, but not delete those low bid factors, which were a part of the template being used.

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Example

In a value-based solicitation for the design and production of a report for the National Science Foundation in unison with a State University, the qualifications portion stated the credentials of the firm, creative concepting, and track record as being considered as key qualifiers in conjunction with pricing. However, the RFP still contained numerous portions consistent with a low bid solicitation, even though the RFP stated that the lowest bid may not be awarded the contract, A WBE firm was awarded the contract, however, had the firm not been experienced in bidding, may have underbid the project due to these inconsistencies had they not chosen to ignore certain aspects of what was written in the RFP.

Recommendation 19
The Task Force recommends that NAWBO seek executive action to ensure that Value-Based RFPs consistently reflect intent to select contractors based on the value being sought. The government should create a template for value-based contract solicitations that presents a consistent focus on quality, value and capability.

Even when the Best Value Selection Method is used, the contracting officer may adopt a formal or less formal approach. In the less formal approach, price is weighed against all other factors rather than being one of many factors under consideration. The importance of price clearly dominates the less formal approach and may disadvantage a small business owner who can offer technical superiority, better service, enhanced quality, or other advantages that will better meet the government's needs. Additionally, the evaluation of proposals in a price-versus-all-else manner is far less demanding than the evaluation required under the formal method. As a consequence, contracting officers may be partial to the faster, simpler, and easier process prescribed by the less formal approach.

Typically a formal Best Value approach is used only when procurement costs are high. In fact, government procedures state, "Due to the significant resource investment, Formal Source Selection should be reserved for the most complex, highest dollar value procurements."

Due to the complexity of procurement that qualify for a formal best-value approach, contracting officers often engage industry participation to define the requirements of the acquisition. Clearly this makes the acquisition process more efficient. Just as clearly, this practice provides participating companies with advantages that are unavailable to companies that are not included. These advantages include but are not necessarily limited to:

- considerable lead time in understanding the technical and other requirements of the procurement request
- head start in writing their proposal
- opportunity to craft the technical specifications in a manner that is consistent with the products they can best supply

Recommendation 20
The Task Force recommends that NAWBO advocate for the federal government to develop a methodology that assures that there is greater public accountability for after-award contract price increases due to change orders or other factors. When the price of a Federal contract increases after award due to inadequate information on the part of the government agency at the Request for Proposal Phase, there

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needs to be some form of public accountability and tracking of these approved increases during the duration of the contract and at its termination.

Often, procurement officers look at the size of a services firm as one of the greatest determinants in whether a firm can do the work. Unfortunately, this puts women-owned businesses at a disadvantage since women-owned businesses tend to be smaller.

Instead of putting so much emphasis on the size of the firm, more weight should be given to the breadth of experience and length of time that a particular principal of the firm had been established.
In large firms the work is often delegated to inexperienced and younger professionals while in smaller services firms, the work is actually done by the people who sold themselves at the presentations. This should be an incentive for the Federal government to do business with smaller and women-owned services firms.

Recommendation 21
The Task Force recommends that NAWBO advocate that the federal government utilize criteria for awards that give greater weight to the experience of the principal(s) of the firm, so that smaller women-owned businesses can compete fairly with larger firms.

Performance Based Contracting

Performance evaluation is a critical element of the contract process. However, to work effectively it must be made available to both the government agency and to the contractor. If an agency chooses to evaluate the performance of their service consultants, the tracking system should also allow for the consultants to evaluate their agency project managers. If this is not allowed, then the consultant is subject to a form of blackmail.

If the consultant doesn't do exactly what the project manager wants or the way he wants it, the consultant is subject to a poor evaluation. In bureaucracies often times, delays are caused by agency personnel refusing to make decisions. These delays are sometimes attributed erroneously to the consultant although the consultant did everything in his power to move the project along. In addition, consultants should not be evaluated in areas over which they have no control. For example, there was a case in which a municipality hired a consultant and wanted the consultant to be responsible for a timeline, which included a period of 4 months for getting a building permit. This particular municipality is known for having an unwieldy process for permitting and there was no way to control the time the agency would need to review the drawings. Eventually the issue was resolved between the two parties. It was decided that it would be unfair to make the consultant responsible for the time it took to permit the drawings when this timing was outside his control.

Recommendation 22
The Task Force recommends that NAWBO advocate executive action that will implement a process of mutual evaluation of performance in federal contracting. A two way evaluation process must be developed to fairly review both the contracting agency and the contracted entity to assure performance standards are being met on both sides according to pre-agreed upon standards and expectations.

Time Consuming Application Process/Unrealistic Operational Contract Requirements

There is no single effective and efficient process by which companies can identify and pursue procurement opportunities with all government agencies. There are more than 100 federal agencies and the application processes are different with almost every agency. Where you register, how you register and how often are

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important components to effectively navigating opportunities in procurement. Ensuring you have all the pieces in place in order to complete the application properly is key.

For small business, the application process is a daunting one at all levels of government (federal, state and local).

The federal government does not make effective use of technology in addressing this issue. Procurement information is packaged and presented differently even by different agencies in the same department. In some cases it takes multiple clicks leading far into the interior of the site even to find information on procurement forecasts that each agency is required by law to publish annually. Without information from these forecasts, prospective contractors have difficulty taking the actions necessary to establish and build relationships with procurement officials who may be seeking services or goods from suppliers in their industry in the coming year.

Too Many Agencies; Not Enough Time

With no consistent process for identifying, and qualifying for procurement opportunities, and the need to understand and comply with criteria established by multiple agencies, simply getting into the system for consideration and notification can discourage many small businesses from participating in the first place. This is a problem that extends to state and local procurement programs and to the private sector.

Examples

One woman wrote: "I discovered that in order to do business with (various) states, I had to sign up separately for every single state. In addition, once I had signed up, I then had to sign up with each individual agency. Some states are improving this process but it is too slow to help at the current time. Most states do not make it clear how to sign up with whom and how often."

When asked which is the greatest barrier to WOSBs going after contracts, one woman wrote, "Application Process -Your company not only has to be registered with the CCR but also every branch of procurement i.e., Progate, DOD, BusOpps, FedBid, EPS, Neco, ASFI, FedMarket etc. This process is very time consuming and the websites are massive and not easy to navigate."

Recommendation 23
The Task Force recommends that NAWBO advocate executive action to develop a streamlined, uniform, government-wide process that makes effective use of available technology to permit vendors easy access to procurement forecasts, information on available opportunities and criteria for responding to requests for quotes, bids or proposals. This would make both the process of gaining new vendors and service providers and the processing of new vendors easier and more readily available across all agencies for consideration.

Too Much Paperwork

Once an organization has determined the right organization or agency to approach the next hurdle is an overwhelming amount of paperwork in order to be considered by a multitude of agencies, or in some cases just one agency. The effort required for a small business is daunting and can be viewed as not a productive use of available time and resources for the payback.

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Examples

Procurement Task Force Survey feedback:

"Our city has several large corporate services which have agreed to accept WBE/MBE certifications from each others companies. I found a person whose company had a paid position for a person to work helping women become certified as a WBE through their industry. However the company was a utility, which rarely used my products and services. Therefore the questions in the reams of paperwork requirements were not pertinent to my business. I was unable to show data, which related to many of the required information sought by the utility. While they should be given kudos for taking a 'helping hand' approach their application prohibited many woman-owned businesses from qualifying".

"It's a paperwork nightmare and often companies are required to meet certain pay rate and benefits packages to employees to qualify. This can eliminate possibilities for smaller businesses."

"I have reviewed over 25 RFPs and the paperwork required is daunting. Additionally, the RFPs are written in an unclear fashion, so I have come to the conclusion that they are intent on making it difficult for new contractors to be considered and prefer to work with existing vendors. It seems to be a bogus system."

Recommendation 24
Paperwork and complicated processes are inevitable, but they do not need to be overwhelming. **The Task Force recommends that NAWBO advocate that the executive branch establish a government-wide task force to develop and identify common documents across all the different agencies.** Looking at examples of efforts such as the City of Los Angeles should give the task force some ideas on directions. Once the task force has identified best practices and ways to streamline the process for responding to requests for quotes, bids or proposals, a set of templates and guidelines can be developed.

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Inconsistencies In Requests For Proposals (RFP)

RFPs typically contain vague, misleading and inconsistent language. RFPs also fail to demand standard replies that provide for equitable comparisons among and between bidders.
Whether a WOSB has been pursuing contracts for years or is just beginning the process, an overwhelming number consider the RFP process to be cumbersome, contradictory, inconsistent and a hindrance in pursuing more opportunities or in beginning to pursue opportunities at all.

Vagueness and confusion in RFPs cause details to be missed, erroneous assumptions to be made, and proposed options and projected costs to range greatly. This causes frustration and increased review time for the contracting officers and decision makers within the government agency, who are trying to compare extremely different proposals.

It also makes the RFPs extremely difficult to respond to, especially for a small business. Small businesses typically do not have the resources to have a dedicated proposal staff and must take staff away from their regular work to work on preparing the proposal. Usually these staff do not have prior experience working with government entities, so are unfamiliar with government jargon or procedures.

Any lack of clarity in the RFP may lead to mistakes in the response and the elimination of a proposal for lack of compliance to the specifications of the solicitation, through no fault of the company submitting the proposal. In most cases, those who are eliminated never learn why, so they are unable to learn enough to correct their processes for future efforts. Even if a proposal is accepted, if lack of clarity still exists, there is an increased likelihood of change orders and added costs after contracts are let.

Responding to a Request for Proposal (RFP) is frequently a company's introduction to doing business with a government entity. Many business owners also mention it as a primary reason they decided not to pursue government work.

In order for agencies to adhere to the mandate to simplify the Federal Acquisition Regulations and to include or welcome small businesses, it is critical that RFPs be written clearly, and that mistakes and inconsistencies be removed prior to release of the RFP. Establishing a policy of concise, easy to read RFPs, emphasizing direct language, clarity of goals and expectations, consistency in all details and adequate quality control before publication is in the best interests of the government and large and small businesses.

Many small businesses find that the only way they can increase their success is to hire a staff person or a contractor with government contract management experience, i.e., someone who speaks the language, to translate the RFPs and help them design proposals that are more likely to be written in contractor language. This person is, hopefully, helpful in finding the inconsistencies and areas of vagueness and writing the questions about them in contracting language so the offeror can understand them. Then the offeror's answers may need to be translated back into a more government or contract-friendly language. In any case, this is a cost many small and start up businesses cannot afford, nor should they be required to need.

It is very understandable, then, to hear disappointment from small business owners who thought they were doing things right and found the process frustrating, confusing, difficult to navigate and impossible to win.

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Many have come to the conclusion that it is not worth their while. Others have come to the conclusion that the system is designed to discourage small businesses. This conclusion is especially true of women business owners.

Overly Vague, Unclear, Or Confusing Descriptions

Reading an RFP has been compared to attempting to decipher a document written in another language, with its own set of arcane assumptions and expectations unrelated to your own world, much less the business, product or service it is requesting to be delivered. Deciphering what the RFP is stating as its requirements, desired Statement of Work, or what the Government needs to be met by the Offeror can often times be interpreted in a multitude of ways.

RFPs that are vague and open enough to include almost anything. These have been called "garbage can" RFPs: a vague RFP that is consciously or unconsciously designed to cover anything the end user can think about later, as the project goes along. The vagueness extends to the evaluation criteria, unfortunately, so neither the customer nor the offeror is likely to ever feel neither finished nor satisfied. It is difficult to prepare a proposal to meet an ill-defined statement of need. This results in more questions to the government, which takes time for staff to answer and delays the proposal process, which frequently must wait for an answer to the question before proceeding.

Examples

Participants in the Task Force survey made the following statements concerning vagueness in RFPs:

"The department which wrote the RFP did not seem to know much about the specifications or lingo of our industry. It made it very time consuming to find out exactly what they were requesting."

"In a recent RFP, the stated need for analysis of the cost of regulation was so vaguely defined that it was virtually impossible to submit a bid. Without a more specific description of the required measurements and expected information (or some past experience with the agency issuing the RFP), there is no way to estimate the time that would be required to fulfill the RFP."

"It is my experience that RFPs are so vague as to promote 'padding' the bid. By this I mean that we wanted to make sure that we covered issues that were not addressed in the RFP so that the efforts and costs would be as close to actual as possible. Agencies need to scope out projects better to help us submit realistic costs. Our bid was too high because we couldn't get the correct information."

"I have reviewed over 25 RFP's and the required paperwork for the contracts is daunting. Additionally, the RFP's are written in an unclear fashion. So I have come to believe they want to make it difficult to prevent new contractors and really prefer their existing vendors. It seems to be a bogus system."

Mixed And Conflicting Criteria Or Specifications

RFPs regularly contain contradictory language describing the requirements, needs, or Statement of Work. This might result from lack of agreement or clarity on the requirements by multiple the end user(s) of the product or service.

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Problems with communication of requirements from the potential end user(s) of product or service and the contracting officer who writes the RFP.

Lack of knowledge, or "fishing expeditions" in a field where the end user lack understanding.

Examples

Feedback from Task Force survey:

In a recent RFP, a NAWBO member reports that she found two completely different and conflicting sets of Evaluation Criteria in the same RFP. Since her company easily met one set of criteria but not another, the question of which set of criteria was the correct one to follow needed to be answered before she could decide to bid on the project or not.

"Received an RFP titled for one type service, but down in the bid they wanted you to recoup them money and use that money for funding other projects. It appeared to be written to prohibit a small business from being able to compete."

Recommendation 25
The Task Force recommends that NAWBO recommend a change in federal contracting procedures that would ensure involvement by end users in the writing of the substantive requirements sections of contracts (e.g., the Statements of Work, Evaluation Criteria, and any Instructions to Offerors that address professional or industrial standards or specifications) and the writing of the parts of the RFPs that deal with costing, FAR related, formatting and contractual issues to contracting officers.

Recommendation 26
The Task Force recommends that NAWBO recommend that the federal government establish plain-English requirements for government contract documents including language in solicitations that clearly describes the service or product sought and develop a Government/Small Business RFP Standards Committee (to include MBE and WOSB firms) to develop guidelines for plain language contracting to monitor progress in implementation.

Unclear Or Inconsistent Evaluation Or Submission Criteria

Criteria presented in the RFP as basis of selection or consideration is inconsistent or vague to the point a business may not clearly see the opportunity as one to be pursued, even though they are highly qualified to provide the desired service or products. It is essential to understand the evaluation criteria in order to ascertain whether or not your company can meet the Technical, Cost, Past Performance, and any other Evaluation factors, in order to make a "Bid/No Bid" decision.

Examples

An RFP stated that all questions must be submitted in writing by a specific date and would all be answered in writing on a specific date a week following the question submission deadline. This was 2 weeks after issuing the RFP and less than two weeks prior to the date the proposals were due.

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This formal question scenario is a familiar one. It puts all offerors in the position of deciding to proceed with limited information, possibly rewriting, if their assumptions are incorrect, or wait. Waiting puts the offeror in the position of preparing the proposal in haste. Neither alternative is ideal.

Unclear Or Inconsistent "Instructions To Offeror"

In order to be considered, each proposal must follow the same format. Some agencies are extremely strict about this, while others are more tolerant of variations. Unclear or inconsistent instructions, however, add to the potential offeror's confusion, especially a first time offeror. They also produce wide variations in the responses the agency receives, which adds to the work of the agency staff in assessing them.

If the agency eliminates proposals that do not follow formatting instructions exactly, the cost of such mistakes from misunderstandings are huge to a small business, where every minute spent is of great value to its bottom-line.

The lack of clarity also encourages offerors to "over comply", i.e., to send in every possible option they can anticipate from the instructions. This can result in an enormous amount of work and an enormous amount of paper and documentation.

Examples

In one case a WBE firm felt the department which wrote the RFP did not seem to know much about the specifications or lingo of the industry. "It made it very time consuming to find out exactly what they were requesting."

From the Procurement Task Force Survey:

"The entire process is very overwhelming and confusing. Nothing is written in plain language and even though I hold an advanced degree most of it makes no sense to me. It seems redundant and is not user-friendly or encouraging. I am a one person operation and I would have to hire someone to sift through piles of regulations just to follow an RFP, let alone submit a proposal".

Another wrote: "In a recent RFP, the stated need for analysis of the cost of regulation was so vaguely defined that it was virtually impossible to submit a bid. Without a more specific description of the required measurements and expected information (or some past experience with the agency issuing the RFP), there is no way to estimate the time that would be required to fulfill the RFP."

"The RFP wanted very specific results without specifying who would be responsible for info and cost of preliminary work to achieve goals specified. It was written either for predictable failure of respondent or was written in order to enable a predetermined party to receive the benefits of contract."

Recommendation 27
The Task Force recommends that NAWBO recommend that the federal government conduct a complete review of current procedures and standards for developing, reviewing, issuing and evaluating proposals, and establish an RFP oversight commission of government and business owners, to include ample representation from the woman-owned and small business community. This commission should also

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include business owners who have never received an RFP. They will be able to give valuable feedback as newcomers to the process.

Recommendation 28
The Task Force recommends that NAWBO recommend that the federal government implement better procedures to ensure consistent quality in the preparation of contract solicitation documents. Among other things, the federal government should: 1) revise and require government training in the existing procedures; 2) revise and require government training in basic word processing computer skills (spell check, formatting, cut and paste, find and replace, etc); 3) require closer supervisory oversight for quality control to ensure that actual sloppy work with misspellings, passed due dates, etc. is not published; 4) require automatic spell check on every RFP; 5) require random 3rd party review of RFPs in every department of every agency until a standard of excellence can be sustained in the area of RFP language clarity, internal consistency, direct and appropriate language and the number and incidence of formal questions has declined.

Continuous Addendums/Revision

During a RFP solicitation time period, it is not uncommon to receive numerous revisions and addendums to the initial RFP. In some cases, if these addendums are not formally responded to, a qualified bid may be deemed disqualified because an addendum was not acknowledged. The continuous flow of amendments to RFPs further substantiates the problems that exist with how they are written in the first place.

Furthermore, these constant revisions wreak havoc on a small business attempting to prepare a proposal for consideration, having to continuously adjust to accommodate these requests resulting in additional time, that in some cases, may result in coming to the determination that is just isn't worth the time away from paying customers.

> Example
>
> In one instance, a WOSB had spent hours preparing an RFP that was originally due on a Monday. When the owner went to the electronic purchasing website the Saturday before to download the two required forms for finalizing the RFP, she was dismayed to find that the submission deadline had been changed to an earlier date (that Friday) and was already under review. No notice or alert of the changed date was received (she went back into her emails to confirm this had not been missed) even though her company was on the notification system and has received addendum notices in the past. The hours spent on this RFP were negated due to this change of date to an earlier deadline. The WBE did not receive any explanation of why the notice was not received, even though she asked the purchasing agent for an explanation.

Recommendation 29
The Task Force recommends that NAWBO advocate a change in federal procurement rules to ensure that an agency cannot change a response deadline to an earlier date once an RFP has been issued. Only an extended deadline should be allowed.

Unrealistic Timeframes For RPF Submittal

Often times, an RFP or RFQ does not allow sufficient time for preparation or effective response by a small business. A larger company with extensive staff can afford to dedicate a person(s) to tracking down all the

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details in a shorter period of time without adversely affecting operations. A small business does not have the dedicated staff and therefore, is often forced into a whirlwind of preparation affecting all aspects of the business. In many cases, a small business opts not to bid.

Example

As one woman states: "... I have personally been faced with the challenge of receiving RFPs and RFQs only a few days before the deadline (notification) and since every agency has its own methodology (for) required components etc, it is nearly impossible to complete the proposals or quotes in a timely fashion UNLESS you already have experience in working for the particular agency or, more important, have advance warning of the release of the RFP (back to notification and another issue of insider knowledge). Over the eight years I've been in business I have spent numerous weeks on submitting proposals and quotes to various new agencies at the state and federal level to no avail. The only awards I have been able to win are those where I was privy to the agency's need before the RFP was released and therefore had ample opportunity to consider the project, contact the appropriate team of contractors to include in the bid and adequately prepare a viable proposal"

Expectation Of Performance, Even With Significant Time Delays

The continuous delays in awarding contracts or getting an initial contract started are a cause for great concern small businesses must plan their production in narrow windows and cannot afford continuous delays and indecision.

Example

In applying to do a marketing research project for the SBA, one WBE firm experienced vague and poorly written specifications in addition to concerns over how the contract would eventually play out once awarded. The RFP clearly stated the need for completion within 12 months of the bid date. When asked when the contract decision would be made, the firm was told 60-90 days. "With a project that requires 12 months time and a survey with questions that had to be approved by OMB, which could take 90-120 days..." the firm had grave concerns for what this could mean to the winning firm being placed in a position of completing the research in half the time officially allotted.

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D. Education & Training

There is no single effective and efficient program to teach small businesses how to identify, qualify for or pursue procurement opportunities with all government agencies. One of the biggest inhibitors to women business owners entering the procurement arena is lack knowledge of procurement practices and procedures.

There are over 100 federal agencies and each one has a specific set of rules to follow in order to do gain access to contract opportunities. Although the Central Contractor Registration (CCR) Database was implemented and all organizations wanting to do business with any government agency are now required to subscribe to this database, this has not enhanced the knowledge or awareness of contract opportunities or procedures among women business owners.

Now, state and local governments are also directing companies to this same database in an effort to streamline their processes. Just as small businesses have difficultly getting "in front of" government agencies, the agencies have trouble finding the right companies as well. It's a double-edged sword.

The Procurement Task Force has identified the following areas where WOSBs lack adequate awareness and knowledge of procurement opportunities and procedures.

Awareness of the Fundamentals

Many WOSBs are intimidated or don't know where to begin to learn about the opportunities and take the necessary steps to become engaged. WOSBs in certain types of industries are not even aware that they could qualify for contract opportunities. In our surveys, the number one concern was awareness. WOSBs simply do not know what is available or even where to look. Education focused on the "How To's" of becoming an informed potential contractor or subcontractor is of paramount necessity.

Examples

From Procurement Task Force Survey:

"While opportunities to learn about government procurement or WOSBs exist, none of the RFP's that I have investigated are specific enough to be useful. I am left with more questions than answers as to how to act on what I have learned."

"The lack of education about the process for me stems from information overload coming at me while trying to wear fifty hats in running my business. There needs to be a better guide to shortcut to the essential information needed to be in the know."

"I feel poorly educated about the procurement process and therefore have avoided pursuing, even though I know it could be of great value for my business."

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"Textbook" Versus Experiential Perspective of Available Training

There are a number of government programs currently underway to help educate small business owners on how to do business with the government, including a new women's business website just launched by the SBA. Agencies including the SBA conduct educational forums.

The problem with most of these forums is that the training is being presented from the government's perspective versus the vendor's. The Task Force's research has uncovered that WOSBs who have been successful have realized "all the things they don't teach you" or that a firm learns "by trial and error" even if they have attended such training workshops.

For education to be truly valuable and effective, it must be taught in conjunction with those experienced in the process, the consumers, and not just by those initiating the process.

Recommendation 30
The Task Force recommends that NAWBO support the development and publication of an all-encompassing "Procurement for Dummies" book for distribution to all small business, WOSBs and MBE firms. The book should be written from the perspective of those seeking contracts versus those awarding contracts. The government agency or outside vendor who is charged with developing the publication should solicit help and advice from seasoned small business vendors.

The Task Force further recommends that NAWBO seek to identify private funding for this project, work with a publisher and outside author to prepare the publication; and sell and use the monies for traveling workshops based on the book offered at no charge to NAWBO members across the country.

Enhanced Notification Of Opportunities

There is no single, user-friendly source of information describing contracting opportunities in laymen's terms. In conjunction with awareness of qualifications for being considered as a contractor and how to begin, there is a grave need for better awareness of the opportunities as a whole. Several agencies have attempted to improve the awareness issue.

In addition, an industry has risen around the awareness issue. Companies will send out emails saying they can help organizations get contracts when, in fact, they are simply looking for income for their own organization. Hundreds of emails go out every day about bid opportunities. Some are real and some are advertisements soliciting your business, which leads to more confusion. The Internet has opened many doors with respect to awareness rising. Now, if a company has the time and resources, it can peruse the Internet to find contracting opportunities and even register online. However, with countless federal agencies, state and local agencies, no one has the time or resources to research all of these agencies.

Some agencies send alerts, while others expect those interested in opportunities to "find them" by regularly visiting the posted site. Larger companies have staff dedicated to uncovering opportunities. Small business does not have this luxury. There simply are not enough hours in the day to peruse multiple sites for a "possibility" of a "possibility" for business.

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The government has not made effective use of available technology to streamline this process for vendors. Information must be culled from a variety of agency sites that do not present the information in a standard format nor use similar site designs that would facilitate finding the same information in the same place on every agency site.

The federal agencies are attempting to rectify this with a common "portal" or doorway to other agencies. It's their attempt at one-stop shopping. It's a good start and may help lead the way for the states and local agencies as well. To be effective, however, this common portal must link to agency websites that are designed and published on a common platform using similar site plans and programs. A single portal will not resolve the accessibility issue if the door opens on individual websites that each present the user with a new information maze that unnecessarily complicates the task of gathering useful information.

Examples

From the Task Force survey:

"It is difficult to discern what opportunities are really out there. I get so many e-mails from agencies that claim to be part of the SBA or other government agencies but I have no way of telling which ones are legitimate. Also most opportunities seem to be geared toward contracting or supply opportunities. We provide lighting consulting services that must come at the beginning of a project not once it has gone out for bids. How do we get in earlier?"

"I believe I have properly registered as a small woman-owned business with the Dept. of Defense. Yet we have not been e-mailed with any bidding opportunities and by the time we learn of an opportunity it is too late to do anything about it. It would be very helpful if the various government entities would publish the names of companies that are being considered for a contract so that the smaller companies can at least solicit those companies directly for a subcontract deal." (This would also work well with the government's desire for more bundling.)

"There have been a number of RFP's I've wanted to bid on, but by time the RFP is solicited the time period is too short. I finally learned about agency forecasting. There is a lot of insider information not readily available and never mentioned about the government culture."

Recommendation 31
The Task Force recommends that NAWBO encourage public procurement officers to develop uniform standards and best practices for publishing web-based information on procurement opportunities. A single portal that provides access to federal, state and local procurement websites offering procurement opportunities would benefit small companies with limited resources and improve the chances of identifying contracts across industries and geography. Information on procurement portals should be kept accurate and up-to-date through regular auditing and pass code entry to secure sites where firms can update their own information.

Awareness Of Informal Opportunities

Small businesses have no access to information describing bid opportunities that fall below minimum dollar thresholds. Many small businesses could realize immense opportunities through millions of dollars in purchases made by the federal government using informal procedures not requiring competitive bids. These

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small purchases and negotiated contracts present, in many cases, the first opportunity for a small business to do business with the government on a small scale and establish a relationship which will enable the firm to have a performance record, critical in obtaining larger contracts as stipulated in many RFPs.

Examples

From the Procurement Task Force Survey:

"The contacts at various agency offices are severely outdated and make it impossible to track down negotiated opportunities that do not go out to bid. I registered with the San Bernardino County SBA and was assured I was on a list for consideration. A list I was provided with contact names was three years out of date. I am still waiting on an updated list."

"Locating the correct people in government agencies and starting communications with them is impossible. Websites have outdated information. Calls are not returned. Emails are not answered. There is a great deal of business below the $25,000 formal bid threshold and we cannot get to the people who are responsible for that business."

Recommendation 32
The Task Force recommends that NAWBO seek executive branch agreement to consolidate on a single website or annual publication information on procurement forecasts and data documenting all reoccurring purchases made by government agencies organized by category, dollar amounts of purchases, etc. and name of contracting officer.

Recommendation 33
The Task Force recommends that NAWBO advocate a change in federal procurement rules that would require federal agencies and individual procurement officers to spread opportunities among multiple vendors and show justification for purchases made solely with one supplier over a designated period.

E. Access To Capital

Access to capital has been, and remains, a critical issue for emerging and growing businesses, particularly those owned by women and minorities.

A recent national study funded by Wells Fargo and conducted by the Center for Women's Business Research found that only 52% of women business owners (compared to 59% of men business owners) had access to bank credit. And, in fast-growth firms only 39% of women owners had bank loans compared to 52% of men owners.

The picture painted in this same national study was less favorable for minority women business owners – 60% of Caucasian women had bank credit, compared with 50% of Hispanic, 45% of Asian, 42% of Native American and 38% of African American women owners.

And, although women are becoming more active in the equity capital markets, a 1999 survey showed just 9% of the institutional investment deals and 2.3% of the dollars among the investors interviewed went to women-owned firms.

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A report prepared in 2001 for the Office of Advocacy at the U.S. Small Business Administration stated:

Despite the explosive growth in equity investment [in the 1990's], indications were that women and minority entrepreneurs were receiving only a miniscule percentage of equity capital. ... [A] national study of 14,424 new firms found that when controlling for human capital and firm traits, minority entrepreneurs faced greater barriers in obtaining equity capital (Bates & Bradford, 1992). Another study of Hispanic-American ventures and equity capital noted that Latino businesses were "relegated to a peripheral status on the radar screens of most venture capitalists" (Morales & Saade, 2000, p. 59).

A 2002 brief by J. Antonio Villamil, a member of the board of economic advisors for Hispanic Business Magazine said:

The availability of long-term equity financing for small and minority-owned businesses ("patient capital") is a key policy concern that requires solution. These businesses, in general, are not "gazelle"-type enterprises favored by venture capital companies. However, they provide a rich source of entrepreneurial skills and job creation among minority populations in the United States. In essence, Hispanic and minority-owned businesses are a key vehicle for upward mobility, serving a significant public purpose.

The Milken Institute, in a 2000 research report entitled, The Minority Business Challenge: Democratizing Capital for Emerging Domestic Markets reported a higher than average growth rate for minority businesses but concluded:

> This high rate of growth among entrepreneurial businesses is constrained by lack of debt and equity capital. Current growth is deep, but not broad, and shared unequally. Capital gaps exist at every level for financing the capital structure of minority businesses: equity, mezzanine and senior debt. Absent institutional investor participation in minority and immigrant business communities, continued growth of the American economy is impossible, placing the nation's macro economy at risk.

More encouraging is a report issued on July 16, 2003 by the Kauffman Foundation. The study, Minorities and Venture Capital: A New Wave in American Business, is the first profile of venture capital funds that make significant equity investments in minority business enterprises (MBEs). The report, based on a study by Dr. Timothy Bates of Wayne State University and Dr. William Bradford of the University of Washington, finds investments in MBEs resulted in healthy returns equal to, if not slightly higher than, traditional investments by mainstream venture capitalists. According to the Foundation's press release, key findings in the report include:

Minority enterprise venture capital investing is quite profitable. The average investment per firm was $562,000; the average gross yield per firm was $1,623,900, generating an average net return of $1,061,500.

Minority-oriented venture capital funds did not concentrate in high tech. Unlike the broader industry, which invested heavily in high-tech ventures, a more diverse portfolio kept funds focused on MBEs from their colleagues' steep slump.

Public pension funds are the leading source of VC funds for minority businesses. However, these favor older, more established funds; therefore commercial banks and insurance companies as well as minor funding sources (under $5 million) such as government funds, foundations and individuals, play a key role in financing MBEs.

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In the early 1990s, only several million dollars in venture capital had been invested in MBEs. According to Bates and Bradford, the minority VC sector now has well over $1 billion in capital under management, with $2 billion within reach. The authors found that minority-oriented venture capital funds grew enormously during the 1990s. The 24 funds that responded to the detailed questionnaire had raised $1.3 billion through year-end 2000. In 1998 alone, five of the surveyed minority-oriented VC funds had raised over $700 million in capital from institutional sources. For more detail see the full report at: http://www.emkf.org/pages/371.cfm

The report goes a long way toward dispelling the myth that investing in minority or women-owned businesses is not profitable. In addition, the key role that public pension funds play is worth noting.

"Access to capital is one of the biggest hurdles for any entrepreneur - and even more so for minority entrepreneurs," said Carl J. Schramm, president and chief executive officer of the Kauffman Foundation of Kansas City, the nation's largest supporter of entrepreneurship and the sponsor of the study. "We hope this report helps to lower those capital barriers."

Examples

There are still problems with banks viewing woman as an acceptable credit risk. A recent example of this mentality follows:

A bank asked a woman seeking to purchase an aerometals company through the SBA 504 loan program to have her husband co-sign the loan in order for the bank to accept the application, even though the husband was not going to be involved in the business. The woman, who had owned and successfully run several businesses, refused. Eventually, the loan went through, but this experience was considered an appalling example of the still archaic mentality that exists in banking when women attempt to fund to expand or purchase a business.

As one survey participant wrote:

"I am concerned to do business with the government because of their reputation for not paying their invoices in a timely manner. In addition, it is difficult to get loans from a bank to help fund your business as you pursue larger opportunities. Banks don't want to take risks with small business like they used to in the past. Personally, I would be honored to supply my services and products to the federal government, but I don't know if I can afford to."

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Recommendation 34
The Task Force recommends that NAWBO bring women and minority business owners together to encourage Congress and the federal government to take the following steps to help improve access to capital:

1) Speed up the application process for Small Business Investment Companies (SBICs) that focus on investing in women-owned businesses;

2) Provide funding to increase awareness among women business owners of Federal resources through better and more targeted marketing of SBA programs and better dissemination of information on hub zones;

3) Provide funding for additional training on access to capital for women and minority business owners;

4) Close the gap in the Microloan program by increasing the maximum loan amount to $50,000;

5) Find a way to recognize and reward publicly held banks, venture funds and other investors whose records show they make lending and other investment decisions fairly and without bias based on the race, ethnicity or gender of the business owner; and

6) Educate women and minority business owners regarding public pension funds and investment strategies that can improve the performance of their funds and add to the financial and economic strength of women and minority businesses and the economy.

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IV. Background and Methodology

Founded in 1975, NAWBO's vision is to propel women entrepreneurs into economic, social, and political spheres of power worldwide. Our mission is to strengthen the wealth-creating capacity of our members and promote economic development; create innovative and effective changes in the business culture; to build strategic alliances, coalitions and affiliations; and to transform public policy and influence opinion makers.

Women entrepreneurs are a driving force in our nation's economy, as the following data from the Center for Women's Business Research demonstrates:

- 10.1 million firms are at least 50% owned by a woman or women.
- Forty-six percent (46%), nearly half, of all U.S. businesses are at least 50% owned by a woman or women.
- Between 1997-2002, the number of privately held majority or 50% women-owned businesses grew by 11%, more than 1 ½ times the rate of all privately-held firms.
- One in every eleven adult women owns a business. More than 18 million workers are employed by a woman business owner.
- One in seven workers is employed by a woman-owned business.
- Women entrepreneurs generate nearly $2.3 trillion in revenues to U.S. economy.
- The number of women-owned employer firms grew by 37% between 1997 and 2002, four times the growth rate of all employer firms.

NAWBO has more than 80 chapters in the continental United States. NAWBO aggressively advocates on behalf of women business owners, provides leadership training for its members, networking opportunities, money-saving benefits and business growth and development opportunities.

National and state public policy issues of interest to women business owners and small businesses in general are the focus of NAWBO's Public Policy Council, as well as chapter advocacy efforts. NAWBO's membership actively advocates positions connected to affordable healthcare, procurement, and fiscal issues, including tax equity for small businesses and access to capital for WOSBs. The Public Policy Council and/or its coalition partners monitor issues related to technology, social security, and workforce education.

NAWBO's interest in procurement dates back to its founding. NAWBO was an active participant in passage of the Women's Business Ownership Act of 1988, the first of a number of federal initiatives designed to bring an end to discrimination against women business owners in the marketplace and in federal procurement.

NAWBO's Interest in Procurement

NAWBO's current platform concerning procurement related issues includes two simple propositions:

- NAWBO supports achievement of the 5% federal procurement goal for women-owned small businesses (WOSB's) and government-wide implementation of the restricted competition (set aside) program for women-owned small businesses authorized by Congress in 2000. NAWBO opposes contract bundling.

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The Report of the NAWBO Procurement Task Force
February 2006

The NAWBO Public Policy Council will use this report to develop new and revised polity positions, as appropriate, and to guide NAWBO's advocacy regarding the issue of procurement at the federal level.

How the Task Force Was Formed

In June 2003, NAWBO members met with the Director of Federal Procurement Policy during NAWBO's annual conference in Nashville, Tenn. Concerns shared by those in attendance with the Director resulted in a request by the Office of Budget & Management Federal Procurement Policy division that NAWBO prepare a more extensive report of concerns for their review.

In July of 2003, NAWBO's Public Policy Council established the Procurement Task Force including members from across the country representing various types, sizes, and levels of business and procurement interests.

The mission of the NAWBO Procurement Task Force is to facilitate actionable change in process and policy in order to ensure greater opportunities for women-owned businesses (WOSBs) and small businesses in the areas of federal, state and local procurement.

One of the first actions the task force took was a survey of NAWBO members about their experiences and preferences regarding the procurement process. The task force developed the survey instrument over the summer of 2003.

In August /September of 2003, the task force submitted the survey to the entire NAWBO membership for response. An impressive 226 participants answered questions about priority to be given various procurement issues, reasons for pursuing or not pursuing procurement opportunities, experience when pursuing opportunities and ideas on ways to streamline the procurement process or improve success. The survey also asked NAWBO members to tell whether and by what organizations they are certified as women-owned businesses and, if not certified, why not. The final results of the survey are presented in Section VIII to this report and incorporated in findings throughout the report.

How the Task Force Worked

Initially, the task force agreed to focus on eleven (11) specific concerns affecting the success of procurement on a national, as well as local and state level. Each task force member was assigned specific areas to gather more information through outreach to membership and other organizations with an interest in procurement initiatives. Through research, a series of teleconferences, and subcommittee review, the task force narrowed the issues and compiled a list of critical factors for success.

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V. Procurement Task Force Survey Findings

In August of 2003, a survey was submitted to the National Association of Women Business Owners membership in order to validate and gain further insight into the issues affecting federal contracting opportunities for women-owned small businesses. A total of 226 women responded, providing further insight into the challenges that exist in the pursuit of federal contracting dollars.

Most women-owned businesses consider federal government contracting opportunities to be out of reach with 49% not seeking certification on any level. Those who are doing business with government are gaining contracts or pursuing contracts on a local (21%) or state (29%) level.

When asked why certification has not been sought, 55% stated a belief that being certified would not result in any business, 46% consider the process tedious with too much paperwork, and 41% find the multiple avenues of certification confusing as to which is the best one to obtain and will bring the greatest opportunities. Other reasons offered for why certification is not sought are too time consuming, an assumption that company's services or products would not be used by the government, and requires too much confidential financial information. Also stated was a lack of awareness about certification in general, therefore, no knowledge to even consider pursuing. Reasons such as too much paperwork, too time consuming and did not result in any return on investment were further substantiated by those women whose businesses had been certified at one time and then determined NOT to become re-certified.

Based on a listing of issues provided by the task force for the membership to rate in order to weigh the scale of impact each has on gaining federal contracting opportunities or government opportunities at any level, the issues receiving the highest rankings at 33% or greater in priority order were: 1) Awareness of opportunities (55%); 2) Tedious Application Process (52%); 3) Low Bid Mentality (45%); 4) Lack of Proper Notification (43%); 5) Loopholes (37%); 6) Certification Hassles (36%); and 7) Contract Bundling (34%).

A total of seventy-nine women business owners were willing to share specific experiences, which contributed to their frustration in pursuing or fulfilling government contracts. The top areas of contention based on an assessment of underlying issues relative to actual experiences included:

- Tedious application process
- RFP vagueness or inconsistencies
- Certification hassles / costs
- Bundling prohibits participation
- Awareness of opportunities
- Access to Capital
- Paperwork / Red Tape
- Poor Payment
- Low Bid Mentality Selection Process
- Accuracy of classification of small business
- Winning contract and then not using
- Uncertainty in how to begin
- Time involved extensive

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Out of the seventy-nine women who brought forth examples, 44 identified themselves as someone who could be contacted for testimony. These names are listed within the Testimony Contact Section of the Procurement Task Force report.

This research served as a launching pad for further research and assessment of all issues affecting federal government contracting to women-owned, minority-owned and small business by the Procurement Task Force.

PROCUREMENT TASK FORCE
SURVEY TABULATIONS

By which of the following organizations, agencies or companies are you certified or qualified to do business as a woman or minority-owned business?

None of those listed	102	49%
State agency certification of supplier diversity program	60	29%
Local government certification or supplier program	44	21%
NWBOC (NAWBO affiliate)	39	19%
Other corporate supplier diversity program	23	11%
WBENC (Women's Business Enterprise National Council)	20	10%
SBA 8a (Federal disadvantaged business certification)	12	6%
Fortune 500 company supplier diversity program	12	6%
Total respondents	209	92%
Skipped question	17	8%

If you are certified by another federal, private, or local agency, please enter the name of the entity:

State

State of New York NYSDOT
State of Illinois (CMS)
Alabama Dept of Economic Affairs
Alabama Power Company Supplier Diversity Program State of Missouri

State of Texas HUB
State of Maryland MDOT

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State of Indiana
State of California
State of North Carolina, NMSDC
State of California, Dept. of Transportation
State of Wisconsin, Dept of Transportation

City

City of Houston Metro
New York Metropolitan Transportation Authority
Washington Metropolitan Area Transit Authority
City of Chicago
Metropolitan Water District
Metropolitan Water District
Miami-Dade County Government, FL
City of Indianapolis
City of Raleigh, NC
Rio Grande Minority Purchasing Council
City of Raleigh/Durham, NC, Dept. of Transportation

County

Erie County, NY
Orange County Transportation Authority

Federal

Government Printing Office

Miscellaneous

Port of Houston
North Central Texas Regional Certification Agency
Minority Supplier Council
MTA
Caltrans
SCTRCA
MOBIS
North Broward Hospital District

Total respondents	27	12%
Skipped question	199	88%

If you have not applied for certification, what are the barriers to your doing so? (please check all that apply)

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Don't believe that getting certified will result in business	77	55%
Too much paperwork	64	46%
Confusion by the multiple avenues to certification	56	41%
Certification fees are too high	31	22%
Don't understand the certification requirements	30	21%
Don't understand the certification procedures	30	21%
Business not 51% owned	7	5%
Total respondents	139	62%
Skipped question	87	38%

If you have not applied for certification, and the reason you have not applied for certification is not listed above, please tell us other reasons why.

Too time consuming	12	24%
Services/products not used by government	10	20%
Was not aware of certifications for WBE/WOSBs	8	16%
Requires too much confidential information	4	8%
Certifications not recognized as valuable to target market	2	4%
Too new in business	2	4%
Confused by multiple certifications	2	4%
Cost prohibitive	2	4%
No guarantees of business	2	4%
Woman-owned not recognized as unique circumstance	1	2%
Lack of access to capital	1	2%
Inaccuracy of processing of information	1	2%
Conflicting requirements	1	2%

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Lack of response by agency	1	2%
Total respondents	51	23%
Skipped question	175	77%

Have you been certified in the past as a woman-owned or minority-owned business, but are not now?

No	144	91%
Yes	14	9%
Total respondents	158	70%
Skipped questions	68	30%

If yes, why did you choose to drop the certification?

Not receiving the right kind or any opportunities	4	29%
Too much paperwork to keep up with	3	21%
Too much expense for return on investment	2	14%
Competition has in with contracts	1	7%
Not interested in one-time jobs, want long term relations	1	7%
Certification no longer valid due to merger	1	7%
Quit organization	1	7%
Slow payment by agencies and contracting entities	1	7%

The Procurement Task Force has identified the following areas of concern when WBEs attempt to do business with the federal government. Please indicate your top five choices for what you consider to be the greatest problem areas (Please select five)

Awareness of Opportunities	108	55%
Application Process Tedious		53%
Low Bid Mentality	88	45%
Better Notification	84	43%
Loopholes Used	73	37%
Certification	72	37%
Contract Bundling	67	34%
No Accountability	60	31%
RFP Inconsistencies	58	30%

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Education Needed	57	29%
Second/Third Tier Accountability	47	24%
Access to Capital	40	21%
Validity of Database	39	20%
Continuous Contract Renewal	36	19%
Disparity Study/5% Goal	35	13%
Total respondents	195	86%
Skipped question	31	14%

Have you experienced any of the above frustrations when attempting to do business with the government? If so, please share one specific experience. Personal testimonials are extremely important, as these examples will be used in a report to the Office of Budget and Management.

The following represents comments (in summary) of respondents' frustrations in pursuing opportunities. Specific, more in-depth examples appear throughout the Procurement Task Force Report to the Office of Management and Budget.

- Access to capital; borrow money to buy product, ship it and then wait for payment
- Awareness of informal bids because out-dated information; no response
- Awareness of informal opportunities, inaccurate list Awareness of opportunities out there
- Bid wanted you to recoup money & use for further funding
- Prohibits small businesses from being able to compete
- Bids are too time consuming and difficult
- Bids awarded to lowest bidder not the highest quality and design
- Bids determined by price only not qualifications
- Bonding; amount and lack of prohibited opportunity
- Cannot find help with procurement red tap
- Certification does not lead to worthwhile government business in my particular SIC code
- Certifications are very expensive with no assistance City government has poor project management, no timeframe & delayed payments
- Difficult to even get foot in the door
- Education, many questions that cannot get answers regarding
- Federal invoices not paid in timely manner
- Small businesses cannot afford this high risk
- Losing business to bundling
- Government does business with people they know
- GPO does not recognize women as disadvantaged & also no nationwide certification and application system
- Inability to give accurate quote on vague RFP
- Inconsistency in classification of companies
- Large companies can offer one-stop shopping that small companies cannot
- Large contracts awarded to major companies
- Loopholes, lowest bidder, but did not receive contract, no return calls
- Loss of opportunities due to bundling, continuous contract renewals & RFP inconsistencies
- Lost long standing contract due to no certification

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- Lots of red tape process to get foot in door
- Low-balling and exhaustive paperwork not worth the effort
- Lowest bidder not used because not huge player in the industry
- Men-owned businesses do not require certification
- Never had opportunity to bid Frustrations (continued)
- No enforcement to use winning contract bidder
- No notification of bids
- No notification of opportunities until too late
- No notification why company was not selected even though requested
- No one willing or able to tell me who purchases items the SBA uses annually
- No opportunity to show different options
- No opportunity to submit qualifications because not certified
- No real opportunities after receiving additional general liability insurance
- No thorough knowledge of the depth of information required
- No way to expose better alternatives than what the RFP specifies
- Notification of RFPs and cumbersome submittals
- Overcome attitudes that we don't have expertise in highly technical field
- Overlooked saying other company hires disabled people
- Overwhelmed & frustrated at bidding
- Paperwork high with constant changes & short time period to bi
- Paperwork is too time consuming
- Paperwork Nightmare
- Passed over with no reason
- Previous contractor has inside track to winning the next opportunity to bid
- Price competition from the Federal Government
- Received contract to teach a class; not possible to let other departments know what I'm capable of teaching
- Requirements were not pertinent to my business & actual bid
- Restrictions are numerous and paperwork is cumbersome
- RFP requirements are prohibiting
- RFP time period too short
- RFP written for failure or award to predetermined party
- Separate state & agency signup
- Slow payment, lost invoices and bogus competition
- State supporting universities are now competing against us for contracts
- Time consuming because department which wrote
- RFP didn't know industry specifications or lingo
- Too many different certifications needed
- Too time consuming to be registered with every branch of procurement
- Too time consuming with zero opportunities, zero invitations and zero accountability
- Unclear RFP paperwork
- Upfront expense & delays of getting paid by the government
- Never sell on price because of added extras
- Vague and poorly written specifications
- Vague RFP as to promote "padding the bid"
- Vague RFP specifications

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- Vaguely defined information & non-specific description of required measurements & expected information
- Whole certification process is discouraging
- Women-owned businesses need a set aside to get contracts
- Won contract, but was not used

Total Respondents	79	35%
Skipped question	147	65%

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VI. Testimony List

The following list was developed as a result of the procurement Task Force survey. These women business owners have identified themselves as owners of small businesses, which have attempted to pursue contract opportunities or have successfully obtained opportunities, while experiencing many of the frustrations and challenges identified in this report.

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VII. Acknowledgements

The comprehensive compilation of information contained herein is the result of the tireless efforts of a select group of women business owners committed to advancing opportunities for women-owned enterprises and small business.

In addition, hundreds of women-owned businesses from across the United States participated in the Task Force survey, sending data or providing added resources for the Task Force to investigate.

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VIII. Recognition Of Other Sources

The following organizations were instrumental in providing information referenced in this report:

National Association of Women Business Owners (NAWBO)
www.nawbo.org

Center for Women's Business Research
www.womensbusinessresearch.org

Women's Business Ownership Act, HR 5050

Federal Acquisition and Streamlining Act, PL 103-355; FASA

Women-Owned Small Business (WOSB) Federal Contract Assistance Program
www.sba.gov/GC/cawbofactsheet.html

SBA Reauthorization Act, PL 106-554 (Equity in Women's Contracting Act)
National Science Academy
www.nas.edu

DOT Office of Small and Disadvantaged Business Utilization (OSDBU)
http://osdbuweb.dot.gov/disparity/

Virginia State Disparity Study
www.dmbe.state.va.us

SBA's Office of Advocacy Report
www.sba.gov/advo/

House of Small Business Committee
wwwc.house.gov/smbiz

U.S. Federal Highway Administration (FHA)
www.fhwa.dot.gov

NC A&T University National Science Foundation
www.nsf.gov

Central Contractor Registration Database (CCR)
www.ccr.gov/

SBA Certification Programs
www.sba.gov/8abd

Small Disadvantaged Business (SDB)
www.sba.gov/sdb

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February 2006

Hubzone
www.sba.gov/hubzone

Consolidated Appropriations Act of 2005

Department of Transportation Disadvantaged Business Enterprise Program
www.osdbu.dot.gov/business/dbe/DoTcrDBE.cfm

National Women Business Owners Corporation (NWBOC)
www.nwboc.org

Women's Business Enterprise National Council (WBENC)
www.wbenc.org/

Wells Fargo and Center for Women's
Business Research
www.womensbusinessresearch.org and www.wellsfargo.com

Direct Quotes:
SBA Reauthorization Act
www.sba.gov/advo/statement03_0409.pdf

NAWBO Procurement Survey
David Walker
Comptroller General Accounting Office

J. Antonio Villamil
Board Member of Economic Advisors for Hispanic Business Magazine
www.weg.com and www.hispanicbusiness.com

Milken Institute 2000 Research Report
The Minority Business Challenge: Democratizing Capital for Emerging Domestic Markets
www.milkeninstitute.org/publications/publications.taf?function=detail&ID=14&cat=ResRep

Dr. Timothy Bates and Dr. William Bradford
Kauffman Foundation 2003 Report
Minorities and Venture Capital: A New Wave in American Business
www.kauffman.org/entrepreneurship.cfm/capital_markets/535

Carl J. Schramm
President and CEO of the Kauffman Foundation
www.kauffman.org

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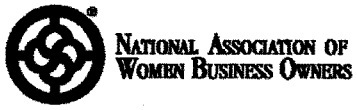

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September 22, 2008

The Honorable John F. Kerry
Chairman
Senate Committee on Small Business
and Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20510

The Honorable Olympia J. Snowe
Ranking Member
Senate Committee on Small Business
and Entrepreneurship
428A Russell Senate Office Building
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RE: Opportunities and Challenges for Women Entrepreneurs on the 20th Anniversary of the WBO Act of 1988

Dear Senators Kerry and Snowe:

I am writing today to add my views and suggestions to those of other women business owners and advocates in response to the roundtable that the Committee convened on September 9th. I attended that hearing, and would first like to express my thanks to the Committee for marking the 20th anniversary of the Women's Business Ownership Act of 1988 in this manner. While much progress has been made for women business owners in the 20 years since the passage of this landmark legislation, much remains to be done. The Senate Committee on Small Business and Entrepreneurship has been a stalwart supporter of women's enterprise during that time, due in large part to the personal energy and commitment of the two of you.

I have been involved in the women's business community for nearly 20 years – both in an enabling role at the Center for Women's Business Research, the U.S. Small Business Administration's Office of Advocacy, and the National Women's Business Council, and now as a business owner myself. While I am currently also a member of the national board of the National Association of Women Business Owners, serve on the policy advisory council of the Association of Women's Business Centers, and am a member of Women Impacting Public Policy, the following comments and suggestions are my own.

During the past 20 years, I would say that each of the four main pillars of the WBO Act were quite prescient, and have made a significant contribution to the growth in the number and economic clout of women-owned firms:

- Access to capital has improved significantly since women business owners have been allowed to obtain credit in their own names;
- Knowledge of and respect for the economic contributions of women-owned firms was greatly enhanced after the Census Bureau included <u>all</u> women-owned firms in their quinquennial census;

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- Women business owners are now better equipped to start and grow their enterprises thanks to the women-friendly training and counseling offered by the more than 100 women's business centers around the country; and
- Women business owners have an official seat at the federal policy table thanks to the establishment of the National Women's Business Council.

Access to markets – another very important area for women's enterprise development – was addressed with the 1994 passage of the Federal Acquisition and Streamlining Act, which first introduced the 5% Federal spending goal for women-owned small businesses. The inability of most Federal agencies to meet this goal is, in my view, the single-most unfulfilled legislative action from the past 20 years.

During the hearing, Senator Kerry asked two very important questions of the panelists and audience: 1) what are the two or three most important legislative actions that could be taken to support women's enterprise development, and 2) what one thing would make the biggest difference looking forward? Here are my answers to those questions.

First, in my estimation, the three most important areas that I would suggest the Senate Committee on Small Business and Entrepreneurship focus on in the short- and mid-term to make the largest difference to the greatest number of women-owned firms are, in this order:

1. Addressing the sub-par customer service provided by the U.S. Small Business Administration (SBA), in particular their Office of Women's Business Ownership (OWBO): This office plays an important function by administering the women's business center (WBC) grant program. However, while things have improved in recent months (due largely to acts of Congress), the office's responsiveness to their WBC clientele still leaves much to be desired. In addition, the office provides virtually no information or services directly to women business owners regarding either the financial or market access services that the agency provides, or about sources of assistance available elsewhere in the Federal government. As the only Federal program office for women business owners and their enterprises, OWBO could and should do much more to support the growth of women-owned enterprises and to serve women business owners directly.
2. Working across government to ensure more equitable access to the federal marketplace, including fulfilling the 5% Federal spending goal with women-owned small businesses: The Committee is well aware of and has been appropriately indignant in response to the SBA's repeated attempts to duck responsibility for enacting Section 811 of P.L. 106-554, which would allow Federal agency purchasers to reserve some of their spending for competition among women-owned small businesses. You are likewise well aware of the very vocal and nearly universally indignant response from the women's business community in reaction to the SBA's latest proposed ruling designating only four (!!) industries which could be included in such an effort. We applaud you for your stalwart support of the women's business community in this matter and urge your continued vigilance. Beyond this immediate matter, I believe that other efforts should be considered to widen Federal procurement opportunities to women-owned firms. Such efforts could include pilot mentor-protegée programs, educational efforts undertaken by agencies and women's associations, and including spending with women-owned firms in contracting officers' performance evaluation standards.

3. Moving the administrative "care and feeding" of the National Women's Business Council (NWBC) out from under the SBA in order to ensure greater independence: Speaking as the former Executive Director of the NWBC, I can say that being physically housed in the SBA's offices and administratively "served" by the agency (in terms of payroll, space and computer support), while providing some advantages, is a net detriment to the independent and bi-partisan mission of the Council. I urge the Committee to consider placing administrative oversight of the NWBC in the hands of the General Services Administration or some other government body that serves independent commissions, so that the Council can better carry out its mission to provide un-tampered-with advice and counsel to the President, U.S. Congress, and the SBA.

Secondly, I feel strongly that the single most important "big thing" that the women's business community in general must address to move women-owned businesses forward into the future is to pay much closer attention to the "missing middle" – that is, women-owned firms that are past the start-up stage and are not venture-backed or on a fast track to a public offering. In Womenable's estimation, this population comprises somewhere between 16% and 91% of all women-owned firms (depending on whether one excludes or includes non-employer businesses).

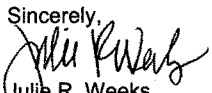
Government policies have historically paid much more attention to either the 7% of women-owned firms that have been in business for three years or less or the 2% that have $1 million or more in revenues. In particular, women's business centers should be encouraged, rather than stymied, to expand their focus beyond nascent and new women-owned firms and beyond socially and economically under-served populations. Encouraging a broader focus would reap significant economic and social rewards.

Likewise, Congress could encourage or incentivize mid-market mentor-protegée and peer-to-peer roundtable programs in the private sector, within women's business associations or perhaps with the participation of corporations or foundations.

I do also feel that, in addition to Federal policy action, the women's business "movement" has now matured to such an extent that we can and should take up a greater share of the responsibility of helping more women start and, more importantly, grow their enterprises. Speaking as a member of the NAWBO National Board, I can say that we have a renewed and more strategic focus on that goal.

Thank you again for convening the women's entrepreneurship roundtable on September 9th, and for your continued thoughtful and collegial focus on how all of us together can improve the success of women-owned enterprises and, in so doing, build a stronger and more prosperous national economy.

Sincerely,



Julie R. Weeks
President and CEO

SUPPLEMENTAL MATERIAL

The Global Entrepreneurship Monitor (GEM) 2007
Report on Women and Entrepreneurship

EXECUTIVE SUMMARY

J.Elaine Allen PhD • Nan Langowitz DBA • Amanda Elam PhD • Monica Dean

BABSON COLLEGE | BARUCH COLLEGE

Women entrepreneurs make an important contribution to the development of the world economy, particularly in low and middle-income countries. *The Global Entrepreneurship Monitor (GEM) 2007 Report on Women and Entrepreneurship* is the fourth in a series of reports undertaken to provide a comprehensive and up-to-date study of the role played by women involved in entrepreneurial activity across the world economy. The GEM research project provides comparable data for a cross-national assessment of entrepreneurial activity in 41 countries* whose economies represent more than 70 percent of the world's population and 93 percent of global GDP in 2007. The GEM 2007 Women's Report provides an analysis of the key characteristics and context of female entrepreneurial activity and how that may differ from that of their male counterparts. It is our hope that this work will advance the understanding of the needs of aspiring and existing female entrepreneurs, and will provide policy insights useful to developing and enhancing an environment in which the spirit of women's entrepreneurship may flourish.

In 1997, the United Nations Economic and Social Council established a gender mainstreaming program to guide research, policy-making, and program development under the purview of the United Nations Development Program. Fundamental to the establishment of this type of program is the understanding that real progress cannot be made without an investment in both the men and women in a given country. Indeed, research on women in development indicates that the returns to the investment in women are much higher than for men. Women are more likely to share their gains in education, health, and resources with members of their families and their communities at large. Research on microfinance indicates that the same is true for economic investments. Women are simply more likely to work for, buy for, and share their economic and noneconomic rewards with other people. To put it more explicitly in economic terms, investment in women's entrepreneurship is an important way for countries to exponentially increase the impact of new venture creation. Ignoring the proven potential of women's entrepreneurial activity means that countries put themselves at a disadvantage and thwart their opportunity to increase economic growth. For this reason, finding ways to empower women's participation and success in entrepreneurship is critical for more sustainable and successful economic development in all countries.

ENTREPRENEURIAL ACTIVITY

In an effort to understand the activity of entrepreneurs at various stages of business formation, GEM identifies two categories of entrepreneurs—early stage and established—based upon the age of their businesses. Early stage entrepreneurs are those involved in owning and managing, alone or with others, a nascent business, or one that has been in operation for 42 months or less. By contrast, established entrepreneurs, are those involved in owning and managing, alone or with others, a business that has successfully survived in the market beyond 42 months, as 3 ½ years is the approximate critical period within which a business is most likely to fail. These two categories are very important as they convey different information about the entrepreneurial landscape of a country. Early stage entrepreneurship indicates the dynamic entrepreneurial propensity of a country. In other words, it shows the percentage of population willing and able to undertake new venture creation. Established business ownership, instead, indicates the percentage of population actively involved in running businesses that have proven to be sustainable.

Entrepreneurial activity varies significantly across countries, both in terms of the level and the type of entrepreneurship, but countries with similar levels of per capita GDP tend to exhibit broadly similar patterns. While GDP is an important aspect to examine, there also are important regional and cultural differences in entrepreneurial activity. This year, GEM grouped countries into two low/middle-income groups, Europe/Asia and Latin America/Caribbean, and one high-income group taking into account GDP as well as region and culture. On average, low/middle-income countries have modest per capita income (averaging $10,407 U.S.)

and faster-growing economies (average GDP growth of 5.4 percent), compared to high-income countries (with average per capita income of close to $35,000 U.S., and average GDP growth of 3.5 percent). Regardless of gender, entrepreneurial activity is significantly higher in both of the low/middle-income groups than in the high-income group of countries. And, entrepreneurial activity is significantly higher in the low/middle-income Latin American and Caribbean group (21 percent) than either the low/middle-income European and Asian group (12.2 percent) or the high income group (7.9 percent).

Across the 41 countries participating in this report, the pattern of entrepreneurial activity also held true by type of entrepreneurship. Low/middle-income countries in Latin America and the Caribbean exhibited the highest rates of female early stage entrepreneurial activity (14.4 percent), while the European and Asian low/middle-income country group (7.62 percent) and the high-income country group (4.34 percent) exhibited increasingly lower rates of female early stage entrepreneurial activity, respectively. The participation of women in established business-ownership also follows this pattern.

Examination of entrepreneurial behavior around the globe yields a clear picture of a gender gap in venture creation and ownership activity. Overall, with the exception of Japan, Thailand, Peru, and Brazil, where the rates of early entrepreneurial activity are larger or almost identical in males and females, men are more likely to be involved in entrepreneurial activity than women. The entrepreneurial gender gap exhibits varying dimensions and characteristics, including the following:

- In all three country income groups, a significant gender gap exists for both early stage entrepreneurial participation and established business ownership, and this gender gap is greatest in the high-income country group, regardless of type of activity. In the high-income group, men are almost twice as likely to be early stage or established business owners than women.
- In 2007, only in Japan and Peru are women more active in starting a business than men.
- The Latin American and Caribbean low/middle-income countries exhibit a narrower gender gap, particularly for early stage entrepreneurship. In these countries, the gender gap between male and female early stage entrepreneurs is 24.0 percent, but it widens to 47.1 percent for established business owners. Surprisingly, the gender gap in European and Asian low/middle-income countries is almost identical to the gender gap in high income countries for early stage entrepreneurs (44.8 percent and 43.4 percent, respectively). Further, these two country groups have a gender gap for early stage entrepreneurship that is nearly double that found in the Latin American and Caribbean low/middle-income countries. In the European and Asian low/middle-income countries and the higher-income countries, the gender gap for established business owners in these country groups is 44.3 percent and 52.3 percent, respectively, which are quite similar to the Latin American and Caribbean low/middle-income countries. These striking differences in low/middle-income country groups highlight the regional and cultural differences in the two groups, and those differences have the most impact on early-stage entrepreneurship with respect to gender.
- The gender gap with respect to new venture survival rates varies across country groups. High-income countries show a greater overall likelihood that early stage entrepreneurs will become established entrepreneurs compared with both low/middle-income country groups; and in high-income countries there is no gender difference in the survival rate of women's businesses versus those of men. In both regional groups of low/middle-income countries, however, a gender gap is present and the likelihood of business survival beyond 42 months is lower for women than for men.

Motivations and Business Outcome

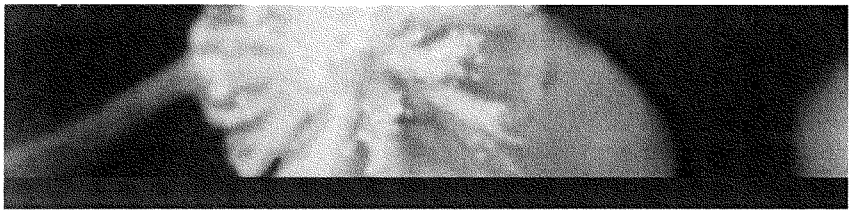
The GEM survey allows us to differentiate the motives of entrepreneurial behavior. The GEM framework labels those individuals who start a business to exploit a perceived business opportunity as opportunity entrepreneurs, and those who are, by contrast, pushed to start a business because all other options for work are either absent or unsatisfactory as necessity entrepreneurs. Although the vast majority of early stage entrepreneurs say they are attempting to take advantage of a business opportunity, the ratio of opportunity to necessity entrepreneurship is significantly higher in the high-income country group than in low/middle-income country groups, and this effect is significantly greater for women entrepreneurs.

An analysis of entrepreneurial motivation shows several interesting gender differences including:

- The rate of opportunity entrepreneurs differs significantly by gender in both low/middle-income country groups and the high-income countries. In general, across all countries, the rate of male opportunity entrepreneurship is higher than that of women.
- By contrast, there is no gender gap with respect to necessity entrepreneurship. Regardless of country group, no significant difference by gender is apparent in the rate of necessity entrepreneurship. For the Latin American and Caribbean low/middle-income countries, the rate of female necessity exceeds that of males but the difference is not statistically significant.

Entrepreneurial Scope

The focus and potential of entrepreneurial activity is quite varied worldwide. The scope of women's entrepreneurial activity may be understood by looking at industry sector,



use of technology, firm employment, and growth potential. Women's businesses exhibit many similar patterns to those of men and may be characterized in scope as follows:

- Women entrepreneurs create and run businesses across all of the broad industrial sectors of extraction, transformation, business services, and consumer-oriented products, as do men. The industrial focus of women's firms differs somewhat from that of male counterparts with a significantly higher percentage of women's ventures in the consumer-oriented sector compared with men's for both early stage entrepreneurs (60.3 percent vs. 37.0 percent) and established entrepreneurs (50.7 percent vs. 30.4 percent).

- Latin American and Caribbean low/middle-income countries are the locale for the highest level of women's participation in consumer-oriented industry (74.3 percent) while the high-income countries show somewhat higher rates of women's participation in extractive, transformative, and business services sectors (52.1 percent).

- Judging the expected growth potential of businesses based upon their use of technology, level of competition, and novelty of products or service offerings, similar patterns are evident for female and male entrepreneurs for all countries. This holds true for both early stage and established businesses.

Characteristics of Women Entrepreneurs

Research has shown that age, work status, education, income, social ties and perceptions are all significant socioeconomic factors in a person's decision to start a business. While many similarities exist among women and men entrepreneurs, there also are some interesting differences, as follows:

- The pattern of age distribution for men and women entrepreneurs is similar and comparable regardless of country or stage of entrepreneurship. In the low/middle-income country groups, women are most likely to be early stage entrepreneurs between the ages of 25 to 34, and to become established entrepreneurs between the ages of 35 to 44 years old. In high-income countries, the age window for women's entrepreneurial activity broadens, with early stage entrepreneurial activity most likely among women ages 25 to 44 and established business ownership most likely among women 35 to 54 years old.

- Regardless of gender or country group, employment matters to entrepreneurial activity. The likelihood of being involved in entrepreneurial activity is three to four times higher for those women who also are employed in a wage job (whether full or part time) compared to those who are not working, are retired, or are students. This suggests that working provides access to resources, social capital, and ideas that may aide in establishing an entrepreneurial venture.

- On average, women entrepreneurs in high-income countries are better educated than those in low/middle-income countries. In high-income countries, more than half of women entrepreneurs have secondary degrees, and more than one-quarter have graduate degrees. In low/middle-income countries, the percent of women early stage entrepreneurs and established business owners with less than a secondary degree is 34.1 percent and 40.4 percent, respectively, for Latin American and Caribbean group and 39.2 percent and 39.7 percent, respectively, for the European and Asian group. In the aggregate, the rates of less than secondary education range from 47 percent to 85 percent less than is the case for women entrepreneurs in higher-income countries, depending upon stage of entrepreneurship and country group.

Surprisingly, in all country groups, the level of educational attainment is not consistently higher for women who are established business owners than for women who are early stage entrepreneurs. In fact, except for women with only some secondary education, the level of education is the same or higher for early stage entrepreneurs compared with established business owners. While none of these differences is significant, this pattern was not seen in earlier GEM women's reports and may indicate a generally higher level of education for women in all countries.

In all three country groups, women and men in households with the highest incomes are more likely to be involved in early stage entrepreneurial activity. Rates of activity rise with an increase in household income for established business owners in all country groups and for all women entrepreneurs, regardless of business stage, in the high-income countries. By contrast, low versus middle percentile household income is not a significant influence on the rates of early stage entrepreneurship in either of the low/middle-income country groups. Nonetheless, early stage entrepreneurial activity is four times higher among women in Latin American and Caribbean low/middle-income countries compared to women in high-income countries, regardless of income level. For the European and Asian low/middle-income countries, there is only a two-fold difference compared to high-income countries.

- Considering the interactions of employment, income level, and education, some interesting results appear. For those with a household income in the lowest group, having a job makes a woman more than three times as likely to be involved in early stage entrepreneurship than if she is not employed (74.3 percent and 21.6 percent respectively). And, given only some secondary education, a working woman is nearly twice as likely to be involved in early stage entrepreneurship as a nonworking woman (9.9 percent and 17.6 percent respectively). Furthermore, considering only higher educational attainments within household income groups does not yield an increase in female early stage entrepreneurship; it is employment that seems to matter most. These findings may suggest that for the poorer and less educated, paid employment provides a valuable platform toward starting a business.

- Women entrepreneurs tend to be more confident in their own skills, are more likely to know other entrepreneurs, and are more alert to the existence of unexploited opportunities than women who indicate no entrepreneurial activity. This pattern is identical to what men exhibit.

Nonetheless, in all three country groups, women's level of optimism and self-confidence with respect to starting a business is lower than that of their male counterparts. These perceptions are subjective and are likely influenced by contextual factors, such as culture and social norms. They do not appear to be correlated in any significant way with education, work status, or household income.

- Similarly, entrepreneurs generally exhibit less fear of failure than those who indicate no entrepreneurial activity. Still among entrepreneurs, women in all country groups were more likely to express a fear of business failure compared to their male counterparts. The gender gap in fear of failure was largest between men and women in Europe and Asia low/middle-income countries (approximately 8 percent), followed by the Latin America and Caribbean low/middle-income countries (approximately 5 percent), with no significant gender gap in the high-income countries (less than 3 percent). Women in the Europe and Asia low/middle-income countries had the highest fear of failure rates (40.3 percent), compared to women in Latin America and Caribbean low/middle-income countries (34.2 percent) and women in high-income countries (27.1 percent). Fear of failure for women in low/middle-income countries may be higher because of the higher prevalence of necessity entrepreneurship among women in these regions.

Implications for Policy

The GEM data for 2007 suggests several important conclusions with respect to women's entrepreneurship around the globe:

1. Women's entrepreneurship matters. Women are creating and running businesses across a wide range of countries and under varying circumstances. Female entrepreneurship is an increasingly salient part of the economic makeup of many countries and is a key contributor to economic growth in low/middle-income countries, particularly in Latin America and the Caribbean.

2. A gender gap exists with respect to new venture creation and business ownership. This gap is significant and systematic, varying both by country GDP as well as by region. The gender difference is more pronounced in high-income countries but persists throughout all regions, with European and Asian low/middle-income countries showing a greater gap than the Latin American and Caribbean low/middle-income countries.

3. Being employed and having a social network that includes other entrepreneurs are stronger predictors of women's entrepreneurship than educational attainment or household income.

4. Perceptual factors that reflect optimism, self-confidence, and reduced fear of failure are important predictors of women's entrepreneurship.

Women find themselves in very different situations compared to men and these different situations result in different perceptions about the world. Given similar situations, the data suggests that women nonetheless perceive the world differently from men. The implications for policy-making that emerge from this diversity of circumstances and perspectives point to the need for customized or targeted policies. As we have learned from programs like the UNDP's gender mainstreaming initiative, successful and sustainable economic growth is best achieved when *all* citizens are mobilized and empowered. Research and policy making may perhaps best be focused on how to effectively change the business environment and social institutions to support women through employment, access to social and financial capital, and raising self-confidence. Of particular importance is research that investigates the relationship between factors at the country and regional level and key indicators at the individual level. The Global Entrepreneurship Monitor points scholars and policy-makers to some of these key indicators and offers the opportunity for further inquiry.

*In 2007 there were 42 countries that participated in GEM. This report analyzes the data for 41 countries as the United Arab Emirrates chose not to be included.

The Global Entrepreneurship Monitor (GEM) 2007 Report on Women and Entrepreneurship is available online at www.babson.edu/cwl. Please visit www.gemconsortium.org.

GEM

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THE CENTER FOR WOMEN'S LEADERSHIP AT BABSON COLLEGE

Baruch College | Zicklin School of Business
THE LAWRENCE N. FIELD CENTER FOR ENTREPRENEURSHIP

U.S. Women's Chamber of Commerce™

Report to Congress

September 2008

Special Report: 2006 Federal Contracting Data Grossly Overstates Spending with Women-Owned Firms

Contracting Data Reported by the Small Business Administration in 2006 Overstates Spending with Women-Owned Firms by Billions

U.S. Women's Chamber of Commerce
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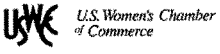

The U.S. Women's Chamber of Commerce™ unifies the collective strength of women to leverage our position as the most influential economic force in America. With over 500,000 members, the USWCC advances economic opportunities for women across America.

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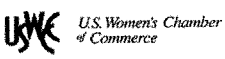
Special Notice

This report includes research completed by the U.S. Women's Chamber of Commerce using data from the Federal Computer Data System, the Central Contractor Registration, company websites and other marketing or news materials. The U.S. Women's Chamber of Commerce has not examined any of the legal or financial documents of the businesses mentioned, Therefore, we cannot state with certainty whether or not any of the businesses mentioned herein are "women-owned."



U.S. Women's Chamber of Commerce
1200 G Street, NW, Suite 800
Washington, DC 20005

September 9, 2008

The Honorable John F. Kerry
Chairman
The Honorable Olympia J. Snowe
Ranking Member
Committee on Small Business
United States Senate

The Honorable Nydia M. Velázquez
Chairwoman
The Honorable Steve Chabot
Ranking Member
Committee on Small Business
House of Representatives

The U.S. Women's Chamber of Commerce delivers this report to Congress to shine the light on the challenges women-owned firms face in the federal contracting arena. For more than a decade the federal government has not met the paltry five-percent goal for contracting with women-owned small businesses (WOSB).

Even today, as women own nearly thirty percent of all firms in America, the federal government lags behind in doing business with women. Women lose between five and six billion dollars every year as the federal government fails to meet the low five percent mark. And the openly unsupportive attitude that is exhibited by the SBA only serves to continue a sad tradition of failure within the government contracting ranks.

In this report you will find that the U.S. Women's Chamber of Commerce has uncovered potentially billions of dollars that have been incorrectly attributed to federal spending with women-owned firms. These are not just anomalies. We have identified dozens of firms that continue to be counted as women-owned when they are headed by male CEOs. The SBA does little to assure the veracity that a firm is women-owned, and Congress has done little to force the SBA to support the very small businesses they are tasked with championing.

I ask you to intercede on behalf of the millions of women business owners – their families, their employees, and their communities – who are being blocked from fair access to federal contracts.

Respectfully,

Margot Dorfman, CEO
U.S. Women's Chamber of Commerce

Executive Summary

Gross Overstatement of Purchasing With Women-Owned Small Businesses

Research completed by the U.S. Women's Chamber of Commerce has exposed serious overstatements of federal spending with women-owned small businesses.

In FY 2006, twenty-seven of the top fifty firms attributed as "women-owned" in the Federal Procurement Data System may have male CEOs. These companies show similar attribution in FY 2005, FY 2007, and FY 2008 (YTD).

In the current federal system, any business may simply proclaim their women-owned status without facing any scrutiny. The ORCA system has provided little assistance in improving the validity of the "women-owned" assertion, as evidenced by the continual misrepresentation of firms with male CEOs as being "women-owned."

Contracts to a Few Simply to "Make Goals"

An analysis of the top contracts attributed to "women-owned small businesses" exposes a tendency by some agencies to cluster their purchasing with just a few women-owned firms thereby "making their numbers" without opening the doors wide to a broad representation of women-owned firms.

Nine federal agencies spent more than fifty percent of their total spend with women-owned firms with just ten firms each.

The "Economic Disadvantage" is Clear

It's time for Congress to accept the facts; women businesses owners are economically disadvantaged due to the failure of the federal government to assure fair access to contracting opportunities.

Do not limit the Women's Procurement Program to businesses that are also "Small Disadvantaged Businesses." The failure of the federal government to assure the doors to contracts are open to women-owned firms has already presented women with a significant economic disadvantage.

"Women-Owned" Firms with Male CEOs

In FY 2006 Twenty-Seven of the Top Fifty Firms Attributed as "Women-Owned" in FPDS Data May Have Male CEOs

Over $2 Billion in Federal Contracting Dollars May Have Been Attributed Incorrectly

CONTRACTOR NAME	2006 TOTAL
PROCURENET, INC.	$185,884,882
COASTAL INTERNATIONAL SECURITY, INC.	$155,646,461
SIERRA NEVADA CORPORATION	$148,273,184
SISTERS OF CHARITY OF THE INCARNATE WORD (INC)	$132,409,160
SUNSHINE MINTING, INC.	$117,278,178
QINETIQ NORTH AMERICA OPERATIONS LLC	$109,585,397
BAE SYSTEMS ANALYTICAL SOLUTIONS, INC	$97,594,918
STANLEY, INC.	$95,549,189
CAPROCK HOLDINGS, INC.	$90,920,025
INTEGRATED SOLUTIONS, LLC	$88,396,484
HEERY P M C	$84,050,000
SAIC, INC.	$80,811,399
VERITAS CAPITAL FUND II, L.P.	$70,779,576
KIPPER TOOL COMPANY	$68,617,401
EMTEC, INC.	$64,251,895
WESTAT, INC.	$62,495,345
VT MILCOM INC	$61,448,844
PERFORMANCE MANAGEMENT CONSULTING, INC.	$60,205,281
COMPUTER SCIENCES CORPORATION	$50,503,905
ENGINEERING RESEARCH & CONSULTING, INC.	$50,162,193
BUFFALO SUPPLY INC	$46,615,128
LUHR BROS., INC.	$45,107,361
VAN HOLM HOOKS INC	$45,060,668
ZEN TECHNOLOGY, INC	$42,821,406
ANALYTICAL SERVICES, INC.	$42,554,975
PHOENIX MANAGEMENT, INC.	$41,218,999
TOTAL	**$2,138,242,254**

Federal Procurement Data System data taken from usaspending.gov September 6, 2008

FY 2005, 2007 & 2008 (3Q) Show These Same Firms Attributed As "Women-Owned"

CONTRACTOR NAME	2005 TOTAL	2006 TOTAL	2007 TOTAL	2008 TOTAL (3Q)
PROCURENET, INC.	$19,020,529	$185,884,882	$47,604,334	$13,588,320
COASTAL INT'L SECURITY, INC.	$134,713,304	$155,646,461	$58,548,007	$77,071,519
SIERRA NEVADA CORP	$67,949,977	$148,273,184	$286,439,735	$97,485,410
SISTERS OF CHARITY OF THE INCARNATE WORD	$132,409,160	$136,602,443	$80,143,672	
SUNSHINE MINTING, INC.	$76,588,079	$117,278,178	$189,386,677	$41,187,855
QINETIQ NORTH AMERICA OPERATIONS	$129,905,629	$109,585,397	$135,438,740	$99,328,545
BAE SYSTEMS ANALYTICAL SOLUTIONS	$133,848,117	$97,594,918		
STANLEY, INC.	$36,898,168	$95,549,189	$104,673,518	$30,395,612
CAPROCK HOLDINGS, INC.	$49,401,028	$90,920,025	$111,639,488	$27,917,464
INTEGRATED SOLUTIONS	$20,096,563	$88,396,484	$102,232,882	$57,692,168
HEERY P M C	$48,101,500	$84,050,000		
SAIC, INC.	$96,278,176	$80,811,399	$28,336,285	$11,856,828
VERITAS CAPITAL FUND II	$55,038,289	$70,779,576	$45,930,771	$39,581,962
KIPPER TOOL COMPANY	$63,508,098	$68,617,401	$180,615,424	$56,030,173
EMTEC, INC.	$73,663,354	$64,251,895	$40,088,363	
WESTAT, INC.	$74,754,563	$62,495,345	$55,906,145	$9,066,714
VT MILCOM INC	$25,745,511	$61,448,844	$162,856,112	$44,886,383
PERFORMANCE MGT CONSULTING, INC.	$23,952,395	$60,205,281	$62,812,580	$31,973,285
COMPUTER SCIENCES CORPORATION	$27,740,997	$50,503,905	$40,575,006	$25,577,212
ENGINEERING RESEARCH & CONSULTING, INC.	$45,803,488	$50,162,193		
BUFFALO SUPPLY INC	$19,420,653	$46,615,128	$69,093,911	$26,522,586
LUHR BROS., INC.	$19,790,662	$45,107,361	$30,722,195	$4,773,112
VAN HOLM HOOKS INC	$27,676,603	$45,060,668	$26,378,845	
ZEN TECHNOLOGY, INC	$21,220,405	$42,821,406	$44,753,901	$3,930,501
ANALYTICAL SERVICES	$9,065,984	$42,554,975	$42,739,373	$29,668,711
PHOENIX MGT	$46,991,986	$41,218,999	$43,064,634	$17,741,472
TOTALS	**$1,347,174,058**	**$2,138,242,254**	**$2,046,439,369**	**$826,419,504**

Federal Procurement Data System data taken from usaspending.gov on September 6, 2008

Search Criteria Used	
Federal Fiscal Year	2006 GO
Contractor Type	Woman Owned Business
Sort By	Total Dollars of Awards
Number of records	Only the first 500 for each year
Level of Detail	Low (list of contractors) GO
Output	HTML GO

Parent Company Name	Contractor Name(s)	Total Amount (for this search)	DUNS Number
PROCURENET, INC.	PROCURENET, INC.	$155,884,882	044081388
COASTAL INTERNATIONAL SECURITY, INC.	COASTAL INTERNATIONAL SECURITY, INC.	$155,646,461	786509109
SIERRA NEVADA CORPORATION	SIERRA NEVADA CORPORATION	$148,273,184	094373495
SISTERS OF CHARITY OF THE INCARNATE WORD (INC)	SISTERS OF CHARITY OF THE INCARNATE WORD (INC)	$132,409,160	053629069
SUNSHINE MINTING, INC.	SUNSHINE MINTING, INC.	$117,278,178	824657969
QINETIQ NORTH AMERICA OPERATIONS LLC	QINETIQ NORTH AMERICA OPERATIONS LLC	$109,505,397	613194759
BAE SYSTEMS ANALYTICAL SOLUTIONS, INC	BAE SYSTEMS ANALYTICAL SOLUTIONS, INC	$97,594,918	130106867
STANLEY, INC.	STANLEY, INC.	$95,549,189	786525621
STRONGHOLD ENGINEERING INC	STRONGHOLD ENGINEERING INC	$92,006,452	180672420
CAPROCK HOLDINGS, INC.	CAPROCK HOLDINGS, INC.	$90,920,025	149382931
L & B & ASSOCIATES INC.	L & B & ASSOCIATES INC.	$88,695,520	793374004
INTEGRATED SOLUTIONS, LLC	INTEGRATED SOLUTIONS, LLC	$88,396,454	799064451
HEERY P.M.C	HEERY P.M.C	$84,050,000	165578593
MICHAELSON, CONNOR & BOUL, INC.	MICHAELSON, CONNOR & BOUL, INC.	$82,328,903	969088855
STG INTERNATIONAL, INC.	STG INTERNATIONAL, INC.	$81,770,173	179570403
SAIC, INC.	SAIC, INC.	$80,811,399	611649312
VERITAS CAPITAL FUND II, L.P.	VERITAS CAPITAL FUND II, L.P.	$70,779,576	160610809
KIPPER TOOL COMPANY	KIPPER TOOL COMPANY	$68,617,401	028953166
ENTEC, INC.	ENTEC, INC.	$64,251,595	056090210
PROJECT RESOURCES, INC.	PROJECT RESOURCES, INC.	$63,290,261	627084981
WESTAT, INC.	WESTAT, INC.	$62,495,345	049508120
VT MILCOM INC	VT MILCOM INC	$61,448,844	056286347
PERFORMANCE MANAGEMENT CONSULTING, INC.	PERFORMANCE MANAGEMENT CONSULTING, INC.	$60,209,281	027182356
JORGE SCIENTIFIC CORPORATION	JORGE SCIENTIFIC CORPORATION	$57,121,208	147148306
PRI/DJI, A RECONSTRUCTION JV	PRI/DJI, A RECONSTRUCTION JV	$54,833,729	613754434
AMERICAN RECYCLING SYSTEMS, INC.	AMERICAN RECYCLING SYSTEMS, INC.	$53,158,821	956645824
COUNTERTRADE PRODUCTS, INC.	COUNTERTRADE PRODUCTS, INC.	$52,506,663	144293636
COMPUTER SCIENCES CORPORATION	COMPUTER SCIENCES CORPORATION	$50,903,905	009581091
ENGINEERING RESEARCH & CONSULTING, INC.	ENGINEERING RESEARCH & CONSULTING, INC.	$50,162,193	095673521
GPC WOMEN-OWNED SB	GPC WOMEN-OWNED SB	$47,504,905	167446116
CAMEL MANUFACTURING COMPANY INC	CAMEL MANUFACTURING COMPANY INC	$47,240,245	003377637
MW- ALL STAR JOINT VENTURE	MW- ALL STAR JOINT VENTURE	$47,009,013	029495525
BTAS INC	BTAS INC	$46,896,066	083504854
D D-M LEASING COMPANY, INC	D D-M LEASING COMPANY, INC	$46,702,312	963482034
BUFFALO SUPPLY INC	BUFFALO SUPPLY INC	$46,615,128	109070714
SAGE ENERGY TRADING, LLC	SAGE ENERGY TRADING, LLC	$46,190,844	154760784
BLUE TECH INC.	BLUE TECH INC.	$45,334,890	121701957
LUHR BROS., INC.	LUHR BROS., INC.	$45,107,361	007549169
MCKING CONSULTING CORPORATION	MCKING CONSULTING CORPORATION	$45,075,959	963701572
VAN HOLM HOOKS INC	VAN HOLM HOOKS INC	$45,060,658	135990223
MERLIN PETROLEUM COMPANY, INC.	MERLIN PETROLEUM COMPANY, INC.	$44,331,752	016598562
ZEN TECHNOLOGY, INC	ZEN TECHNOLOGY, INC	$42,821,406	965787617
ANALYTICAL SERVICES, INC.	ANALYTICAL SERVICES, INC.	$42,554,975	839422763
C. MARTIN COMPANY, INC.	C. MARTIN COMPANY, INC.	$42,552,358	077251850
QUANTELL, INC.	QUANTELL, INC.	$42,260,235	158704010
ALTOS FEDERAL GROUP, INC.	ALTOS FEDERAL GROUP, INC.	$41,643,806	617714886
PHOENIX MANAGEMENT, INC.	PHOENIX MANAGEMENT, INC.	$41,218,999	794617808
OLD DOMINION TOBACCO COMPANY INCORPORATED	OLD DOMINION TOBACCO COMPANY INCORPORATED	$40,918,447	007940786
MANAGEMENT CONSULTING INC	MANAGEMENT CONSULTING INC	$40,880,910	113377659
GEMINI INDUSTRIES INC.	GEMINI INDUSTRIES INC.	$40,857,152	197503212

Company Details FY2006

These firms may have male CEOs.

PROCURENET, INC. $185,884,882	DUNS: 044081388 Company has a male CEO. Purchased by SAIC in 2004. (Large company)
COASTAL INTERNATIONAL SECURITY, INC. $155,646,461	DUNS: 786509109 Company has a male CEO. CCR does not recognize company as women-owned.
SIERRA NEVADA CORPORATION $148,273,184	DUNS: 094373495 Company probably would not pass women-owned certification. Husband worked at company prior to purchase and prior to wife's involvement and their joint purchase of the firm. Husband holds all education relative to the compentency of the business. Husband is listed as President/CEO.
SISTERS OF CHARITY OF THE INCARNATE WORD (INC) $132,409,160	DUNS: 53629069 Religious organization.

SUNSHINE MINTING, INC. $117,278,178	DUNS: 824657969 Tom Power (male) identified as "owner" from several on line sources. CCR does not recognize company as women-owned.
QINETIQ NORTH AMERICA OPERATIONS LLC $109,585,397	DUNS: 613194799 Company has a male CEO. CCR does not recognize company as women-owned.
BAE SYSTEMS ANALYTICAL SOLUTIONS, INC $97,594,918	DUNS: 130106867 Company has a male CEO. (Large business) CCR does not recognize company as women-owned.
STANLEY, INC. $95,549,189	DUNS: 786525621 DUNS is actually MORGAN RESEARCH CORPORATION. (joint venture) CCR does not recognize company as women-owned.
CAPROCK HOLDINGS, INC. $90,920,025	DUNS: 149388931 Company has a male CEO. (Large business) CCR does not recognize company as women-owned. May have been women-owned. Acquired in 2007.

INTEGRATED SOLUTIONS, LLC $88,396,484	DUNS: 799064451 Company has a male CEO. CCR does not recognize company as women-owned. May have been women-owned at some time. Company acquired
HEERY P M C $84,050,000	DUNS: 185578593 Company has a male CEO, eleven male corporate officers and one female VP. CCR does not recognize company as women-owned.
SAIC, INC. $80,811,399	DUNS: 611641312 Company has a male CEO. (Large business) CCR does not recognize company as women-owned.
VERITAS CAPITAL FUND II, L.P. $70,779,576	DUNS: 160610809 Company has a male CEO. Corporate website says, "On November 3, 2006, Jim and Carol TRAWICK retired, selling their company to Veritas Capital, a private equity investment firm headquartered in New York." CCR does not recognize company as women-owned.

KIPPER TOOL COMPANY $68,617,401	DUNS: 828953166 Company has a male CEO. May not qualify as women-owned. Husband/wife team. Husband is President/CEO.
EMTEC, INC. $64,251,895	DUNS: 056090210 Company has a male CEO. CCR does not recognize company as women-owned.
WESTAT, INC. $62,495,345	DUNS: 049508120 Company has a male CEO. CCR does not recognize company as women-owned.
VT MILCOM INC $61,448,844	DUNS: 056286347 Company has a male CEO. CCR does not recognize company as women-owned.
PERFORMANCE MANAGEMENT CONSULTING, INC. $60,205,281	DUNS: 027182356 Company has a male CEO. CCR does not recognize company as women-owned. Acquired early 2006 by Aviel. No longer women-owned. Only small in one NAICS -- remediation. But contract awards as "small business" are for R&D.

COMPUTER SCIENCES CORPORATION $50,503,905	DUNS: 009581091 Company has a male CEO. CCR does not recognize company as women-owned.
ENGINEERING RESEARCH & CONSULTING, INC. $50,162,193	DUNS: 095673521 Company has a male CEO. CCR does not recognize company as women-owned.
BUFFALO SUPPLY INC $46,615,128	DUNS: 109070714 May not pass certification for women-owned. Husband's bio (Chairman of the Board) says, "He and his wife, Betty, started the company in the fall of 1983, working out of their 3-bedroom home in Boulder, Colorado." Wife's bio (CFO/Owner) says, "Never one to be complacent with one full-time job, she started BSI with her husband, Stonewall, after she took the job at CU in the fall of 1983. In the early years, the business was maintained by not only its modest earnings but also by Betty's income from the university. "
LUHR BROS., INC. $45,107,361	DUNS: 007849169 Company has a male CEO.

HOOKS VAN HOLM INC $45,060,668	DUNS: 135950223 CCR does not recognize firm as women-owned.
ZEN TECHNOLOGY, INC $42,821,406	DUNS: 968781617 Company has a male CEO. CCR does not recognize company as women-owned. Acquired by SI International in February 2006.
ANALYTICAL SERVICES, INC. $42,554,975	DUNS: 839422763 Company has a male CEO. Could have been women-owned at one time. Now, it is a wholly owned subsidiary of ASRC Federal Holding Company.
PHOENIX MANAGEMENT, INC. $41,218,999	DUNS: 794617803 Probably would not pass certification as women-owned. Husband/wife. Husband's bio says, "Mr. Strickland resigned and sold his share of Allied Management of Texas, Inc. He joined Marjorie Strickland in the formation of Phoenix Management, Inc., in August 1992, where he serves as the Chief Executive Officer (CEO) and Executive Vice President."

Some Agencies are Clustering their Purchasing

Some Federal Agencies Cluster the Bulk of Their Spending with a Handfull of Women-Owned Businesses (FY2006)

An analysis of the top "women-owned small business" (WOSB) contracts exposes a tendency by some agencies to cluster their purchasing with just a few women-owned firms thereby "making their numbers" without opening the doors wide to a broad representation of women-owned firms.

The table below shows that nine federal agencies spent more than fifty percent of their total spend with women-owned firms with just ten firms each.

Nine agencies spend *fifty percent or more* of their "women-owned" dollars with ten firms or less

Agency	Total Agency Spend	Total Agency Spend WOSB	Percent of Agency WOSB Spend With Top Ten WOSB Contractors
Treasury	$4.0B	$140M	82%
Air Force	$62.4B	$1.3B	79%
HUD	$1.1B	$225M	77%
Education	$1.4B	$59M	76%
EPA	$1.6B	$75M	59%
NASA	$9.5B	$289M	59%
State	$4.9B	$99M	59%
DOE	$24.3B	$160M	53%
Commerce	$2.0B	$222M	52%
DOT	$1.8B	$119M	48%
Labor	$1.8B	$105M	46%
DHS	$15.6B	$994M	46%
HHS	$12.0B	$564M	41%
DOJ	$4.6B	$258M	39%
VA	$10.4B	$480M	38%
USDA	$4.0B	$273M	33%
GSA	$12.3B	$299M	33%
DOI	$4.7B	$242M	23%
Navy	$73.8B	$1.5B	19%
Army	$100B	$3B	17%

Federal Procurement Data System data taken from usaspending.gov September 6, 2008

SDB Requirement Unduly Limits the Program

Many of the "Top" Women-Owned Firms are Already Classified as SDB

We need to open the doors to SDB and non-SDB women-owned firms.

Forty-Six percent of the "top" women-owned firms are also classified as Small Disadvantaged Businesses (SDB).

But a Much Smaller Number of Women-Owned Firms in CCR are Also SDB

We need to open the doors to SDB and non-SDB women-owned firms.

Only six percent of women-owned firms in CCR are also SDB - Small Disadvantaged Businesses.

67,167	Number of Women-Owned Small Businesses in CCR
4,112	Number of Women-Owned Small Businesses in CCR that are also SDB

Government Failure: Economic Disadvantage

Do Not Limit the Women-Owned Small Business Program to Only SDB firms

The doors need to be open to SDB and non-SDB women-owned firms.

Members of Congress passed PL 106-554 as bipartisan legislation in December of 2000 and understood the need for this program to reach to all women business owners.

After nearly eight years, the Women's Procurement Program is still not implemented and dismal progress has been made by the federal government in meeting their own paltry five percent goal for contracting with women-owned firms.

Now, leaders of the Senate seek to restrict this much needed program to only "economically disadvantaged" women-owned small businesses. The overwhelming reality is that women-owned firms *are* economically disadvantaged by the failure of the federal government to open the doors to federal contracts for women-owned firms. The failure of the federal government to assure fair access to contracts in itself creates a profound economic disadvantage for women business owners.

By changing the Women's Procurement Program to exclude ninety-four percent of the women-owned small business registered in CCR, Congress will further stall progress and extend the economic disadvantage that women-owned firms face every day.

The process of certification will delay progress. And, by establishing a precedent that only a narrow portion of women-owned firms are disadvantaged in the federal contracting process while others are not, flies in the face of the facts.

We call upon Congress to take action on behalf of the millions of women business owners. Women-owned businesses are knocking at the door to opportunity. When will that door finally open? Only after Congress steps up and supports us with actions instead of rhetoric.

Women Business Owners Are Economically Disadvantaged Due to the Failure of the Federal Government to Provide Fair Contracting Opportunities for Women-Owned Firms

It's time for Congress to accept the facts; women businesses owners are economically disadvantaged due to the failure of the federal government to assure fair access to contracting opportunities.

Members of Congress passed PL 106-554 as bipartisan legislation in December of 2000 because they recognized that women-owned businesses ARE economically disadvantaged due to the failure of the federal government to assure fair access to contracting opportunities.

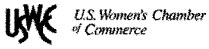
Year after year, the federal government fails to meet the paltry five-percent goal for federal contracting and yet would require women-owned firms to prove they are economically disadvantaged in order to take part in the Women's Procurement Program.

The facts are clear. The failure of the federal government to meet the modest five-percent contracting goal provides undeniable evidence that women-owned firms are economically disadvantaged within the federal contracting system as they cannot secure fair access to federal contracts.

The failure of the federal government to provide fair access to federal contracts has hindered the growth of women-owned small business all across America.

U.S. Women's Chamber of Commerce

The U.S. Women's Chamber of Commerce™ unifies the collective strength of women to leverage our position as the most influential economic force in America. With over 500,000 members, the USWCC advances economic opportunities for women across America.



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