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WOMEN-OWNED BUSINESSES AMONG THE LEADERS IN JOB CREATION AND REVENUE GROWTH, ACCORDING TO NEW AMERICAN EXPRESS RESEARCH

Women-Owned Companies Lead Sector Growth in Seven of 13 Most Critical Industries

The Second Annual State of Women-Owned Businesses Report, Commissioned by American Express OPEN, Examines U.S. Census Data to Update and Expand on Inaugural 2011 Analysis

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NEW YORK — Women-owned firms continue to grow in number and economic stature. They are standing toe-to-toe with competitors in a broad range of industries, including construction and transportation, where women-owned firms are just as likely as all firms in those sectors to generate more than half a million dollars in annual revenue. The growth in the number (up 54%), employment (up 9%) and revenues (up 58%) of women-owned firms over the past 15 years exceeds the growth rates of all but the largest, publicly-traded firms. As of 2012, it is estimated that there are more than 8.3 million women-owned businesses in the United States, generating nearly \$1.3 trillion in revenues and employing nearly 7.7 million people according to the second annual *State of Women-Owned Businesses Report*, commissioned by American Express OPEN.

The report includes detailed analysis of data from the U.S. Census Bureau, offering updated estimates of the number of women-owned firms nationally and in all 50 states plus the District of Columbia. It compares the growth rates of women-owned businesses over two different time periods: 1997 to 2002 and 2007 to 2012. New to the 2012 report is analysis of the top 25 metropolitan areas and major industry groups. Among the most notable findings:

- Between 1997 and 2012, when the number of businesses in the United States increased by 37%, the number of women-owned firms increased by 54%, a rate 1.5 times the national average. The number of women-owned companies has risen by 200,000 within the past year, equivalent to just under 550 new women-owned firms per day;
- Women-owned firms are just as likely as all firms to generate in excess of half a million dollars in revenues annually in two industries: construction, where 13% of women-owned firms and 11% of all construction firms are pulling in more than \$500,000 per year; and in transportation and warehousing, where 6% of each are generating \$500,000 or more in revenues;
- Women-owned firms are exceeding overall sector growth rates in seven of the 13 most populous (largest by number of businesses) industries: wholesale trade; finance and insurance; other services; real estate; health care and social assistance; construction and arts/entertainment/recreation;
- Looking at the growth in the number of women-owned firms, comparing the 1997-2002 and 2007-2012 time periods, reveals that one of the biggest challenges for any small business is

growing beyond the \$250,000 to \$499,999 revenue mark and at the 5 to 9 employee size class. Statistics show this revenue mark to be a particularly difficult hurdle for women-owned enterprises and as a result they perform below national averages.

- In that same analysis, women-owned firms in the 2007-2012 period show stronger relative growth than do women-owned firms in the earlier period at the very highest revenue category – \$1,000,000 and above.

“Even as women-owned firms continue to grow in number at rates exceeding the national average, enterprises at the \$250,000 to \$499,999 revenue mark are at a turning point in their development,” said Susan Sobott, president of American Express OPEN. “In order to further advance and grow these businesses, new management tools must be implemented.”

Geographic Trends

The states with the fastest growth in the number of women-owned firms during the past 15 years:

1. Georgia (95%)
2. Nevada (92%)
3. North Carolina (83%)
4. Mississippi (75%)
5. Texas (75%)

The states with the lowest growth in the number of women-owned firms between 1997 and 2012 are:

1. Alaska (11%)
2. Iowa (21%)
3. West Virginia (22%)
4. Kansas (25%)
5. Ohio (25%)

The metropolitan areas with the highest combined economic clout, taking into consideration the growth in number of firms, revenue and employment, are:

1. Washington, D.C.
2. San Antonio, TX
3. Houston, TX
4. Baltimore, MD; Riverside, CA and Sacramento, CA (tied for fourth)

The full *State of Women-Owned Businesses Report*, commissioned by American Express OPEN, is available at: www.openforum.com/womensbusinessreport.

Study Methodology

The *State of Women-Owned Business Report*, commissioned by American Express OPEN, is based on data from the United States Census Bureau, specifically their quinquennial business census, the Survey of Business Owners (SBO), which is conducted every five years in years ending in 2 and 7. Data from the past three censuses – 1997, 2002, and 2007 – were collated, analyzed and extrapolated forward to 2012, factoring in relative changes in Gross Domestic Product (GDP) not only nationally but also at industry and state levels. State-level GDP changes over the period of analysis are applied to our estimates of change at the metropolitan level.

This report was prepared for American Express OPEN by Womenable, a research, program and policy development consultancy whose mission is to improve the environment for women-owned businesses worldwide. Womenable pursues this mission by working with the stewards of women's entrepreneurship around the world – policy makers, multi-lateral organizations, corporate decision makers, entrepreneurial support organizations and the women's business community – to evaluate, implement and improve policies and programs to support women's enterprise development. Learn more at www.womenable.com.

For detailed information on the 2002 and 2007 economic censuses, visit: http://www.census.gov/econ/census07/www/get_data.html. (The 1997 economic census is no longer available electronically.) A preview of upcoming changes for the 2012 economic census may be found at: <http://www.census.gov/econ/census12/>.

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