

Capital Access for Women: Profile and Analysis of U.S. Best Practice Programs

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U.S. Best Practice Programs

Ewing Marion

KAUFFMAN
Foundation

CAPITAL ACCESS FOR WOMEN
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U.S. Best Practice Programs

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I. EXECUTIVE SUMMARY

Capital access programs and funds for women starting and expanding their businesses have grown dramatically over the past decade. These programs cover the spectrum from microenterprise to venture capital funds and serve highly diverse populations, from women on public assistance seeking a grant of a few hundred dollars to start a small or home-based enterprise to women seeking investments of a hundred million dollars to advance the frontiers of biotechnology. How have these programs fared? What do we know about “best practice” programs? What have these programs learned about overcoming constraints and what barriers remain?

It is toward answering these questions that the Ewing Marion Kauffman Foundation and the World Bank have taken a first step by supporting this Urban Institute study and a separate, parallel study of international programs supported by the World Bank’s International Finance Corporation. The primary objectives of both projects are to gather data and compile a detailed report on specific access to capital initiatives focused primarily or exclusively on women business owners that exist nationally in the public sector, banking community, and among non-governmental organizations (NGO). It is expected that the results of this project will be of widespread interest in public policy circles, among financial services providers, and in the NGO community

The Urban Institute polled experts in the field to identify programs primarily serving women that experts considered to be “best practice” in each category: non-profit organizations, private equity investment groups, and banks. From nearly 100 organizations that were identified, we chose programs that were selected by at least two experts and that either provided capital or had a direct link to capital providers. We also reviewed marketing, outreach, and loan programs of the 10 largest U.S. banks and the five largest banks in each of the five regions of the U.S.

Thirteen “best practice” programs and three “promising practices” (new programs that appear innovative but do not yet have a track record) are profiled in this report and are the basis for our analysis of key success factors, barriers, and constraints faced by women entrepreneurs, and our policy recommendations. We profile and analyze the programs to share best practices and lessons learned so that successful programs can be replicated. Our analysis of these best practice programs identifies six areas that can improve the strength of all capital access programs and expand their reach.

The major challenges for all capital access programs are scale, scope, sustainability, and effectiveness. There are hundreds of programs that provide services to small businesses and perhaps dozens that primarily serve women for access to capital. Interviews with experts in the field and our analysis of best practice programs suggests that, to be successful, organizations need to be fairly large, provide a wide range of services, and have strong linkages to the financial community. To achieve scale, local programs either need to grow to become a major provider within an urban service area or develop a “network model” in which they work with affiliates and other programs to service a larger, more sparsely populated area. At the national level, successful programs that target a very specific population (e.g., low-income women) have achieved scale by partnering with local organizations to deliver direct services.

Common elements of the successful programs we profiled are:

- **Scale:** programs were able to reach relatively large numbers of women through a variety of means such as becoming a large organization in a densely populated urban area or developing a network to serve a sparsely populated but large geographic area;
- **Scope:** providing a wide range of services enabled these programs to address the multiple needs that go far beyond just providing capital to women who are starting or expanding a business;
- **Leadership:** the programs had effective and committed leaders who were able to both manage internally and develop strong external relationships with the community and local businesses and financial institutions.

Sustainability is a difficult problem for the many programs that rely on the largess of firms and foundations and the political mandates of state, local, and federal governments. It is unlikely that many programs, with the exception of the venture capital programs and banks, can be completely self-sustaining from the return on the financial services provided. U.S. microenterprise programs are not able to achieve returns that can cover their costs. One reason is that all effective programs provide extensive and costly training, education, and support services—charging higher fees and focusing on profitable loans would limit the types of clients these programs could serve. These programs, we suggest, should be measured in terms of their effectiveness and efficiency and receive public and private funding on the same basis as other employment, training, and service organizations.

This study identified programs that covered the spectrum of populations, services, and types of capital. However, given the relatively few programs that were identified, it is likely that there are geographical gaps in availability of services across the country: best practice programs and a wide range of services and capital do not appear to be uniformly available in all regions. In addition, relatively few large institutions have active outreach programs. Although the major banks provide funding to community programs they do not appear to have active outreach programs. The three banks profiled here

that have active outreach programs appear to be exceptions among large banks in the U.S.

The findings of our assessment of best practice programs across the spectrum point to strategies and policies that could further the progress that has been made and meet the new challenges. The three communities we identify for new initiatives are the financial institutions, policy makers, and women's and community organizations.

Banks and the financial community should focus on three areas:

- 1) National banks need to establish alternative credit evaluation procedures and/or have community liaison loan officers who can handle individual loan evaluations outside of the credit scoring system;
- 2) Banks should follow the models of the three banks we profile which develop formal relationships with targeted community programs (in this case women, but the model would also apply to other subpopulations)—the evidence suggests that these community programs, by screening and training, can refer clients with above average loan performance while reducing the loan transaction costs;
- 3) The equity financial community should develop hybrid forms of equity investments that provide “patient capital” and support founding entrepreneurs.

Policy makers and the funding community can:

- 1) Encourage and support programs to go to scale, such as the programs profiled have done through alliances, networks, and other means;
- 2) Consider the benefit of tracking loans by type or referral source and changing the non-discrimination restrictions that limit collecting metrics;
- 3) Support evaluation of microenterprise programs as a type of employment and training program and provide funding streams for microenterprise programs on the same basis as other employment and training programs. The microenterprise programs should be evaluated in terms of operational efficiency and effectiveness in helping low-income persons attain self-sufficiency, rather than whether the programs are self-sustaining.

The microenterprise, small business development programs and women's business organizations can improve services and access in a number of areas:

- 1) Programs that are small should develop strategies for increasing scale and scope, using a number of different strategies such as those of the different organizations profiled here, developing entrepreneurship pathways through linkages and partnerships that assist women to move from one level to the next as their life situation or goals change, particularly from subsistence entrepreneurship to a small or growth business;

- 2) At the national level, representatives of many programs should work with the large financial institutions to develop alternative loan processes that are more flexible than current credit scoring systems;
- 3) Programs should expand their focus to assist sales and marketing development with their small business clients in at least two ways: (a) work at a national level with big box retailers and national chains to develop opportunities for small businesses; (b) develop network, tiered, and/or cooperative marketing strategies to allow small suppliers to continue supplying to large corporations.

The 13 programs profiled in the report demonstrate the diversity of approaches that can provide access to capital for women at different income levels and business goals as well as the gaps that still exist. The recommended strategic areas for program development and for policy will strengthen existing best practice programs and address the gaps and constraints still facing women entrepreneurs.

This report is intended to be a resource for capital providers and those in the women's entrepreneurship community. The best practices profiled can help other programs assess ways to improve their programs as well as stimulate discussion among programs, capital providers and others about ways to expand opportunities for women entrepreneurs. The programs and policies of the past decade have created new opportunities for women entrepreneurs and provided a wealth of experience about successful strategies and challenges. Further research will provide greater understanding of barriers and ways to overcome them. Building on these successes and understanding the challenges provides the basis for continued program improvement and expanded opportunities for women.

II. INTRODUCTION

Women have been starting and growing businesses at a remarkable rate over the past decade, but their businesses tend to be smaller and have slower growth than those owned by men. Women also access capital at a much lower rate than men: less than five percent of venture capital goes to women-owned businesses and women rely more on personal borrowing than men who start a new business (Brush et al., 2004). Policy makers and women's organizations believe that greater access to capital will benefit not just women and their businesses, but also lead to greater growth of the economy. To meet this need, over the past decade a number of programs were started to help women access capital at all levels, from microenterprises to venture-capital-funded firms, with businesses ranging from retail to biotechnology to healthcare.

Now, a decade after the first of these programs began, what are effective programs and what are the gaps? Some studies have looked at specific programs, such as the Aspen Institute studies of microenterprise organizations, but there is no comprehensive compilation of capital access programs at all levels, nor are there rigorous evaluations of these programs. As an initial step in assessing capital access initiatives, this report identifies and analyzes 13 of the best practice programs across the country (a separate, parallel study of international programs is supported by the World Bank's International Finance Corporation). These programs provide capital access to women, from community-based grant programs providing a few hundred dollars for women transitioning from public assistance to funds providing millions of dollars to women starting up high-tech firms or leaving the corporate world to begin their own retail and service firms. By examining a spectrum of "best practice" programs, this report provides illustrative examples of different types of programs that work well, identifies gaps, and suggests public policies and strategies that corporations and women's organizations could pursue to improve access to capital and the success of women-owned businesses.

To identify an illustrative sample of "best practice" programs, we polled experts in the field, asking them to identify programs of each type that they thought stood out as being effective. From a large number of programs identified by these experts, we selected those that were nominated by more than one person and that met our criteria of having women as more than half of their clientele and of directly providing, or having a direct linkage to capital. We reviewed nearly 100 programs and 59 banks and selected 13 that

met our criteria and that illustrated the range of different programs that exist. We also included several “promising practices” that are too new to have a track record but appear to be innovative. The list of programs profiled is not meant to be an exhaustive inventory of best practice programs and undoubtedly there are many more that merited inclusion as well as many superb programs that help women start and grow their businesses through training and education but not capital access. We developed a conceptual framework for identifying and evaluating programs that provide access to capital for women business owners, and use this framework to accomplish the following:

- Identify 13 best practice programs providing access to capital for women. We assess and profile these programs to share best practices and lessons learned so that successful initiatives can be replicated.
- Describe what populations are being served by different types of programs.
- Suggest criteria for ongoing evaluation of program operations and client outcomes that considers program context, including program goals, clients served, and program services.

A. BACKGROUND

This report examines women’s access to capital in the United States over the full spectrum—from the small amounts of capital provided through microenterprise programs to the larger amounts of capital provided through small business and equity capital programs. This background section describes the important role women’s access to capital plays for the economy and in social welfare. It also describes some of the key elements needed to grow a business, such as capital, and highlights some of the barriers to women’s access to capital.

Women’s Access to Capital is Important for the Economy

Entrepreneurship is responsible for job creation, economic vitality, and new products and services. High growth entrepreneurs, in particular, drive productivity and living standards. Women contribute substantially to entrepreneurship in the United States. According to the Survey of Business Owners, in 2002 women owned 6.5 million nonfarm U.S. businesses, employing 7.1 million persons, and generating \$940.8 billion in business revenues.¹ The number of women-owned businesses increased 20 percent (or by 1.1 million businesses) from 1997 to 2002, as compared with an increase of 16 percent (or 1.8 million businesses) for male-owned firms. In addition to the 6.5 million women-owned businesses in 2002, there were 2.7 million equally male- and female-owned businesses with \$731.4 billion in receipts (U.S. Census Bureau, 2006a).

¹ The U.S. Census Bureau’s definition of women-owned businesses may result in a lower number of women-owned businesses than other definitions because it excludes publicly held ventures (Brush et al. 2001b). The U.S. Census Bureau’s 2002 Survey of Business Owners defines women-owned businesses as “firms in which women own 51 percent or more of the interest or stock in the business.” Throughout this report we use this definition of women-owned firms, of 51 percent or more ownership. The data were collected from “nonfarm businesses filing 2002 tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more” (U.S. Census Bureau, 2006a).

The Center for Women's Business Research (2005b) estimates that, as of 2004, there are 10.6 million privately-held, women-owned firms in the United States, accounting for nearly half of all privately held firms in the country and 6.7 million majority (51 percent or more) women-owned firms. (These estimates are based on projections from the Census Bureau's 1997 Survey of Women-Owned Business Enterprises.)

Women entrepreneurs have the potential to make even greater contributions to employment and economic development. In 2002, the 6.5 million women majority-owned businesses accounted for only 28 percent of all nonfarm businesses in the United States and 6.5 percent of their employment (U.S. Census Bureau, 2006a). Yet women account for slightly over half of the U.S. population and 46 percent of the civilian labor force (U.S. Department of Labor, 2006). Lack of access to capital (both use of capital and the amount used) may be a key barrier for potential women entrepreneurs.

Women's Access to Capital is Important for Social Welfare

Women's access to capital is important for social welfare, as well as the economy. Entrepreneurship plays a vital role in creating opportunity for millions of Americans. For example, business ownership can provide additional employment opportunities. These employment opportunities may be particularly important at the low end of the income distribution where wage employment opportunities are more constrained. In the U.S. economy where women are more likely to have lower earnings than men (Spraggins, 2003, p. 4), business ownership can serve as an alternative to or supplement to wage employment income. Indeed, Marlow and Patton (2005) cite evidence that women were more likely to be motivated to enter self-employment by "glass ceiling" career problems than men (p. 722).

Business ownership that allows for flexibility is also potentially more compatible with family responsibilities (e.g., caring for children or elderly family members), at least at low-income levels, than wage employment. This compatibility is necessary in two-earner families and especially necessary in single-headed families. Women disproportionately head single families—in 2003, 82 percent of single-parent families were female headed. And single female-headed families are more likely than single male-headed families to be poor—in 2003, 32 percent of single mothers were in poverty as compared with 16 percent of single fathers (Fields, 2004, p. 9). As a result of greater family responsibilities and more constrained wage employment opportunities, low-income women may especially benefit from business ownership. Marlow and Patton (2005) find evidence to support this hypothesis in their assessment of the literature. Earlier research shows that women are much more likely than men to turn to business ownership to accommodate domestic and caring responsibilities (p. 722). Where business ownership flexibility improves child- and eldercare, the social welfare benefits of business ownership go beyond benefits to the individual self-employed and extend to those for whom they are caring.

The international literature suggests broader social welfare benefits when capital is placed in the hands of women. Program evaluations in countries as diverse as Bangladesh, South Africa, and the United Kingdom find that credit and transfers in the

hands of women result in greater spending on children's human capital, improved health and nutrition for both boys and girls, and increased access to formal health care for women (Rivero-Fuentes and McKernan, 2005). Higher loan repayment rates are an additional reason to target women with capital for microenterprise, based on the international literature. For example, Khandker (1998, p. 100) finds that loan recovery rates for three large microenterprise programs in Bangladesh are at least 7 percent higher for women than for men.

Women's access to capital may also improve social welfare by improving diversity. Women are underrepresented in the U.S. business ownership population. As mentioned, in 2002, only 28.2 percent of all nonfarm businesses in the United States were majority owned by women (U.S. Census Bureau, 2006a). Additional women-owned businesses will increase diversity and provide greater networks for future female business owners. Access to capital is key to future business start-up and growth.

Growing a Business and Accessing Capital

Starting and growing a business requires low-end capital for smaller businesses, high-end capital for larger businesses, and business mentoring resources across the board. Getting even small amounts of capital to launch a business is difficult without a steady employment and credit history. And even with a steady employment and credit history, social networks can be important for accessing capital. Access to business resources for advice and mentoring are crucial and come largely through social networks. Women are less likely to have steady employment and credit histories than men and are less likely to be a part of business social networks.

Growing a business to the next level or trying to launch a high growth business requires access to large loans or equity capital. The path to large loans and equity capital is often through social networks. Investors often use networks and personal knowledge, as well as more traditional criteria for evaluating the prospects of business and investments. Women are generally not part of these networks. Recent research by Brush and others, as described below, attributes the women's low rates of obtaining equity capital and women's smaller loans size to their limited presence in existing social networks.

Women's access to capital is limited, not just in whether capital is used but also the amount used. Women business owners regularly name access to capital as a major obstacle to success (U.S. Senate Committee on Small Business and Entrepreneurship, 2005). A recent study by the Center for Women's Business Research (2005a) finds that women's access to commercial credit has increased over time—from 20 percent of women business owners using commercial credit in 1996 to 34 percent in 2003. The percentage is higher, 56 percent, for larger women-owned business (those with revenues of more than \$1 million) but still lags far behind the percentage, 71 percent, for larger male-owned businesses (Springboard Enterprises 2005).

The public sector has played an important role in providing access to capital for women. According to the Center for Women's Business Research study (2005a), U.S. Small

Business Administration-backed loans to women almost quadrupled between 1990 and 2000, with 21 percent of loans going to women in 2000. However, with the most woman-friendly Small Business Administration (SBA) loan program, the Microloan program, at risk of being discontinued, this trend may not continue. Approximately 85 percent of all women-owned businesses are microenterprises as defined by having no paid employees (U.S. Census Bureau, 2006b).² Women's access to capital is especially limited in the venture capital industry. Brush and her coauthors (2001b) find that women-led firms received only 2.4 percent of venture capital over the 30-year 1957 to 1998 time period, but a slight increase in investments occurred between 1995 and 1998 (pp. 2 and 17). In a more recent report, Brush and her coauthors (2004) find that from 1997 to 2000, women-led businesses received only 5 percent of venture capital money invested each year.

Barriers to Women's Access to Capital

Statistics show that women use less capital than men, but the reasons why are difficult to isolate from the many factors determining capital use (Marlow and Patton, 2005). A few studies and some statistics provide some insight into barriers to women's access to capital. Barriers cited include negative myths and stereotypes associated with gender (Brush et al. 2001a, Marlow and Patton 2005), and the dearth of female capitalists (Brush et al., 2004; Kauffman Foundation, 2006).

Brush et al. (2001a)—in the start of a series of studies on women's capital funded in part by the Kauffman Foundation—examine eight myths about women and equity capital—including the following: women don't want to own high growth businesses; women don't have the right educational backgrounds, types of experience, networks, financial savvy or resources; women don't submit business plans to equity providers; women are in unattractive industries; and women are not a force in the venture capital industry. They conclude that women's ability to acquire equity capital is limited, in part, due to the persistence of these myths.

In a related article, Marlow and Patton (2005) conclude, based on a theoretical analysis of gender, that women cannot escape negative stereotypes that portray the feminine as inferior to the masculine. As a result of these stereotypes, the authors argue that women accrue less social, cultural, human, and financial capital and so limit their ability to build personal savings, generate credit histories attractive to formal lenders, or engage the interest of venture capitalists (p. 729).

Recent reports by Brush and her coauthors (2004) and the Kauffman Foundation (2006) find that the supply side of the capital equation provides some explanation as to why women lack access to capital. Research on the topic finds that "who you know" may be as important as "what you know," that networks are crucial, and that men report that they do not have women in their networks. For example, the venture capital industry is overwhelmingly male—women represented only 9 percent of management-track venture capitalists in 2000 (Brush et al., 2004). Similarly, the angel capital industry is

² Seventy-three percent of all male-owned firms have no paid employees (U.S. Census Bureau, 2006b).

overwhelmingly male—women make up no more than 8 percent of angel investors (Kauffman Foundation, 2006). Access to these types of equity capital usually occurs through informal networks and, since these networks supplying capital are predominately men, women do not have the personal relationships that provide them the necessary access. Personal networks and perceptions also play a role in credit assessments for large bank loans, lines of credit, and other types of capital. Smaller loans and lines of credit tend to be based on more impersonal and formalized evaluations, primarily using credit scoring systems. Although the credit scoring systems are not biased because of subjective criteria, they often disadvantage women who may be reentering the workforce, for example after raising children or following a divorce, and thus not have the long-term, stable, or full-time employment or credit histories that are important qualifying criteria used by these evaluation systems. The recent waves of bank mergers have reduced the number of local banks and local loan managers with decision making authority to consider other criteria that might compensate for lack of a standard work history.

The demand side may also provide some explanation as to why women lack access to capital. It could be that the types of businesses women typically engage in require less capital. However, statistics from the 2002 Survey of Business Owners provide little support for this explanation.³ Women's beliefs may be another factor resulting in a demand-side barrier to women's access to capital. An NFO WorldGroup study concluded that "women who run businesses believe banks are less willing to lend them money and therefore turn to personal credit for funding (cited in National Women's Business Council 2002). Another factor may be that, on average, women have less exposure to financial institutions and financial education than men. Uncertainty about criteria to qualify for a loan and less experience of, or knowledge about business finances and the borrowing process may prevent women from even applying for a loan.

Finally, characteristics of women borrowers may act as a barrier to capital access, especially when credit scoring and traditional methods of assessing credit risk are used. Just as women may be looking for more flexible hours through business ownership, they may have worked more flexible hours in their previous employment history. As a

³ A look at the top female- and male-owned business sectors shows a large gender difference in business type only in the two largest business ownership sectors and then smaller gender differences in other sectors. The largest percentage of male-owned businesses is construction (17 percent versus 3 percent for women) while the largest percentage of female-owned businesses is health care and social assistance (16 percent versus 6 percent for men). It is possible that construction is a more capital-intensive industry than health care and social assistance, which provides some support for the demand-side hypothesis. However, Bates (2005) suggests that construction is not a capital-intensive industry. In fact, Bates finds that construction is the best sector for individuals without capital or a high school diploma. Construction skills learned on the job and one's own tools are often the only capital needed to start out in business (p. 69).

Beyond this top category, there is much overlap in sectors for female- and male-owned businesses. The next key sectors for both females and males are other services (16 percent of female-owned businesses, 10 percent of male-owned businesses); retail trade (15 percent female, 9 percent male); professional, scientific, and technical services (14 percent female, 15 percent male); real estate and rental and leasing (8 percent female, 9 percent male); and administrative and support and waste management and remediation services (9 female, 6 male) (U.S. Census Bureau 2006b, table 11). These statistics reflect both supply and demand, not demand alone. That is, even if women do own businesses in less capital-intensive sectors, it could be because they choose these sectors (demand) or because capital was not available to them (supply).

result, women's earnings and income history may be less consistent than men's, resulting in potentially less capital.

In summary, many women do have access to formal capital, but the amount of capital used is much lower for women than for men. Reasons for women accessing less formal capital include negative myths and stereotypes associated with gender, less consistent credit and income history resulting in lower credit scores, lack of financial education, and a lack of social networks that bring access to higher levels of mentoring and capital. This study analyzes and profiles best practice programs that are providing capital to women.

III. THE STUDY

The goal of the study was, first, to identify best practice programs that provided women-owned businesses or startups with access to capital and, second, identify the factors that made them best practice programs and the challenges they faced as well as the gaps in programs and policy. The criteria to select the programs were: (1) it served a client base of more than 50 percent women; (2) directly provided capital or provided access to equity or debt capital providers; (3) was named as a “best practice” program by at least two experts in the women’s business development field.

A. METHODS AND SAMPLE

There is no comprehensive compilation of capital access programs nor are there rigorous evaluations of these types of programs. As an exploratory study, this is a first step in identifying best practice programs and identifying what can be learned from these programs, as well as the areas that need further research. This study is not intended to be exhaustive, to identify all best practice programs but, rather, to identify illustrative programs of each type that are considered best practices. Many of the nearly 100 programs that were initially identified were considered high quality programs but did not have a majority women clientele or focused primarily on training and education without a strong link to capital access.

The study used a three stage, reputational method for all program types and a systematic review of programs at the largest national and regional banks. The reputational method for sampling is conducted by identifying experts in a field and asking them to identify programs of interest—in this case “best practice” programs. This process first elicits a large number of programs that are then reviewed using a set of selection criteria to identify a sample of programs that are illustrative of best practice across the spectrum of program types, business types served, and level of capital provided.

For the first stage, we began with a list of experts from the study’s two sponsoring agencies, the Kauffman Foundation and the International Finance Corporation’s Gender Entrepreneurship Markets program. We then polled these experts, asking them to identify best practice programs and other experts in the field. For the second stage, we polled the experts identified from the experts in the first stage. For the third stage, we polled the directors of the regional Women’s Business Centers to identify any programs in their region that might not be nationally known. For bank programs, we also used the

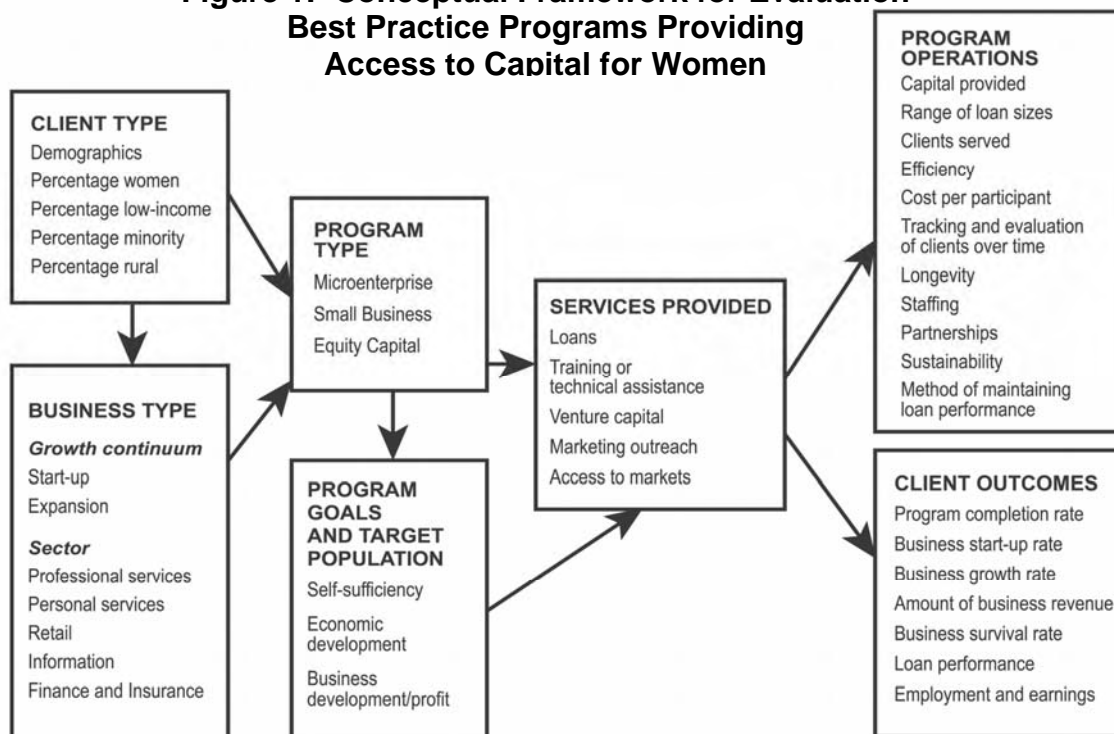
Fortune magazine list of the 34 largest banks in the U.S. and the largest five banks in each of five geographical regions (Northeast, Pacific, Mid-Atlantic, Midwest, Southwest, and Southeast).

Based on our three-stage poll of experts, 97 programs were identified, supplemented with a list of 59 banks (some of the banks were also identified in the experts poll). We then conducted background research and reviewed information on each program to determine whether it met our screening criteria: client base of more than 50 percent women, provide access to capital, be identified by at least two experts as “best practice”. The screening resulted in a final sample of 13 programs (see table 1). Using web searches, tax information, and telephone interviews with principals in each program, we developed profiles of each organization and analyzed the best practices.

B. CONCEPTUAL MODEL

The conceptual model depicted in figure 1 provides a framework for evaluating best practice programs providing access to capital for women. As depicted in the figure, we hypothesize that (1) client type is related to business type, as some client types will cluster in specific business types; (2) both client type and business type are associated with the type of program that provides capital to women; (3) the program type, its goals, and its target population will determine the services the program provides; and (4) all these factors will determine program operations and client outcomes. As a result, program operations and client outcomes should be evaluated within the context of client type, business type, program type, program goals and target population, and services provided.

**Figure 1: Conceptual Framework for Evaluation
Best Practice Programs Providing
Access to Capital for Women**



Client Type Relates to Business Type. Entrepreneurs include a broad range of individuals with diverse demographic and business characteristics. These characteristics will be associated with the type of business an entrepreneur undertakes. For example, Marlow and Patton (2005) categorize female entrepreneurs into two distinct types “traditional” and “new modern,” and many others have proposed different entrepreneurship typologies.⁴ In this analysis we find three business types: “subsistence” businesses, small businesses, and “high-growth” businesses. Subsistence businesses, like subsistence agriculture, provide enough primary or supplemental income to subsist but not enough to significantly increase the standard of living or generate enough surplus to support growth. These businesses are generally not very stable and may not provide more income than a low-wage job but do offer necessary flexibility. Subsistence entrepreneurs are typically those who have limited human capital (education, training, business experience) and thus limited wage employment opportunities. The type of business the subsistence entrepreneur undertakes is governed by her context and circumstances. The business is typically developed in low margin trades such as personal services. Bates’s research (2005) shows that skills, work experience, and a support infrastructure are critical to the success of disadvantaged entrepreneurs.

Small businesses cover the range of businesses that are a step above subsistence businesses to those that generate high income and are stable but not growing. High-growth businesses are those that have steady year to year increases in revenues and employment and continued expansion is a business goal. These entrepreneurs, at the other extreme, have extensive human capital and business experience and have chosen business ownership as a result of an innovative idea and from a variety of employment options. A subset of these high growth businesses is comprised of those seeking venture capital for very rapid growth and returns on investment. These women use the networks gained through business experience to develop their own business in high margin sectors such as information technology, and finance and insurance.

Program Type. Client and business types will determine the type of program a woman receives capital from. Subsistence entrepreneurs will require smaller loan amounts and will turn to microenterprise programs, which typically provide loans of less than \$25,000 in the United States (Aspen Institute 2002). Microenterprise programs have job creation, poverty alleviation, and self-sufficiency among their program goals. High-growth entrepreneurs will require larger loan amounts and will turn to banks and venture capitalists, who have business development and profits as their goals. Entrepreneurs in between these extremes will turn to banks and public programs (such as those offered by the Small Business Administration) who have economic development and/or profits as their motives.

⁴ There are a number of typologies of business birth and growth in the entrepreneurship literature, such as Gartner et al.’s (1989) early work on developing a taxonomy of new business ventures focused on types of entrepreneurs and organizational types. More recently Kunkel (2001) developed 10 types of “entrepreneurial activities,” focusing on types of activities instead of types of entrepreneurs, because one person may pursue different types of entrepreneurial activity.

Services Provided. The program type, its goals, and its target population will determine the services the programs provide. Programs targeting low-income populations, the subsistence entrepreneurs, will need to provide much more training and technical assistance to compensate for their client's lack of human capital. This training is important. McKernan (2002) finds that training and other non-capital aspects of microenterprise programs account for about half of the programs' increases in participant's self-employment profits. Programs targeting fast growth entrepreneurs will place more emphasis on loans than technical assistance, but in the case of venture capitalists, may also provide substantial technical assistance.

Program Operations and Client Outcomes. A program's client type, business type, goals, and the services it provides will all determine program operations (e.g., cost per participant, loan sizes, and sustainability) and client outcomes (e.g., program completion rate, business start-up and growth rates, and loan performance). As a result, program operations and client outcomes should be evaluated within the context of client type, business type, program type, program goals and target population, and services provided.

As our conceptual model illustrates, there are a variety of programs that provide access to capital for women. They provide different services and have different organizational purposes. Performance measures and standards need to be defined and selected in a manner that reflects these differences. We identified three different organizational goals among the programs that address access to capital for women: self-sufficiency, economic development, and business development/profit.

We suggest two groups of measures—those that address program operations and those that address client outcomes. Both sets of measures, however, need to be benchmarked using established standards and experience of comparable programs. For example, a program focused on self-sufficiency may include business owner annual income as an outcome measure, while a program focused on economic development may want to measure the number of jobs created by each business that is financed. On the other hand, some measures may be the same across program types, but the benchmarks may be different. An economic development program targeting business start-ups would have a different goal for number of jobs created than a program providing capital for business expansions. Within the microlending field, the Microenterprise Standards and Accreditation Project in association with the FIELD program at the Aspen Institute, has developed numerical performance standards for the Microenterprise industry that address client outreach; credit program effectiveness and efficiency; credit program scale; and training program scale, effectiveness, and efficiency.

Program operations measures provide information about an organization's health or stability, but may not reveal anything about the organization's success/efficiency in improving access to capital, especially for women. Of course, one assumes that financially healthy organizations will be better at serving loan applicants and will remain in business longer, but more research is needed to understand what works best for any particular subgroup and what benchmarks identify programs that will have the most

success. Sources of data on program operations include financial statements, annual reports, 990 forms submitted by nonprofit organizations to the IRS, and voluntary industry reporting systems such as MicroTest.

With respect to client outcomes, the measures, and also the benchmarks, depend on the program goals. For example, graduation and business plan completion rates are considered early indicators of a training program's effectiveness. These same programs, if they are able to follow-up with clients might also track longer-term outcomes, such as completion of loan applications and success in obtaining loans. Business growth rates and business survival rates will have different benchmarks depending upon the average size of loans and the business sectors that are the focus of the loans. Client outcomes are useful in and of themselves, but are best compared with control or comparison group outcomes to measure program impacts.

Two other, more qualitative areas to consider in evaluating programs are client satisfaction and program coordination. Using surveys or focus groups, clients can be asked about their satisfaction with the service received, including: the quality and usefulness of information provided; the way they were treated by program staff and the extent to which the program facilitated their access to banks or other sources of capital. Coordination refers to a program's ability to connect clients along a continuum of services to assure a pathway that improves access to capital. For example, a training program must coordinate with other programs to help a client access funding sources when they are ready to do so. Or, if a loan officer feels that an applicant needs assistance developing a more detailed business plan, they should be able to refer the client to organizations that can provide that assistance.

IV. THE PROGRAMS

A. OVERVIEW

Programs providing capital to women span the range of small grants to women in poverty trying to start a business that will help them make ends meet to venture capital firms seeking to invest in women-founded businesses that will return hundreds of millions of dollars to their investors. By design, the analysis examined programs across the spectrum of program type and client population, seeking to understand best practices for serving women and the gaps in programs that are available to assist women in obtaining capital for their businesses.

Programs to support capital access for women-owned businesses are distinguished by the types of services provided to meet the needs of specific populations (e.g., low-income women, home-based businesses, etc.) and for specific business segments. The programs are also differentiated by which business segment they serve (microenterprises, small business, or venture capital) and the type of organization and its funding sources (public, private, commercial, or government).

Table 1 provides an overview of the programs we examined, showing the business segment, the types of services and capital provided, and population served. Two of the categories, microenterprise and venture capital, serve fairly well-defined populations: the former focuses almost exclusively on low-income women, while the latter focuses on businesses with very high growth potential and tends to focus on women with higher levels of skills, education, and resources as well as different career aspirations. The middle category, of small businesses, covers a broad range of business types and populations. Businesses in this category include start-ups by women seeking to develop small enterprises or provide home-based services to established businesses seeking capital for expansion and high growth. The services that are needed, and the type of capital available, are specific to each business type and population. Thus, we analyze the programs within their program type, target population, types of services provided, and their funding and organization.

Table 1: Summary of Programs

Program	Type	Services provided
Center for Women & Enterprise	Small business	Education, training, technical assistance and access to debt and equity capital.
Count Me In	Small business-start-up and modest expansion	Loans to women-owned businesses, focusing on microenterprises; business assistance services including online training courses, as well as sponsor of the Make Mine a \$Million program for high-growth businesses.
Golden Seeds	Venture and angel capital	Identifies and invests in women-led ventures with multi-million dollar growth potential and partners with investors in funding these ventures.
Key4Women	Marketing, outreach, education services to support standard loan program	Marketing outreach and technical assistance program for women-owned firms and provides dedicated "relationship manager" to assist in loan applications, deliver financial services.
National City, Women's Business Development Program	Marketing, outreach, education services to support standard loan program and support of community programs	National City has pledged to lend at least \$3.5 billion to women business owners over the next five years. Their Women's Business Development program provides "advocates" for women business owners to identify and obtain resources. They also support the ATHENA PowerLink program.
Nebraska Women's Business Center–REAP	Microenterprise	Services rural Nebraska women who are starting or expanding their businesses on a statewide, rural basis; provides lending, training, networking, and technical assistance, as well as opportunities for startup and existing small microenterprises.
Springboard Enterprises	Venture capital	A national nonprofit organization providing women entrepreneurs training and access to capital for starting or growing a high-growth potential business. It also offers educational programs and ongoing support for its alumna.

Program	Type	Services provided
Trickle Up	Microenterprise	Seed capital and training to low-income residents of cities in six states. The program works in partnership with locally-based community development organizations, who identify local participants; provides training assistance and grants.
Wells Fargo	Marketing and outreach to support their standard small business loan program	The bank has loaned approximately \$15 billion to women-owned businesses, has pledged to lend \$20 billion to women entrepreneurs by 2013, and provides a streamlined loan process to business owners.
Women's Business Development Center—Chicago	All women-owned businesses	The WBDC offers training programs, counseling, and other services and programs to help women entrepreneurs assess their business and develop business plans. Their Finance Assistance Program develops and reviews business plans, assists with the financial documents necessary to obtain capital, to plan business growth, package loans, and provide in-depth financial workshops.
WESST Corporation	Small business	Facilitates the start-up and growth of women- and minority-owned businesses throughout the state of New Mexico. A Revolving Loan Fund that has approved more than 300 loans totaling over \$1.7 million.
Women's Initiative for Self-Employment	Microenterprise	Revolving Loan Fund to provide small business loans to lower-income women entrepreneurs; one-on-one consultations, networking events and business success seminars and Individual Development Accounts.
Women's Technology Cluster	Business "incubation" and angel and venture capital	Identify and incubate (or "accelerate") women-founded technology and life science companies with large market potential. Through a series of programs and its network of investors, WTC provides access to start-up or growth capital.

B. OVERVIEW OF PROGRAMS BY TYPE

In this and the next section, we summarize and assess the 13 illustrative programs. These best practice programs are quite different in the clients they serve and modes of operation, but there are also some commonalities and there are best practices and lessons learned that may be instructive for other programs.

Microenterprise

The four microenterprise programs are primarily or exclusively focused on low-income clients taking the first step toward self-sufficiency through self-employment. The Women's Initiative (WISE) is devoted exclusively to serving women. Trickle Up, which focuses on the very low income population, is not specific to women but nearly three-quarters of its clients are women. The Women's Business Center of the Nebraska Rural Enterprise Assistance Project (REAP) provides outreach and technical service to women but capital is provided through their umbrella program which is not exclusive to women. Count Me In provides loans and educational services to women-owned businesses, focusing on microenterprises and low-income women who would not be eligible for other sources of credit (Count Me In has recently launched a program with American Express, Make Mine a \$Million, which focuses on high growth businesses, discussed below; WISE and REAP are SBA-funded Women's Business Centers and also serve small and medium size firms through their larger loan programs.)

Microenterprise initiatives address the particular needs of many low-income women. Starting a microenterprise provides advantages over other employment for low-income women. Low-income women are more likely than men to be the single head of a household and have child-rearing responsibilities (women comprise 82 percent of single-parent households and are twice as likely as men to be in poverty) and thus self-employment, particularly home-based employment, allows them flexibility.

These programs combine training, education, and support services with capital. Trickle Up focuses on providing small grants (typically \$200 to \$500) to those who would not be eligible for loans from banks or even other low-income programs. To qualify for a Trickle Up grant, clients must first complete their 10-week training course and have total household income less than 175 percent of the federal poverty level, though most are making much less. In addition to the training, the class gives the instructor an opportunity to get to know and evaluate the client. The instructor's evaluation and judgment about the client are important factors in the grant evaluation, particularly when the client does not meet other creditworthiness criteria (e.g., they may not have much of a work or earnings history or no credit history). Clients must agree to dedicate at least 250 hours in three months to their business, but it can be part time or to supplement another job. Trickle Up encourages small, home-based businesses, ranging from soap making to street vending to party clown and dog grooming services.

Trickle Up, which has an extensive international program, operates programs in six states in the poorest regions of the United States. Trickle Up partners with existing organizations in each area, in effect supplementing existing programs that serve low-

income clients by providing grants and oversight for their targeted population of very low-income clients.

The Women's Initiative for Self Employment (WISE) provides loans to low-income women through three different types of loan programs. Clients must first complete a "Simple Steps" business management course and a business plan. After the course, graduates can apply for a seed, startup, or operating capital loan from \$500 to \$10,000. After that loan has been repaid, clients can use other resources such as one-on-one consultations, networking events, and business success seminars. Also offered are ongoing training through WISE's SuccessLink program and subsequently a second capital loan from \$2,000 to \$25,000, as well as Individual Development Accounts. Since applicants have been in the classes, staff are able to consider their personal knowledge and judgment about the client in addition to their credit history. WISE has been a leader in developing program metrics and tracking clients. The Women's Initiative operates in the San Francisco Bay Area.

The Women's Business Center of the Nebraska Rural Enterprise Assistance Project provides lending, training, networking, and technical assistance through roundtable groups and individual memberships. They support startup and existing small microenterprises by helping women access loans through REAP, which is the umbrella organization serving men as well as women. REAP helps fill several gaps in services for small businesses as well as provide opportunities for startup and existing small microenterprises. Micro-loans to WBC clients are provided through REAP, range in size from \$1,000 to \$25,000. They consider themselves to be a "center without walls," utilizing local business specialists throughout the state so they can reach a rural population.

Count Me In is the first online microlender, using a credit scoring system that is "women friendly," allowing women to qualify for a Count Me In loan when they might not qualify under standard credit evaluation criteria. They make loans of \$500 to \$10,000 available to women across the United States who would have few other loan options. The organization provides access to networks that expand contacts, markets, and skills and they also offer business help services including online training courses, online question and answer services, and a business education online library. With American Express and the Women's Leadership Exchange they have just launched a new program for growth businesses called "Make Mine a \$Million." For businesses trying to reach \$1million in sales, this program provides up to \$45,000 and a year of business mentoring to 40 businesses, awarded on a competitive basis.

Small Business Programs and Loans

There is a wide range of programs for small businesses, ranging from clients who are just starting a small business to supplement their individual or household income, or who want a home-based business with flexible hours, to established businesses that need capital to expand and have plans for aggressive growth. The small business programs service a wide range of clients and provide a broad array of services, from classes to one-on-one counseling, and furnish different levels of debt capital, from

\$1,000 to well over \$1 million. The programs we profile are banks with loan programs marketed to women and nonprofit organizations that offer services and access to institutions and investors who provide capital.

Banks. Banks typically have marketing and outreach programs to women but provide loans through their standard small business loan programs. Support they provide for microenterprises and for in-depth training typically takes the form of grants and/or partnerships with nonprofit organizations. Community organizations report substantial support from a number of local and national banks, often as part of the bank's Community Reinvestment Act obligations and/or from its corporate foundation or funds directed to all types of community support. Notably, the banks we identified with specific outreach programs to women (and often also to minorities) viewed their relationship with the community program as a means of reaching an underserved but profitable market. The three leading programs were in regional banks: none of the national banks were identified as having effective outreach or marketing programs specifically for women, though many supported women's and community organizations. It was reported that large national banks used credit scoring systems that disadvantage applicants who had worked only part time, were just entering the labor market, or did not have a substantial credit history. Staff we interviewed at the community programs found that the national banks' standardized credit review criteria and process, and lack of discretion at the local level made it difficult to obtain loans for their clients. Although most community banks did not have specific programs for women, the programs reported that a number of their local banks would consider loans that did not meet standard qualifications. Program staff could meet with senior managers in the local banks to discuss individual cases and consider a broader evaluation of their loan risk and potential growth. Moreover, local banks were able to look at the track record of the community programs and, as reported to us, found them to have excellent success rates with clients from those programs. The community programs prepared and screened clients: thus, banks began to see these referrals as an effective and efficient source of customers. Some banks actively engaged in community outreach as part of their marketing programs.

Wells Fargo is considered by some to be the "gold standard" in outreach to women. Begun in 1995, their Women's Loan Program has loaned more than \$25 billion to approximately 700,000 women-owned small businesses nationwide. Their current goal, set in 2003, is to lend \$20 billion over 10 years to women-owned businesses. Wells Fargo's Women's Business Services program involves both outreach and education. They have a national alliance with, and provide support to the National Association of Women Business Owners and work with their chapters in 23 states as part of their outreach efforts. The bank encourages staff in their local offices to participate in events in their community, to be speakers, provide materials, and generally to reach out to the women's business community.

National City established a formal women's loan program in 2001, though it has been focusing on the women's loan market for the past 10 years. The Women's Business Development Program was championed by Linda Stevenson, senior vice president at the bank and was supported by senior management who saw potential in an underserved market of women. The bank has an active community-based outreach

program, what they consider a “grassroots” approach to be part of the communities in the seven states they serve. They have more than 150 advocates who are active participants in local women’s business organizations and programs as part of their regular jobs (sales, branch manager, wholesale banking manager, and other positions). In 2004 they set a five-year goal of lending \$3.5 billion to women-owned businesses and, less than two years into the program they were more than halfway toward reaching that goal. National City supports Athena PowerLink, which provides counseling and mentoring to growing individual businesses by experienced business volunteers. They also sponsored the Women’s Economic Development Outreach (WEDO Tour) which is an alliance with women’s organizations and local groups to provide information seminars in their seven states. National City advocates and representatives of other organizations, businesses, and government agencies hold week-long tours with half-day seminars on business financing; access to capital; information on certification on the state and federal level; private certification; and developing entrepreneurial networks.

Key4Women began in 1999 as KeyBank’s marketing outreach and technical assistance program for women-owned firms. Key4Women provides women entrepreneurs with a dedicated relationship manager to assist in loan applications, financial services and other assistance. Similar to the other banks, they also offer education programs and events that provide networking opportunities and ongoing education. In 2005, Key announced a commitment to lend at least \$1 billion to qualified women-owned firms of all sizes by 2008, ranging from self-employed entrepreneurs to large corporations in the 13 states in which they do business.

Small Businesses Programs. Small Business programs across the country provide business assistance and many also provide assistance for obtaining loans. The three organizations profiled here are the Women’s Business Development Center in Chicago, and Center for Women & Enterprise in Boston, and WESST Corporation in New Mexico. Although there are many small business organizations, these three were identified as model programs that provide access to capital, serving women exclusively or as a majority of clients, and operating at significant scale.

The Women’s Business Development Center in Chicago began in 1986 to empower low-income women by helping them improve their financial independence. They soon expanded to offer entrepreneurship training and then financial assistance by partnering with banks that will provide small business loans to their clients. With state funding, WBDC directly administers a microenterprise loan program of loans under \$25,000. They have also worked with Springboard to seek venture capital funding for some of their clients. However, they are likely to narrow their range of services: they will discontinue direct microlending (they “don’t want to be a bank” and do collections) and they are unlikely to continue seeking traditional venture capital because they want to maintain their focus on lower-income clients. They do, however, plan to seek equity investors for funding smaller amounts (e.g., \$1 million to \$12 million) for industries their clients develop, such as food products. They plan to serve low-income startup entrepreneurs by maintaining partnerships with microloan organizations such as Accion. They also operate a program focused exclusively on helping women establish home-based child care businesses. They work actively with local and regional banks to obtain

loans for their clients, a relationship which they say requires “consciousness raising” of banks to diversify their portfolio and consider good loan prospects who might not meet larger banks’ traditional credit scoring loan evaluations.

The Center for Women & Enterprise (CWE) in Boston offers a broad array of business and financial services. Their clients range from those on public assistance (nearly half of their clients have been on public assistance) to those seeking venture capital for high-growth start-ups. They offer classes to help women identify their strengths and business opportunities (a class in visioning) and to help them assess whether venture capital is suitable (Venture Capital 101). Classes are intentionally “mixed,” composed of small business and large business owners, of high-tech and retail or personal service businesses, of higher-income women seeking venture capital and low-income women barely familiar with equity financing. By having mixed classes, women from different business sectors and income classes learn about each other, about the barriers some women face and the opportunities about which they otherwise might not have known. CWE provides a loan consultant to assist women seeking loans (e.g., to review their loan applications and prepare them for the loan interview). They work with banks and with venture capitalists to help them understand the potential in women-owned businesses and the need for alternative approaches to evaluating loan risks. Similar to the other organizations, CWE brings clients to banks who may not appear to be creditworthy on paper (e.g., lack of a long work history) but whom CWE has assessed as a good credit risk. CWE has established credibility with local banks because their referrals have a very low loan default rate. CWE focuses on long-term relationship building with the finance community, banks and venture capitalists, to educate them about the opportunity in the women’s market by taking a different approach to risk assessment and by understanding the value of referrals from CWE. CWE’s partner banks keep metrics on the performance of CWE referrals and report lower default rates among CWE referrals even though they might not meet traditional lending criteria.

WESST Corporation’s target market is low-income, unemployed, and underemployed women and minorities, though they do offer services to anyone interested in starting or growing a small business in New Mexico (about two-thirds of their clients are low-income, minority, and female). They offer a full range of services, including business consulting, business training, business growth planning, and loans from \$200 to \$35,000. They service a largely rural area by partnering with nonprofit, government, and private organizations throughout the state.

Equity Capital Funds and Programs

The three equity programs and funds take quite different approaches to supporting women entrepreneurs with potentially high-growth businesses. These range from forums to present business proposals—Springboard—to a fund that has equity investors as members as well as providing access to other equity investors—Golden Seeds—to a program that provides both access to equity funding and serves as an incubator—Women’s Technology Cluster.

Springboard Enterprises offers a wide range of services, from screening, education, and preparation for pitching ideas to investors, to continued support and training for alumnae. The core of their program is their Venture Capital Forums co-hosted with local institutions across the country. Six months before the Forum, 20 to 25 women-led high-growth businesses are selected for training and preparation to present their proposals to local investors. Since its founding in 2000, Springboard has raised \$3 billion in capital for seed/first-round funding for 192 businesses and 155 later stage businesses. Eighty percent are currently operational and five are now public companies.

Golden Seeds was founded in 2004 as an angel capital fund investing in women-led ventures with high growth potential to become multimillion dollar businesses. They also partner with investors in funding these ventures and provide strategic business advice to companies seeking investment. The Golden Seeds Angel Investor Forum meets monthly to consider presentations from two to three prospects. The portfolio companies become part of the Golden Seeds community and have different levels of assistance available to them, depending upon their needs. Currently there are eight companies in their portfolio for which they raised a total of \$2 million. Golden Seeds considers itself to be a social as well as a financial venture by seeking to invest in and promote the development of women entrepreneurs. They encourage the business entrepreneurs they work with to think about how to best integrate work and family when setting business goals and milestones. Golden Seeds is committed to helping women grow and retain control of their companies.

The Women's Technology Cluster (WTC) seeks to identify and incubate (or "accelerate" as they describe the process) women-founded technology and life science companies with large market potential. The WTC provides services at three different levels, depending on the stage of the company. JumpStart is a four-month program providing one-on-one coaching for the entrepreneur who is interested in raising seed or angel money. The full incubation program, LeapForward, is a comprehensive incubation program designed to support the ongoing development of a company and its leadership team. In addition, the WTC provides clients access to over 175 industry experts, investors, and service providers who mentor WTC companies on a pro bono and ongoing basis. The third service is a series of networking programs to bring investors and entrepreneurs together, most notably the annual Venture Conference where entrepreneurs compete to present to investors. WTC has incubated over 65 companies that have raised over \$60 million, 50 percent of which are still in business.

Promising Practices. Three new programs were also identified as developing innovative approaches to supporting women businesses and accessing capital. Texas Women Ventures Fund, co-founded by Whitney Johns Martin, provides a unique form of equity capital they call "dequity." This is "patient capital" not requiring principal payments during the five year investment period. It is distinct from venture capital because the goal is to help the owners retain control of their company while they grow strong enough to attract conventional financing. Another growth oriented program is the "Make Mine A \$Million" program sponsored by Count Me In and American Express. Beginning in 2005, they have a competition for existing women-owned businesses that are high growth oriented. Forty-five businesses are selected to receive mentoring and

coaching and a credit line up to \$45,000 that they can access at one time or over a five year period. Their goal is to grow these businesses to \$1 million or more in sales. The Center for Women Entrepreneurs in Technology is another new, innovative program that fosters women-led firms in the life sciences. Funded by a National Science Foundation Partnership for Innovation grant at Northwestern University, they provide access to laboratory space, pro-bono professional services, and capital through a partnership with several venture capital funds.

Summary

To examine the full range of capital access programs available to, and used by women, the experts we polled identified a diverse set of programs serving clients at different income levels and different business goals. With the exception of the equity programs, the other programs began with strong linkages to various Small Business Administration (SBA) programs. Five of the programs were Women's Business Centers⁵ that receive some funding from the U.S. Small Business Administration, and the banks have longstanding SBA-backed loan programs⁶.

⁵ SBA's Women's Business Center (WBC) program provides in-depth, long-term training, counseling, mentoring, access to capital and encouragement to start-up and existing women-owned small businesses. Each WBC focuses on the special needs of women, including those who are socially and/or economically disadvantaged. Many offer childcare, evening and weekend hours, scholarships and classes in different languages. SBA also supports the Online WBC, which offers online business information and training in seven languages as well as individual counseling, mentoring, networking and links to other relevant web sites, 24/7. WBCs are public/private partnerships funded through cooperative agreements. Each undergoes quarterly on-site reviews and an annual programmatic and financial review before receiving another year of funding.

⁶ In addition to the WBC program, SBA has six other loan programs: (1) Section 7(a) Guaranty-This is SBA's primary business loan program to help qualified small businesses obtain financing when they face barriers to obtaining credit from traditional financial institutions. It is also the agency's most flexible business loan program, since financing under this program can be guaranteed for a variety of general business purposes. Loan proceeds can be used for purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets.

(2) 504 Loan Program- The CDC/504 loan program is a long-term financing tool or economic development within a community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. A Certified Development Company is a nonprofit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private sector lenders to provide financing to small businesses.

(3) The MicroLoan Program provides very small loans to start-up, newly established, or growing small business concerns. Under this program, SBA makes funds available to nonprofit community based lenders (intermediaries), which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000. The average loan size is about \$10,500. (The SBA's budget did not request funds for the Microloan program this year. They state in the 2005 Budget: "Very small loans are more widely available now than they were a decade ago when the SBA began the Microloan program. In addition, SBAExpress and the Agency's many Entrepreneurial Development programs offer products and services similar to Microloans, but far more efficiently. The Agency believes that the 7(a) program, SBAExpress, Entrepreneurial Development, combined with other programs inside and outside the federal government, all offer effective, efficient resources for lenders that continue to pursue smaller loans.")

(4) Small Business Investment Corporation- The Small Business Investment Company program fills the gap between the availability of venture capital and the needs of small businesses in start-up and growth situations.

(5) The Small Business Development Center (SBDC) program, delivered through 58 separate cooperative agreements, is SBA's largest management and technical assistance program, with more than 1,100 service locations in all 50 states and the territories. SBDCs offer counseling, training, and other services tailored to the needs of the state and community in which it is located.

It is notable that although this survey was not exhaustive, it was rather extensive and yet a sample of experts in the field identified as “best practice” only 13 programs serving a majority of women clients. In addition, our review of 59 national and regional banks across the country only identified three that had explicit and targeted programs with lending goals for women, though many did provide support to community organizations, generally through their charitable giving or Community Reinvestment Act programs. In our interviews with the programs we did profile, most interviewees mentioned that the larger and national banks were not responsive to the women’s market and were difficult to work with to develop loan relationships. They found local banks much more responsive and flexible. As we discuss in the analysis section below, changes in credit evaluation systems and bank mergers and acquisitions over the past five years have made bank loans more difficult at the same time that access to capital has increased through other programs and at the few banks that have recognized the business potential of the women’s market. It is also notable that the community-based programs identified were large and well-established, perhaps indicating their success in obtaining funding and providing services. In the next section we analyze these programs and recommendations to further improve access to capital and the performance of the businesses supported.

(6) Small Business Development Centers-The SBDC program provides counseling and training to small business owners to assist them in marketing and business strategy, financing, technology transfer, government procurement, management, manufacturing, engineering, sales, merchandising, accounting, e-commerce, exporting and other disciplines needed to help their small businesses grow and prosper. Federal dollars are matched minimally at 1:1 from non-federal sources (cash and non-cash) including universities, community colleges, state and local governments and chamber organizations. (see Urban Institute, 2004)

V. ANALYSIS OF BEST PRACTICE PROGRAMS

A. ANALYSIS FRAMEWORK

The framework we developed for analyzing the diverse types of programs serving women begins with analysis of the types of organizations and the characteristics of client populations, and the particular issues for women seeking loans.

The formal organizational types we examined are private, profit-making institutions such as banks and venture capital firms and public and nonprofit organizations typically supported by foundations and government funds and corporate donations. The populations ranged from poverty-level women who were ineligible for commercial loans or even loans from most small business or entrepreneurship programs, to high income, successful businesswomen who wanted to start their own firms with high growth potential.

The objectives of the different programs, of the businesses they funded, and of the women founding them were, as would be expected, quite diverse. Some women were looking for a minimal amount of supplemental income in a job with flexibility, so they could continue working in their primary full- or part-time job and care for children. Other women were seeking an opportunity to follow their passion in a business of their own. Some were seeking to develop a small, stable business while others had ambitious growth goals.

The range of business goals supported by these programs was similar to those of entrepreneurs overall, ranging from self-sufficiency, to flexibility/lifestyle, to innovation, to high growth that significantly contributes to economic development.

Analysis of the programs cannot use the same metric or evaluation criteria for all the programs: for example, while sustainability for a venture capital firm depends on the number and extent of successful businesses it supports, sustainability for a program assisting women in poverty may depend entirely on the strength of an ongoing relationship with funders. Even similar organizational types had different goals: banks for example, might offer a program for women as a marketing strategy to increase their loan portfolio or as a Community Reinvestment Act obligation to satisfy regulators and/or the community.

Our analysis, then, first focuses on key dimensions of each program type that the best programs do well and the challenges facing each type of program. We then examine the role of each type of program in an overall “system” that supports development of women-owned businesses.

B. WHAT MAKES A “BEST PRACTICE” OR INNOVATIVE PROGRAM?

Microenterprise Programs

Microenterprise programs in the United States were developed on the model of programs started in the developing countries, notably the Grameen Bank’s microlending program. Some programs in developing countries have been financially self-sustaining (Morduch 1999), have had important impacts on participants (Pitt and Khandker 1998, McKernan 2002), and the aggregate impact of very small businesses likely has been significant for those economies. In the United States, however, microenterprise programs have not been economically self-sustaining from returns on their loan portfolios and the aggregate economic impact is likely quite small. (More detailed analyses of microenterprise programs have been conducted by, for example, the Aspen Institute [2002] and Servon [1999]).

These findings also apply to the “best practice” microenterprise programs for women that we examined. For the most part, the function of these microenterprise programs is to help low-income women develop what we term “subsistence businesses.” These are businesses that provide self-employment that may provide more flexibility than standard employment, allowing them to manage childcare and work, or it may provide part-time employment to supplement another job, helping to make ends meet. The businesses tend to be home-based services or small batch production such as baked goods or boutique soap. Although some of these businesses may grow into more substantial enterprises and provide a moderate income, and a few may even grow into a medium-sized business employing a few others, the vast majority of microenterprise assistance leads to subsistence entrepreneurship.

Moreover, these programs provide a range of technical and educational services that may assist women in employment and managing their overall finances but not lead to a business startup. In fact, an important function of the courses and assistance is to help the women develop a realistic assessment of their business prospects, often leading to a decision to delay a startup or not start a business at all. To be self-sustaining through returns on their loan portfolios, microenterprise programs would need to shift their focus to serve higher-income, more growth-oriented entrepreneurs and to provide fewer services to those without strong prospects of starting a business.

These best practice microenterprise programs address an important need of low-income women—self-sufficiency—though the businesses they support typically do not use large loans and thus do not provide the programs “returns” through interest payments sufficient to support the program. We suggest that, rather than viewing these microenterprise programs as financial enterprises such as a community bank, these programs are more properly evaluated in terms of employment and training programs

targeting low-income populations. Successful employment and training programs that assist low-income clients are not expected to be self-sustaining but, rather, supported by public and private funding if they are effective in improving the earning ability of their clients. Employment and training programs are often considered very effective if they lead to earnings gains as small as five to eight percent and if they enable their clients to earn enough to significantly reduce or no longer require public assistance. By this standard, many microenterprise programs are likely to be quite successful. In our evaluation, microenterprise programs are successful if they are operationally efficient, can demonstrate client employment and income gains similar or better than employment and training programs and serve a substantial client base. To be self-sustaining they would have an established source of ongoing funding based on their effectiveness.

The best practice microenterprise programs partner with or associate with larger business organizations. The Trickle Up program has an innovative approach to serving very low-income clients by partnering with existing community organizations. This allows Trickle Up to serve its target populations in communities across the country without the costs of establishing separate organizations and supporting rather than duplicating existing organizations. The Women's Business Center/REAP in Nebraska provides services to a largely rural area through its "Center without Walls" approach, using business specialists throughout the state and forming self-sustaining roundtables rather than only hiring their own dedicated staff to provide services. Other programs, such as the Women's Business Development Center in Chicago, have embedded their microenterprise program within a larger organization that provides a broad array of services. For clients who have the capabilities, business model, and desire to develop a larger business, they can access a wide range of services within one organization.

Small Business Programs

The best practice programs for small businesses had several common characteristics and faced several similar challenges. A significant problem of many first-time entrepreneurs is their lack of experience in presenting the potential strengths of their business plan, preparing the documentation necessary for a loan, and feeling intimidated by the loan process. In addition, and more commonly for women, another problem is having a background that does not meet traditional lending requirements. Women who may have worked part time, who were out of the labor force to raise a family, and/or who may not have had financial experience will appear to be high credit risks when judged by standard evaluation criteria. If they also lack confidence, are intimidated, or present in ways the financial community is not accustomed to seeing (e.g., while pregnant), they will face additional hurdles in convincing bankers of their creditworthiness.

The best programs, for these reasons, see themselves as serving two clients in the credit transaction, both in need of their services: the women applying for the loans and the bankers evaluating their creditworthiness. The services provided to the applicants are typically technical training (in finances, business plan, etc.) and presentation (identifying the strengths of their proposed business or expansion potential, preparing a

well-documented loan application package), as well as an in-depth assessment of the business idea, the requirements of running a business, and their commitment. These programs also provide a type of “service” to the financial community: they work with lenders to help them improve their methods and criteria for evaluating creditworthiness to take advantage of an underserved market. Some of the regional banks, profiled above, recognized the potential of the women’s market through the efforts of internal champions, generally women. In other cases, the directors of the community programs developed relationships with branch managers and even executives in community banks and over time helped them recognize the value of providing loans to this underserved market. When directors of community programs knew the bank decision makers, and had established credibility through a history of good referrals, the program staff could make direct appeals to the bank on behalf of clients who they believed had good business prospects.

The successful programs appear to have demonstrated to bankers the value of the service their programs provide to the banks, namely bringing them high-quality borrowers that the bank would have otherwise overlooked as well as reducing their transaction or account acquisition costs by prescreening and providing assistance in preparing the loan application. One program, Center for Women & Enterprise, works with its banking partners to maintain metrics on the loan performance of their referrals. Although the banks keep the data confidential, the banks tell the Center that applicants from their programs have better than average loan performance.

In general, the mark of success is when banks support the programs from their marketing and business development budgets, recognizing the business value of the programs. Although the major banks provide funding to many community programs, it appears this is done as part of their obligations under the Community Reinvestment Act or as charitable giving. The programs all report great difficulty working with the large national banks because these banks use credit scoring and standard evaluation measures that exclude many women without steady employment histories or financial background. Moreover, local loan officers have little discretion so program directors are not able to establish effective relationships with local branches of national banks. Notably, banks that do have targeted programs, such as Key4Women, have systems for a “second look” that allow local loan officers or relationship managers to submit additional information, beyond the credit scoring criteria, for consideration in making the loan decision. Thus, for a woman who was reentering the labor market and did not have a recent steady employment history, the relationship manager for the women’s program might provide her assessment of the applicant’s business plan, commitment, and skills that made her more credit worthy than indicated by the credit score.

All the programs try to maintain alumnae networks both to provide ongoing support services and to develop a resource base for their programs and current clients. The programs also try to promote the businesses of clients, most typically by providing website information links for businesses selling various products and networking meetings for those providing business services (e.g., tax and accounting services, printing, design services). Programs report difficulty keeping track of graduates and, in the short term, enlisting them to participate in teaching and mentoring because they are

busy with their new or growing businesses. It is after entrepreneurs have established their business or later in their careers that they have the time to teach and mentor in the programs.

The programs also try to develop linkages between their clients with small businesses and with large businesses (that typically are not their clients). They offer certification as a Women's Business Enterprise (WBE) which enables them to become suppliers to government and corporations under supplier diversity programs. However, it is likely there will be diminished opportunities for small suppliers because large firms are seeking to reduce the number of suppliers and work with fewer, larger firms in their diversity programs. The Women's Business Development Center in Chicago is beginning to work with big box retailers to locate in low-income areas in mixed-size business strip malls that would provide opportunities for their small specialty retailer clients. If successful, this is a post-program/post-startup "linkage" that holds promise for supporting the success of their clients' businesses. However, currently most of the programs have not expanded their scope of services to systematically develop post-startup business development. Many do offer continuing business training and support networks, but active business development appears confined to posting links to clients' websites and informal networking.

Equity Capital

Programs that provide equity capital are focused on high-growth businesses with high expected returns, but the five programs profiled here are quite varied in their program structure and goals. Three programs or organizations focus on angel and venture capital investments. Two of the programs, Golden Seeds and the Women's Technology Cluster, are women investors who are seeking women-led firms with potential for high growth and high return. Springboard serves as a forum for introducing women to the investor community. These three programs and organizations are focused on bringing women into venture capital networks or creating a women-focused fund themselves (or an incubator in the case of the Women's Technology Cluster). These programs work with their clients to help them make an effective presentation and provide access to networks that their clients would have difficulty entering on their own. Although these programs or funds enlist other investors to participate in funding women-led enterprises, they largely work within the traditional venture capital structure. A few other broad-based organizations such as the Center for Women & Enterprise hold venture capital forums and they also work to establish long-term relationships with local investors. As part of their mission, these programs focus on broadening the perspectives of traditional venture capitalists to help them understand the potential in women-led businesses. Because of the structure of venture capital funds—which is large investment in a small number of companies with the potential for very high returns—any one program will serve a relatively small number of women-led businesses.

A different approach is taken by the Texas Women Ventures Fund, one of the promising programs that has just started. This program considers itself a mezzanine investor, providing what it calls "Dequity" to support businesses that cannot attract conventional financing. These loans are between \$250,000 and \$1.5 million, require no principal

payment until they are repaid after five years, and they typically have a bonus or warrant feature. Unlike venture capital, investment through dequity does not provide the investor control of the companies but helps them so they can qualify for conventional funding. They also target industries that are low-tech and no-tech manufacturing, distribution and wholesale, and process services such as printing and healthcare, extending their scope to reach more women. This “hybrid equity capital” holds promise for serving a much larger number and wider range of women-owned businesses than the venture capital programs. Further, our interviewees note that women are sometimes reluctant to obtain equity capital because they do not want to lose control of their company. Since one of the social goals of these programs is to promote women-led businesses, the goal of dequity or approaches taken by other programs such as the Women’s Technology Cluster is to provide capital in a way that supports women to develop their companies and continue as women-led companies (in contrast, say, to a traditional venture capital fund that may replace management when they find company performance faltering).

These best practice equity programs provide institutional linkages to established sources of equity capital. Thus, these programs have developed a different model from some of the earlier approaches of creating women equity funds parallel to the traditional, male-dominated funds. They do outreach and screen prospective women-led companies, and they do bring together women angel and venture investors, but they also develop linkages to the established equity providers. These programs have become an important source of high-quality ventures for the traditional equity funds as well as women investors. In this way, they provide access to equity capital through their organizational linkages even though the women-led businesses may not be part of the social networks that are traditionally important in obtaining access to equity capital.

Summary

The major challenges for programs are scale, scope, sustainability, and effectiveness. To achieve scale, local programs either need to grow to become a major provider within an urban service area or develop a “network model” in which they work with affiliates and other programs to service a larger, more sparsely populated area. At the national level, successful programs such as Trickle Up have achieved scale by targeting a very specific, low-income population and partnering with local organizations to deliver the direct services. Programs have made different decisions about the scope of services to provide and populations to serve. Trickle Up has a very specific and narrow focus whereas, for example, the Center for Women & Enterprise covers the entire spectrum from microenterprise to venture capital.

Sustainability is a difficult problem for many programs that rely on the largess of firms and foundations and the political mandates of state, local, and federal governments. It is unlikely that many programs, with the exception of the venture capital programs and banks, can be self-sustaining from the financial services provided. U.S. microenterprise programs are not able to achieve returns that can cover their program costs, and all effective programs provide extensive and costly training, education, and support services. Moreover, an important function of these programs is to help aspiring

entrepreneurs realistically assess their business plans. For some, that means abandoning their proposed business and for others it means waiting and further developing their plan and obtaining more resources. These are valuable services, especially if they help their clients avoid launching weak businesses that fail and incur debt, yet these “successes” are not measured nor do they provide a financial return to the program.

The programs profiled here have succeeded admirably though developing effective though distinct programs in their approach and target clients. These programs demonstrate the diversity of programs that can provide access to capital for women at different income levels and business goals. At the same time, gaps still exist. To address these gaps and to strengthen these programs, our analysis suggests several strategic areas for program development and for policy.

VI. CONCLUSIONS AND RECOMMENDATIONS

The past decade has seen the rise of a broad range of programs that improve availability of capital, but there are still constraints on access to capital for women and other groups. Going forward there are new challenges both to organizations creating expanded opportunities for women seeking capital and to financial institutions that have opportunities to profitably expand their markets as well as support greater opportunity to women and other groups. For women beginning businesses with potential for high growth and requiring large amounts of capital, the economic bust five years ago undermined many of the efforts to create women equity funds and networks. For women seeking bank loans, more organizations are available to assist them at the same time that there are fewer local and regional banks as a wave of mergers and megamergers have swept through the financial landscape. Ironically, charitable giving by those large banks provide the working capital supporting many women's organizations, while the loan process excludes many of the women those organizations are trying to help. For small businesses, which provide the flexibility and subsistence income some women need while trying to balance work and childcare, the rise of big box stores and national retail chains and the supplier strategies of corporations to reduce the numbers of small suppliers reportedly lead to fewer opportunities for those women who do start small businesses without the capital to grow or linkages to large firm networks.

This study identified programs that covered the spectrum of populations, services, and types of capital. However, given the relatively few programs that were identified, it is likely that there are geographical gaps in availability of services across the country: best practice programs and a wide range of services and capital do not appear to be uniformly available in all regions. In addition, relatively few large institutions have active outreach programs. Although the major banks provide funding to community programs they do not appear to have active outreach programs. The three banks profiled here that have active outreach programs appear to be exceptions among large banks in the U.S.

The findings of our assessment of best practice programs across the spectrum point to strategies and policies that could further the progress that has been made and meet the new challenges. The three communities we identify for new initiatives are the financial institutions, policy makers, and women's and community organizations.

Banks and the financial community should focus on three areas:

- 1) National banks need to establish alternative credit evaluation procedures and/or have community liaison loan officers who can handle individual loan evaluations outside of the credit scoring system;
- 2) Banks should follow the models of the three banks we profile which develop formal relationships with targeted community programs (in this case women, but the model would also apply to other subpopulations)—the evidence suggests that these community programs, by screening and training, can refer clients with above average loan performance while reducing the loan transaction costs;
- 3) The equity financial community should develop hybrid forms of equity investments that provide “patient capital” and support founding entrepreneurs.

Policy makers and the funding community can:

- 1) Encourage and support programs to go to scale, such as the programs profiled have done through alliances, networks, and other means;
- 2) Consider the benefit of tracking loans by type or referral source and changing the non-discrimination restrictions that limit collecting metrics;
- 3) Support evaluation of microenterprise programs as a type of employment and training program and provide funding streams for microenterprise programs on the same basis as other employment and training programs. The microenterprise programs should be evaluated in terms of effectiveness and efficiency rather self-sufficiency.

The microenterprise, small business development programs and women’s business organizations can improve services and access in a number of areas:

- 1) Programs that are small should develop strategies for increasing scale and scope, using a number of different strategies such as those of the different organizations profiled here, developing entrepreneurship pathways through linkages and partnerships that assist women to move from one level to the next as their life situation or goals change, particularly from subsistence entrepreneurship to a small or growth business;
- 2) At the national level, representatives of many programs should work with the large financial institutions to develop alternative loan processes that are more flexible than current credit scoring systems;
- 3) Programs should expand their focus to assist sales and marketing development with their small business clients in at least two ways: (a) work at a national level with big box retailers and national chains to develop opportunities for small businesses; (b) develop network, tiered, and/or cooperative marketing strategies to allow small suppliers to continue supplying to large corporations.

VII. PROGRAM PROFILES

The 13 programs profiled in the report demonstrate the diversity of approaches that can provide access to capital for women at different income levels and business goals as well as the gaps that still exist. The recommended strategic areas for program development and for policy will strengthen existing best practice programs and address the gaps and constraints still facing women entrepreneurs. Importantly, our findings suggest that expanding capital access and developing a more integrated network of existing financial institutions with the network of community organizations provides more market opportunity for all groups.

Profiles of each program (see list below) are provided on the following pages. The information was provided and reviewed by each of the programs.

1. Center for Women & Enterprise
2. Count Me In
3. Golden Seeds
4. Key Bank
5. National City Bank
6. Nebraska Women's Business Center - REAP
7. Springboard Enterprises
8. Trickle Up
9. Wells Fargo Bank
10. Women's Business Development Center—Chicago
11. WESST Corporation, Albuquerque
12. Women's Initiative
13. Women's Technology Cluster

“Promising Practices” Programs

1. Center for Women Entrepreneurs in Technology
2. Texas Women Ventures Fund
3. Make Mine a Million

Program	Type	Loan amounts	Services provided	Client statistics
Center for Women & Enterprise	Small business		CWE provides education, training, technical assistance and access to debt and equity capital. CWE offers a comprehensive range of programs and services designed for entrepreneurs at all stages of business development.	CWE focuses on all women owned businesses and has served 10,000 women since its inception in 1995.
Count Me In	Small business-start-up and modest expansion	A unique women-friendly credit scoring system is used to make loans of \$500 to \$10,000 available to women across the United States who would have few other loan options.	Count Me In offers loans to women-owned businesses, focusing on microenterprises. Count Me In also offers business assistance services including online training courses, online question and answer services, and a business education online library. It is also a sponsor of the Make Mine a \$Million program for high-growth businesses.	Count Me In has served over 500 women entrepreneurs across the U.S. who are starting or already own a business.
Golden Seeds	Venture and angel capital	Average investment between \$250,000 to \$300,000	Golden Seeds identifies and invests in women-led ventures with the potential to grow into multi-million dollar businesses and partners with investors in funding these ventures. It provides entrepreneurs with strategic business advice as well as access to funding and the tools to enable them to grow.	Golden Seeds focuses on women-led ventures with capacity for high growth. The program currently has eight companies in its portfolio.

Program	Type	Loan amounts	Services provided	Client statistics
Key4Women	Marketing, outreach, education services to support standard loan program	Key4Women offers the same loans and lines of credit that KeyBank provides. Lines of credit typically range from \$500 to \$50,000; loans tend to have a minimum value of \$10,000. Online applications are accepted for loans of \$50,000 or below.	Key4Women is KeyBank's marketing outreach and technical assistance program for women-owned firms. Key4Women provides women entrepreneurs with a dedicated "relationship manager" to assist in loan applications, deliver financial services, and provide access to other specialists and resources. Key4Women also offers education programs and networking events.	Key4Women serves all women-owned businesses in the 13 states that KeyBank operates.
National City Bank, Women's Business Development Program	Marketing, outreach, education services to support standard loan program and support of community programs	Loans range from \$10,000 to \$2,000,000 in National City's standard small business program.	National City has pledged to lend at least \$3.5 billion to women business owners over the five years 2004-2009. Their Women's Business Development program provides "advocates" for women business owners to identify and obtain resources. They also support the ATHENA PowerLink program.	National City targets all women business owners.

Program	Type	Loan amounts	Services provided	Client statistics
Nebraska Women's Business Center– REAP	Microenterprise	Loans made through the WBC/REAP programs range from \$1,000 to \$25,000.	REAP delivers services to rural Nebraska women who are starting or expanding their businesses. REAP is Nebraska's largest microenterprise program and operates on a statewide, rural basis through regionally-based Business Specialists. REAP helps fill several gaps in services for small businesses, providing lending, training, networking, and technical assistance, as well as opportunities for startup and existing small microenterprises.	The WBC provides services to start-up and existing women entrepreneurs; mostly rural, small business clientele, with businesses of five or fewer employees; half of their clients are low to moderate income. Serves from 800 to 1,200 clients through individual counseling and/or training programs annually.
Springboard Enterprises	Venture capital	Provided \$3 billion in capital; Investment ranges: \$1,000 to \$20 million.	Springboard is a national nonprofit organization providing women entrepreneurs training and access to capital for starting or growing a high-growth potential business. It also offers educational programs and ongoing support for its alumna.	Springboard targets women entrepreneurs who lead enterprises with high growth potential. Springboard has served 192 seed business, of which 154 became later-stage businesses. Eighty percent are currently operational and five are public companies.

Program	Type	Loan amounts	Services provided	Client statistics
Trickle Up	Microenterprise	Seed grants are provided up to \$700.	In the U.S., Trickle Up provides seed capital and training to low-income residents of cities in six states (they also have a large international operation). The program works in partnership with locally based community development organizations, who identify local participants. Trickle Up provides training assistance and grants.	Trickle Up focuses on individuals who are below the federal poverty line, with an additional preference for minorities or individuals that would not have access to traditional lending. Currently, the program's client base is 72% women. It has served 4,256 entrepreneurs and 3,441 businesses.
Wells Fargo	Small business marketing and outreach to support their standard small business loan program	Wells Fargo offers business loans ranging from \$10,000 to \$100,000 and SBA loans up to \$4,000,000.	Wells Fargo, began the Women's Loan Program (later Women's Business Services) in 1995. The bank has loaned approximately \$15 billion to women-owned businesses, has pledged to lend \$20 billion to women entrepreneurs by 2013, and provides a streamlined loan process to business owners.	Wells Fargo serves all women-owned businesses across the nation.

Program	Type	Loan amounts	Services provided	Client statistics
WESST Corporation	Small business	Loan range from \$200 to \$35,000.	WESST Corporation's mission is to facilitate the start-up and growth of women- and minority-owned businesses throughout the state of New Mexico (although its services are available to any New Mexico resident). Since incorporating in 1988, WESST Corp. has facilitated the start-up and growth of over 1,830 small businesses that have created over 2,800 jobs, and has established a low-interest Revolving Loan Fund that has approved more than 300 loans totaling over \$1.7 million.	WESST Corporation targets women- and minority-owned businesses. The program has facilitated the growth of approximately 1,830 small businesses and has provided technical assistance to over 10,000 New Mexico residents. Seventy percent of its clients are low income; sixty percent are minorities; and seventy-five percent are female.
Women's Business Development Center—Chicago	All women-owned businesses	Loans have ranged from \$1,000 to over \$1 million.	The WBDC offers training programs, counseling, and other services and programs to help women entrepreneurs assess their business and develop business plans. Their Finance Assistance Program develops and reviews business plans, assists with the financial documents necessary to obtain capital, to plan business growth, package loans, and provide in-depth financial workshops.	The WBDC targets all women-owned businesses. It has facilitated 35,000 loans totaling over \$35 million and serves approximately 3,000 women annually.

Program	Type	Loan amounts	Services provided	Client statistics
Women's Initiative for Self-Employment	Microenterprise	Loans are available up to \$25,000.	The Women's Initiative began in 1988 to assist low-income women and in 1990 established the Women's Initiative Revolving Loan Fund to provide small business loans to lower-income women entrepreneurs. After a 10-week business management course and completion of a business plan, clients are eligible to access one-on-one consultations, networking events and business success seminars, and ongoing training through their SuccessLink program, and to apply for loans and Individual Development Accounts.	The Women's Initiative targets low-income women, has served over 13,000 women, and has assisted in the start-up or development of 1,300 businesses.
Women's Technology Cluster	Business "incubation" and angel and venture capital	Average if \$2 million investment; \$60 million since founding.	The WTC's goal is to identify and incubate (or "accelerate") women-founded technology and life science companies with large market potential. Through a series of programs and its network of investors, WTC provides access to start-up or growth capital.	The WTC targets women-founded technology companies. They have served over 65 companies, provided \$60 million in capital, with average investment of \$2 million.

CENTER FOR WOMEN & ENTERPRISE

Overview

The Center for Women & Enterprise (CWE) provides education, training, technical assistance and access to debt and equity capital. CWE offers a comprehensive range of programs and services designed for entrepreneurs at all stages of business development. It is one of the larger programs in the nation and offers a broad range of services. They offer “one stop services” for business development and they provide programs to support their clients after they have established a business.

Background

The Center for Women and Enterprise co-founder Andrea Silbert was inspired by the micro-lending institutions in developing countries. With co-founder Susan Hammond, they opened the Center for Women & Enterprise in 1995 to offer education and training as well as access to capital. They had founding grants of a \$150,000 from the U.S. Small Business Administration, \$100,000 from the Commonwealth of Massachusetts, \$50,000 from the Bank of Boston and \$50,000 from the Ewing Marion Kauffman Foundation and a full time staff of three.

In 1998, CWE expanded its programs and services, starting the Women’s Venture Center to assist women entrepreneurs in accessing equity capital; it became the New England regional women’s business organization partner to the Women’s Business Enterprise National Council to certify women owned businesses to be suppliers to Fortune 500 companies, and the U.S. Government. In 1999 CWE launched the Community Entrepreneurs Program (CEP) to address barriers faced by very low-income women starting home-based businesses. In 2000, CWE hosted the first annual Springboard Venture Capital Forum at the Harvard Business School, showcasing women-led firms. In 2001, CEP was integrated into other start-up courses to create a more comprehensive modular program, addressing the needs of women entrepreneurs at each step of their business development. Through its Business Excellence

QUICK STATS

Clients: Full range, from low income women in microenterprise programs to those seeking venture capital

- 50% are low-income
- 30% are single mothers
- 30% are minorities
- 25% are unemployed
- 60% are start ups
- 82% are retail or service businesses

Founded: 1995

Clients served: 2,000/year, 12,000 total; 200 businesses obtained loans

Capital provided: \$30 million

Center, CWE also offers intensive one-on-one consulting and loan packaging services to help women bring their business to the next level.

Services and Clients

CWE offers courses for a wide range of businesses along the growth continuum, from starting a business to growing a business, and for clients at all income levels (it also offers services to men, who comprise about 10 percent of their clients). Nearly half of their clients have received public assistance. They provide loan consultants who work with clients to prepare loan applications and will personally shop the loan to the 11 banks with which they have established relationships. CWE also sponsors a venture capital forum and provides assistance in preparing the business prospectus and follow up meetings with venture capitalists and angel investors.

CWE works intensively with the financial community. It sees its mission as not only providing services to its direct clients but also as educating bankers and investors about the needs and opportunities of the women's business market. CWE works with banks to help them recognize the market potential of lending to women's businesses and expanding the process of evaluating loans to accommodate the particular situations of their women clients who may not have established work or earnings histories or may only be able to work part time. The banks that partner with CWE typically keep metrics on the loan performance of referrals from CWE. These banks find CWE clients have had very low default rates.

Currently, CWE has twenty-five full-time staff members and participation by several hundred volunteers. They serve approximately 2,000 clients every year and over 12,000 women since its inception.

For years, Lydia Fisher worked in salons and scrimped pennies, saving to open her own hair and cosmetics salon. But her vision for what would become Mirror Image Cosmetics Company, in Milford, Massachusetts, was put in jeopardy by a family emergency. Lydia donated a kidney to her ailing fiancé, but a long and complicated recovery left her out of work. She used up her savings during her recovery, and began to sink into debt.

A business planning class at the Center for Women & Enterprise in Worcester helped Lydia turn around a dire situation. As she gained confidence and financial skills, Lydia delved further into accounting and human resources through CWE programs. By cleaning up her finances she was able to secure a small loan, and opened Mirror Image in the summer of 2002.

Since opening her business, Lydia has hired another full-time employee and increased her household income substantially. In addition, she has paid off her debt and increased her savings. Lydia says that she feels "grounded having CWE on my side." She declares that CWE has been "the greatest support team any women in business needs." She's proud that she built her business with her own "blood, sweat and tears," and says, "All my hard work is worth it—the business is mine!"

Why This is a “Best Practice” Program

The Center for Women and Enterprise is notable for its scale, the broad range of services it provides and types of clients it serves. CWE has been successful working with the financial community in part because of its size and reputation. They have helped bankers and investors recognize the potential in the underserved market of women business owners. By keeping metrics on CWE-referred loans, they are able to demonstrate the value of their services and quality of their referrals. Serving a broad spectrum of clients, the classes are comprised of women from diverse backgrounds.

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COUNT ME IN

Overview

Count Me In provides loans to women-owned businesses, focusing on microenterprises. Count Me In also offers business help services including online training courses, online question and answer services, and a business education online library. They are the first online microlender, using a unique women-friendly credit scoring system to make loans of \$500 to \$10,000 available to women across the United States who would have few other loan options. It is a “step-up” loan program in which clients are eligible for subsequent, larger loans after they pay off their first loan. The organization provides access to networks that expand contacts, markets, skills and confidence.

Recently Count Me In expanded its scope to help growth businesses through its “Make Mine a \$Million” program launched with American Express for businesses trying to reach \$1million in sales. This program provides up to \$45,000 and a year of business mentoring to 40 businesses, awarded on a competitive basis.

Background

Count Me In was co-founded in 1999 by Nell Merlino and Iris Burnett. Prior to founding Count Me In, Ms. Merlino had her own business working with clients to develop and implement strategic communication plans and was creator of Take Your Daughter to Work Day; Ms. Burnett was Senior Vice President of Corporate Communications Public Affairs and Government Relations for the Sci-Fi Channel and USA Network, and is now the President of Kai Productions, a communication consulting firm which she founded. As Ms. Merlino explains the different

QUICK STATS

Clients: Women-owned businesses: mostly microenterprises but new program for high-growth businesses

Founded: 1999. Began issuing loans in August 2000.

Clients served: Over 800 women in all fifty states.

Capital provided: \$800,000 in 2005

Average loan: \$3,500; range \$500 to \$10,000; Make Mine a \$Million loans up to \$45,000

Heather McCartney found a delicious way to share her fascination with the tribal arts of Africa: Ethnic Edibles, a company that produces cookies and cookie-making kits based on traditional African (and now Puerto Rican and Cuban) shapes and symbols. With no business experience, she doubted she'd get a traditional bank loan. Fortunately, she found Count Me In's website and received a \$5,000 loan for packaging and marketing. With a growing distribution base and a flurry of media attention Heather has built what the New York Post calls "a flourishing business and a way of sharing her culture."

approach taken by Count Me In: “Banks would ask how long you've been in business. We'd ask, 'How long have you made your product or delivered your services?’” For example, Count Me In will lend to women who are successfully selling homemade goods or crafts but, because they haven't established a formal business, are “flying below bank credit radar.” Since its founding, Count Me In has provided loans to over 800 women across the U.S.

Services and Clients

Count Me In serves women who fall in between the criteria for eligibility of many micro lending programs and the credit scoring systems used by conventional financial institutions. Using a “women friendly” credit system they can provide loans to women who might not qualify under standard credit evaluation criteria.

Count Me In provides loans from \$500 to \$10,000. They use a progressive loan method, with the first loan of \$5000 or less and then, upon repayment, borrowers are eligible for another and larger loan. The interest rates on a Count Me In loan ranges from 8 to 15 percent. The rate is adjusted to reflect the borrower's credit history, the risk of the business, and prior experience. Rates will be established as part of the loan decision and will be set for the term or life of the loan. Any loans restructured will be at 15 percent interest. Terms for a CMI loan will be from 6 months to 84 months, depending on the amount of the loan. All first loans must be repaid in 18 months or less. Loans can be used for working capital, purchase of inventory or equipment, marketing materials for a sales event, or other uses that will help the business generate cash.

Program Operations

Count Me In is the first online microloan program for women. The decision making process occurs 6-8 weeks after the online application is completed. When an applicant is approved for a loan, a check for the loan is sent once Count Me In receives completed legal documents regarding the terms and conditions of the loan. The loan fund is supported by 25 private investors and the program's operating costs are supported by corporate donations from QVC, FedEx, and Cisco. The program is also supported through a number of firms, foundations, and government programs that include: American Express, Booth Ferris Foundation, MetLife

Beatriz Helena Ramo started her first company at age 22, Caracas Comics Studio, in her native Caracas before moving to Brooklyn in 1996. In 2002 she founded Dancing Diablo, as a collaborative group of artists committed to using visual communication as a way to inspire people and influence social change. She got her first loan in 2003 from Count Me In. The studio excels at traditional animation, stopmotion, CGI and flash, and creates images for the advertising, broadcast, corporate and recording industries. Clients include 4Kids Productions, Sesame Street, Disney, Nickelodeon, MTV/Paramount Pictures and Atlantic Records, among others.

Foundation, National Women's Business Council, Office Depot, Skoll Foundation, The Clara Fund, Three Guineas Fund, and Verizon Foundation.

Why This is a “Best Practice” Program

Count Me In was a pioneer in online lending for small loans to women and developing its own loan evaluation system that accommodates women who do not fit the traditional credit profile. Women who are just entering the workforce are given credit if they have taken business courses or if they have a small home-based business. They are able to achieve a broad reach through their online application process. Count Me In's new program, Make Mine a \$Million, extends its reach to supporting high-growth businesses.

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GOLDEN SEEDS

Overview

Golden Seeds is an Angel investment group that identifies and invests in women-led ventures with the potential to grow into multi-million dollar businesses. Golden Seeds as a group provides strategic business advice to entrepreneurs in the early or start-up stage of their businesses and the tools to enable them to grow. They invest in entrepreneurs in a broad range of industries from any part of the country.

They currently have eight companies in their investment portfolio and over 20 investors. They expect to invest and work with these companies for about 5 to 7 years. Investors may invest from \$25,000 up to several hundred thousand dollars in a new business. Businesses that are chosen for investment typically raise between \$250,000 and \$300,000 from Golden Seeds investors.

QUICK STATS

Companies: Businesses with high-growth potential, to be multi-million dollar businesses with woman equity owner or founder and executive officer.

Founded: 2005

Companies served: 8

Capital provided: \$2 million

Average investment:
\$250,000–\$300,000

Typical investment period:
5 yrs.

Background

Golden Seeds was founded in 2004 by Stephanie Hanbury-Brown who spent 20 years in financial services in Sydney, London and New York, primarily with JP Morgan where she headed several global businesses. Golden Seeds began in New York in 2005, and in March 2006 began another investor group based in Connecticut. Additional groups are planned for Philadelphia and Boston. Golden Seeds was founded to both serve women entrepreneurs in a supportive environment for training and instruction in starting and growing their businesses, as well as to encourage and expand a network of majority women investors focusing on women's businesses.

Services and Clients

Golden Seeds invests in businesses in a broad range of industries. To support a diverse portfolio, Golden Seeds has attracted investors with backgrounds in industries including cosmetics, fashion and apparel, marketing, technology, financial services and consumer goods, among others.

Golden Seeds provides some support to companies as they prepare their presentations for the investor forum, and subsequently if they are chosen for investment. For example, they may help companies frame investment opportunities in business terms investors will be more likely to respond to, or assist companies with their business plans. The portfolio companies become part of the Golden Seeds community and have different levels of assistance available to them, depending upon their needs. Companies with tremendous potential that are not yet ready for investment, or those that have other sources of capital can receive advice and mentoring on an ad hoc basis. Companies that do not meet the standards or are not ready for investment are often referred to other resources.

Program Operations

Information about Golden Seeds among potential clients has spread mostly by word-of-mouth, as the group has not engaged in any public relations or marketing campaign. Clients hear about Golden Seeds from legal firms, individual investors, other venture funds, venture capital fairs, and entrepreneurs who have previously applied or benefited from Golden Seeds services.

To apply to present a business to the Golden Seeds Angel Investor Forum, there is an online application form that includes an executive summary. The short application form allows Golden Seeds to quickly respond with a review and feedback to entrepreneurs about missing and vital components. Applications are considered monthly for the Angel Investor Forum. Two or three businesses are selected to present from all those submitted the prior month. If the investors are interested, they will schedule a

Ann Buivid and Lisa Kable met while working at Remington Products' Personal Care Division—Ann was President and Lisa was Marketing Director. They found that they shared a passion for health and wellness products and a vision for how to better market home spa personal care appliances to women. In 2002, they left the comforts of corporate life and formed Artemis Woman, LLC, to develop professional home spa beauty tools for every woman. They began with funding from family and friends, and private investors who were primarily interested in high-tech businesses.

Looking for capital to expand their business, they presented at the Connecticut Venture Capital Group in April, 2005. Stephanie was attending, looking for companies for Golden Seeds investors. She asked them to present to her group the next month and they raised \$285,000 from eight Golden Seeds investors. Shortly after, Ann and Lisa were about to meet with Wal-Mart but, if they got the order, they would need capital to ramp up production. Stephanie helped them with their business plan and raised another \$375,000 from Golden Seeds investors. With their financial backing, Artemis Woman was able to ship Wal-Mart's \$1.5 million order for their Heel Smoother and Topaz foot butter.

Ann and Lisa hope that the success of Artemis Woman will not only "inspire women to trust their own instincts in recognizing their personal power," but they also hope "to demonstrate that a more feminine and collaborative approach in business can be authentic, financially successful, and personally rewarding."

Due Diligence meeting the following week and make the decision whether or not to invest. Business plans that are not selected to present will receive a written evaluation of their Executive Summary.

Angel investors typically look for a return of about 10 to 20 times the investment amount within 5 to 7 years. This may translate into a revenue projection of about \$40 to \$50 million within the same period.

Why This is a “Best Practice” Program

Golden Seeds considers itself to be a social venture by seeking to invest in and promote the development of women entrepreneurs. They encourage the business entrepreneurs they work with to think about how to best integrate work and family when setting business goals and milestones. Golden Seeds is committed to helping women grow and retain control of their companies.

Golden Seeds has found that the work of receiving, tracking and gathering information from potential clients requires an enormous investment of time and resources. They have developed effective and efficient procedures and processes, doing much of this work online and using appropriate software and regular conference calls.

Golden Seeds’ experience thus far has strengthened their commitment to focus on providing services to, and holding forums for women entrepreneurs exclusively. Clients report to them that they consider the working environment with women business leaders more supportive than sometimes develops in groups of predominantly men.

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KEY4WOMEN

Overview:

KeyBank's Key4Women program provides a range of financial products, access to capital, networking opportunities and ongoing education to women-owned businesses. Women entrepreneurs have the option to work with dedicated women "relationship managers" who assist in loan applications, deliver financial solutions, and provide access to other specialists and resources in the bank. Key4Women also offers special programs and events including webcasts, financial forums, and relevant seminars that provide networking opportunities and ongoing education to women business owners. In 2005, Key announced a commitment to lend at least \$1 billion to qualified women-owned firms of all sizes by 2008, ranging from self-employed entrepreneurs to large corporations, in the 13 states that KeyBank does business.

Background

KeyBank launched Key4Women as a formal program for women-owned businesses in 2005 with a pledge to lend \$1 billion over a three-year period, built on marketing and education program for women-owned businesses begun in 1999. For six years this program was primarily a marketing program and sponsored training sessions in topics such as market research to business succession planning. Currently the program is led by Maria Coyne, executive vice president of Key4Women and is implemented across Key's 23 districts and throughout the bank. The program regularly sponsors programs on a variety of topics that impact business owners including business succession planning, certification and issues regarding the use of technology. Much of the programming is based on research from the Center for Women's Business Research and feedback received through advisory group panels and discussions. Key4Womensupports other organizations such as Women President's Organization (WPO), the National Association of Women Business Owners (NAWBO), and eWomenNetwork.

QUICK STATS

Clients: All women-owned businesses.

Founded: 2005—program for women formalized with \$1 billion loan pledge.

Clients served: Estimated at 80,000

Capital provided: Goal of \$1 billion over three years, 2005 to 2008. Key4Women offers the same loans and lines of credit that KeyBank provides. Online applications are accepted for loans of \$50,000 or below.

Average loan: \$250,000. Lines of credit typically range from \$500 to \$50,000; loans tend to have a minimum value of \$10,000.

Services and Clients

Key4Women serves the full range of businesses, from early stage businesses to large corporations. In addition to the training and sponsorship of women's business organizations and events, the program provides women relationship managers who help women apply for loans. Although the Key4Women provides a dedicated manager and has set a target of making \$1 billion in loans to women-owned businesses, the loans are made through its standard loan process and must meet its standard qualifications. There are no special loan provisions for women-owned businesses.

Program Operations

The program has 35 relationship managers in their 13 state area who work with local women's groups, convene roundtables, and provide outreach and marketing to women business owners. The program goals are to provide: access to capital, to networks, customized service and ongoing education.

Why This is a "Best Practice" Program

Key4Women is notable, along with Wells Fargo and National City Banks, in targeting the women's market by setting lending goals, creating dedicated relationship managers for women, and supporting local women's organizations.

Through the Key4Women program, Key Bank has helped Shirley Felder-Morton, owner of Sullivan County First Recycling and Refuse (SCFRR), a waste management services company, stabilize, enhance and grow her business. The role Key played in the success of Shirley's business was due in part to the tools, information and networking programs she received through Key4Women, in addition to the financing.

Shirley faced a number of challenges starting her business: "I had obstacles to tackle when I took over this business-the first being a woman in a predominately male industry and the second was securing financing as a new business owner. To secure funding, I had to take on regular bank loans with high interest which had balances which never seemed to be any lower than the month before. My Key representative helped me find other alternatives to help stabilize my debt and help my business expand.

"We worked with the Small Business Development Center and the Catskill Watershed Corporation, a local development corporation, to get a loan package that helped me refinance some of my debt and provided funding to buy new equipment. Key helped to obtain the benefits of SBA products and provided me with a lower interest rate on part of the loan. They helped find and connect me with the right resources when I needed them to help my business so I could focus on my employees and customers."

Shirley is actively involved with business organizations such as Business and Professional Women and has chaired the retention committee of the Sullivan county Chamber of Commerce.

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www.key.com/html/I-5.2.html

Contact: Maria C. Coyne is national spokesperson for Key4Women.

NATIONAL CITY CORPORATION

Overview

National City Corporation started actively reaching out to women small business owners five years ago to help this underserved market gain access to local experts and resources that support business growth. Based on the success of this program, National City has expanded this initiative to encompass the banking needs of women-owned businesses of all sizes and wealth management services for women.

The Women's Business Development Program is a marketing and outreach program to women business owners. National City focuses on accommodating the banking preferences of women's businesses, which sometimes differ from those of men. The program is centered around a network of Women's Business Advocates, a group of specially-trained National City employees who focus on supporting women-owned businesses. Their objectives are, "to help women save time and money, manage risk, and preserve wealth," what they refer to as helping "enlighten, engage, and empower professional women." They "enlighten" women through education programs, such as the bank's Women's Economic Development Outreach (WEDO[®]) program; "engage" women through involvement in organizations that support women business owners, such as the National Association of Women Business Owners (NAWBO), ATHENAPowerLink, Women Presidents' Organization (WPO), and the Center for Women's Business Research; and "empower" women by providing the financial products and services needed to grow their companies.

QUICK STATS

Clients: Women who qualify for a business loan in their seven-state region

Founded: 2001

Capital provided: More than \$1.8 billion over 2 years; in 2004 they set a goal of lending \$3.5 billion to women-owned small businesses over five years

Background

National City established a formal outreach program to women in 2001, though it had previously focused on the women business owners' market. It helped launch the mentoring ATHENAPowerLink program as a founding corporate sponsor in 1999. The Women's Business Development Program was championed by Linda Stevenson, senior vice president, and was supported by senior management who saw a need to better reach this underserved market of women. The bank developed an active community-based outreach program, what it considers a "grassroots" approach to becoming an integral part of the communities in the seven states it serves. It has 150 advocates who are active participants in local women's business organizations and programs as part of their regular job such as banking officers, branch managers, wholesale banking managers, and other

positions. National City also actively promotes organizations that aid women business owners, such as ATHENA PowerLink, a program that connects a women-owned business with a volunteer panel of experienced advisors for a year of counsel on improving business operations and profitability. The bank also sponsors the WEDO tour, an alliance with women's organizations and local groups to provide informative seminars in their seven states. As part of the tour, National City's advocates and representatives of other organizations, businesses, and government agencies hold one-day events on business financing; access to capital; information on certification on the state and federal level as well as private certification; and developing entrepreneurial networks.

Since the founding of the Women's Business Development Program five years ago, the bank has doubled the staff and quadrupled the budget dedicated to this effort. Based on the positive reception to these programs among small business owners, National City has expanded this initiative to encompass women-owned businesses of all sizes and also to address the wealth management needs of this group.

Services and Clients

This is a marketing/outreach program to women business owners. As part of this initiative, in less than two years National City was more than halfway to meeting its five-year goal of \$3.5 billion in lending to women-owned small businesses by 2009. The loan program and qualification criteria for women business owners

National City helped Mylinda Viola, owner of Gameday Giveaway, gain access to resources beyond banking to help grow her business. Gameday Giveaway partners with sports teams, radio stations, and other corporations to tailor custom and co-branded promotional products. Below, Mylinda Viola talks about her experience as a small business owner and the role National City played in her growth and success.

"Since obtaining a small business loan with National City I have learned what personalized service feels like. Beth Blom, a small business banking officer, has put me in touch with resources that have helped me grow my business, like the Entrepreneurship Center at the Chicagoland Chamber of Commerce. This center provides emerging businesses, such as mine, with development services that help drive growth.

"Beth also introduced me to an accountant that treats me like a large company and offers important personnel solutions. Before I owned my own business, I took health insurance and 401(k) programs for granted; now I know that there is a lot that goes on behind the scenes in every organization. Beth Blom and National City were a huge help in getting this aspect of my business running smoothly.

"Since starting Gameday Giveaway, I have enjoyed making decisions immediately and avoiding bureaucracy; however, I was frustrated by many of the organizational issues. Beth helped me find the resources to grow my business and establish the right structure, removing these distractions and freeing up my time to focus on what is important—serving our customers and growing the business. My satisfaction with National City is evidenced by my four new accounts with the bank since this first loan: a small business account, SBA loan, personal account, and a car loan (a reward for all the hard work)."

Mylinda Viola went on to earn her Masters of Business Administration from the Keller Graduate School of Management.

are the same as the bank's standard loan program. It also provides SBA loans, and is one of the top ten SBA lenders across the country. National City sponsors and actively promotes the certification programs of the National Women Business Owners Corporation (NWBOC) and Women's Business Enterprise National Council (WBENC) to help women gain access to major corporate and government opportunities. As part of the expanded initiative, the services offered to women business owners will include corporate lending, treasury management, mortgage, and wealth management services.

Why This is a “Best Practice” Program

National City is one of only a few regional banks that have a marketing and business development program for women business owners. Significantly, the program is a corporate-wide strategy that spans different units of the bank and is supported by an executive-level oversight committee. The bank is actively involved in local women's business communities through their “grassroots” approach of empowering employees to participate in community and women's organizations, of supporting programs such as ATHENA PowerLink and WEDO, and partnering with other women's business organizations.

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NEBRASKA'S REAP WOMEN'S BUSINESS CENTER

Overview

Nebraska's Women's Business Center operates from the Rural Enterprise Assistance Project (REAP) microenterprise program, using REAP infrastructure to deliver services to rural Nebraska women who are starting or expanding their businesses. REAP is Nebraska's largest microenterprise program and operates on a statewide, rural basis through regionally-based Business Specialists. REAP helps fill several gaps in services for small businesses, providing lending, training, networking, and technical assistance, as well as opportunities for startup and existing small microenterprises. Micro-loans to WBC clients are provided through REAP. REAP provides various loan products which range in size from \$1,000 to \$25,000.

Background

The REAP WBC is Nebraska's first and only women's business center. Its funding was approved by the SBA in January 2001, and its project work began in July of the same year. The WBC was set-up to provide services in conjunction with existing REAP assistance to rural small businesses. The Center's staff of 8 covers the state by working with local community contacts, forming small business networking groups and by providing individual technical assistance to business owners and managers. In 2005, REAP Women's Business Center received the top "Excellence in Microenterprise Work with Women Entrepreneurs" award from AEO and Citigroup Foundation for this program.

Services and Clients

The Women's Business Center (WBC) provides assistance to women starting or growing their business, providing "gap funding" to those who can't obtain loans from banks or other institutional lenders. The Nebraska WBC service center is a

QUICK STATS

Clients: Start-up and existing women entrepreneurs; mostly rural, small business clientele, with businesses of five or fewer employees; half of their clients are low to moderate income. **Founded:** The REAP program began in 1990. The WBC was integrated into the REAP program on July 1, 2001.

Clients served: Serves from 800 to 1200 clients through individual counseling and/or training programs annually.

Capital provided: Micro-loans ranging from \$1,000 to \$25,000 are available; to date, \$3 million has been loaned.

Average loan: \$6,200

Support: The REAP WBC is operated through Nebraska's Center for Rural Affairs, which in 2004 received \$2.5 million from public support and government grants.

center without “walls.” REAP delivers the WBC services across the state with business specialists located throughout Nebraska. Capital is provided through the REAP program, which is a program of the Center for Rural Affairs. The qualifications and programs for WBC clients are the same as for REAP clients. They are developing and implementing a new networking model called “REAP Rural Business Roundtables,” which provides for small businesses networking and for on-going education. In 2005 and 2006, REAP WBC participated as a local partner with the Association of Enterprise Opportunity (AEO) in the Women and Company Microenterprise Boost Program. This program provides low and moderate income women microentrepreneurs cash awards that will have a measurable impact on the development of their business.

REAP was known from the beginning as a peer lending program, which utilized a “step-up” model. The new REAP Rapid Loan and Direct Lending programs have taken the place of the peer lending program. The REAP Rapid Loan product offers loans up to \$5,000 with an online application process available. The REAP Rapid Loan application form serves as the complete application for the REAP Rapid Loan.

Finally, the REAP Direct Loan product offers loans up to \$25,000. Borrowers fill out an initial loan application, either online using the REAP Rapid Loan form or manually. A REAP Business Plan is developed and used for the final loan review. REAP also works collaboratively with banks and other lending institutions and programs to provide capital to rural Nebraska businesses whenever possible, depending on qualifications and feasibility.

Program Operations

REAP's loan products are coupled with business technical assistance and counseling. REAP WBC also provides a range of services, including basic Business Plan training, eCommerce training, one-on-one technical assistance,

Tina Grant and her 8-year old daughter love spending all their free time with friends on horseback rides or working with ranch and feedlot cowboys. A few years ago, Tina was employed full time as a dispatcher with the Nebraska State Patrol when the owner of a local tack shop wanted to liquidate his business. Tina bought the inventory, loaded it into a trailer and hit the road, visiting local area feedlots and attended every weekend riding and roping event she could get to. She found she really enjoyed being around her favorite people and making money at the same time and decided to try her hand at starting her own saddle and tack business.

Tina contacted Jerry Terwilliger, Panhandle Business Specialist with the REAP program, to inquire about some assistance in starting her own saddle and tack business. With assistance from REAP, she was able to put together a business plan and loan application for the purchase of a trailer and start-up inventory.

Tina says the technical assistance has been invaluable and the loan from REAP enabled her to start her own business and further enjoy her favorite hobby, horseback riding. She is now into her second summer with her business and is continually adding new friends and customers and attending riding and roping events throughout the Panhandle.

business plan counseling, and networking opportunities. REAP Program Staff network with banks, community leaders, organizations and other community development officials in their regions to gain contacts and referrals.

For their new “REAP Rural Business Roundtables,” REAP will post a discussion topic on the REAP website and published in the REAP Update, to be used by local roundtable groups to help facilitate their networking meeting. The local roundtable groups will be locally led and driven (based on the needs and interest of the members). This networking model provides a potential future direction or solution to meeting program and staff capacities for REAP. Roundtable groups should be set up as self sustaining and thus requiring little staff time.

Why This is a “Best Practice” Program

REAP’s Women’s Business Center has developed an effective model of providing services to rural areas with a small staff by partnering with local community officials, local business contacts and other resource providers. REAP has been innovative in designing services and loan products that help staff provide small business services in an efficient manner throughout Nebraska, such as the online lending system. REAP participates with other organizations and many resource partners to help reach and serve potential and existing small businesses across Nebraska.

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SPRINGBOARD ENTERPRISES

Overview

Springboard is a national non-profit organization providing women entrepreneurs training and access to capital for starting or growing a high-growth potential business. The group also offers educational programs and ongoing support for its alumna.

The three primary programs offered are: Venture Forums, which prepare and showcase 20 to 25 women-led high growth businesses to local investors; educational programs that provide an introduction to equity capital and strategies for building high-growth businesses; and a community of alumnae with continued access to the information, experts, and investors needed to grow their businesses.

QUICK STATS

Clients: Women entrepreneurs who lead high-growth potential enterprises.

Founded: 2000

Clients served: 347 companies:

- Seed/first round funding for 192 businesses
- Later stage funding for 155 businesses

Capital provided: \$3 billion in capital

Investment ranges: \$1,000 to \$20 million.

Background

The idea for Springboard was conceived of shortly after a summit on women's business ownership in 1998. Amy Millman, then Executive Director of the National Women's Business Council, and several other women business leaders began exploring the gaps in access to capital markets for women, particularly in venture capital and were concerned about the difficulty women were having in securing venture capital investments for their technology-oriented businesses. In 1999, they decided to start a new program to assist women entrepreneurs with accessing these high risk funding sources.

Today Springboard is led by Amy Millman, who has a 25-year career working for and with business and government officials. Springboard Enterprises has assisted hundreds of women-led high-growth enterprises raise over \$3 billion in equity, grants and strategic investment capital. By working collaboratively with entrepreneurial institutions and business development professionals in local markets, Springboard identifies, educates, coaches and showcases aspiring women entrepreneurs leading emerging growth businesses with connections to services, expertise, and capital.

Services and Clients

Springboard attracts women entrepreneurs who are in the process of starting or growing a business with high growth potential. Although based in Washington, D.C., they offer their services in communities around the country, with a business portfolio ranging from 13 businesses in the Southwest to 66 in New England, including 20 that are multinational and two others that are based outside the U.S.

The three programs it offers are (1) educational services, (2) Venture Capital Forums, and (3) alumnae support services: Springboard educational programs provide an introduction to the equity capital markets and offer effective strategies for building and financing a high-growth business. Springboard Venture Capital Forums, co-hosted with leading entrepreneurial and academic institutions, help female entrepreneurs access investment capital. They include a six month training and coaching program on how to present their business models and convey the opportunity to investors, and the training is followed by a venture capital forum showcasing these women-led companies to an audience of angel, venture and corporate investors. The Next Wave Alumnae Initiative, launched in 2003, supports the ongoing interests and business challenges of Springboard alumnae.

Springboard mainly targets businesses in technology and

Pamela Reilly Contag founded Xenogen 10 years ago fresh out of a postdoc at Stanford. At the time she had had a brief experience with a start up, two children under 10 and one on the way, a husband in academia and, with two colleagues (including her husband Christopher) had invented in vivo biophotonic imaging. Although she and her partners had the scientific and technical background, "When it came time to commercialize the technology," she said, she "drew the short straw."

Xenogen had obtained \$30 million in several initial rounds of financing and was looking for additional capital to grow the business. Pam came to Springboard for another round of capital in Fall of 1999 and presented at their January, 2000 forum in Silicon Valley. She came out of that forum with over \$30 million in additional financing, one of the "big winners" among the 20 firms that found financing from that Forum.

When asked what she has learned over her years as an entrepreneur, she said: "What I do know now that I didn't know then is that I have a survival mentality that has served me well... having survival instincts is the key for both men and women executives in order that they may overcome the significant hurdles that are invariably thrown in the path of innovators."

"Would I have changed anything?...the times I was led astray were the times when I learned the most. When I came to Springboard I had already raised \$30 million and thought I didn't need a professional safety net; by the time I raised \$70 million I knew how wrong I was. At \$140 million, I have turned into an advocate of women organizing around political and financial strength, with the values that we hold dear. [Springboard women] are people that will make this happen."

biotechnology sectors, including life sciences and consumer products. Fifty-five percent of the nearly 350 companies in Springboard's portfolio received funding for start-up and 45 percent for later stage growth. Springboard's companies have raised \$3.5 billion in equity, grants, and strategic investments. Eighty percent are currently operational and 5 are now public companies.

Program Operations

The Forum program is an effective way for women entrepreneurs to refine their investor presentations with the support of experts in the field. It also provides them with an invaluable network of advisors to assist them in opening up doors to business opportunities.

Springboard maintains relationships with investors in different regions that participate in screening and coaching companies selected to participate in the forums. The organization also provides access to a large number of service providers (i.e. lawyers, accountants and bankers) who are also engaged to assist the entrepreneurs with their businesses. To do this, Springboard works continuously to maintain a broad and accessible network that can bring in resources quickly for the companies they assist.

Why This is a “Best Practice” Program

Springboard is creating opportunities and building capacity for women to build large profitable companies. Springboard's President Millman says the organization has been effective at identifying women-led companies that are attractive to Venture Capitalists. Equally as important—they provide a structured forum for entrepreneurs to present their business opportunity and attract the interest of investors. The Venture Capitalists find it valuable because Springboard prepares each of the presenters and does extensive background screening prior to these presentations. The presence of the organization also helps develop local networks of entrepreneurs, investors, and professional service providers that may provide benefits to the community as a whole.

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TRICKLE UP

Overview

Trickle Up helps low-income people establish small businesses and become stakeholders in their communities through small grants. This microenterprise program provides seed capital and training to low income residents of 11 states across the U.S. and in 13 international locations. Trickle Up works in partnership with locally based community development organizations, their “Coordinating Partner Agencies,” who identify local participants, selecting those who are low income (below 175% of the poverty level), with outreach to members of minority groups and those who would not have access to traditional lending or even to most microcredit. Approximately 40 percent of Trickle Up's US entrepreneurs are in the process of moving from public assistance to self-reliance and just over half are below the poverty level. Although not specifically focused on women, currently 72 % of their clients are women. Conditional grants are given in two installments: typically \$500 after preparing a business plan and then \$200 to \$500 after their first business cycle and submitting a Business Report showing they have established a viable business.

QUICK STATS

Clients: Low income with focus on minority and disadvantaged.

Founded: 1979 in the Caribbean; 1994 in the U.S. Clients served: 3,441 businesses, working with 152 coordinating agencies; 72% women. Over 75% have no or bad credit history.

Services: Initial training and business plan then a grant in two installments, with second installment paid after showing business viability.

Capital provided: Seed grants of up to \$700; average grant in 2005: \$442

Support: Their \$3.4 million annual budget comes from public and private funders.

Background

In 1979, Mildred Robbins Leet and her late husband Glen Leet, took \$1,000 of their own money, traveled to Dominica and with the assistance of several local agencies, helped to launch ten businesses with ten \$100 conditional grants. The Leets saw this “bottom up,” microenterprise approach as an alternative to large development aid projects. In 1994, they began operations in the U.S., and have now served 4,500 entrepreneurs. They work with 65 partner organizations in 11 states to assist entrepreneurs to start or expand their own microenterprise.

Trickle Up's Coordinating Partner Agencies are generally community based development organizations that already serve poor communities. The

Coordinating Partner Agencies operate a variety of programs that address the gaps in government services for the poor, generally focused on economic development and entrepreneurship training. These Agencies include Trickle Up among their programs serving the poorest individuals in their communities. Partner agencies are responsible for selecting, training, and monitoring the Trickle Up entrepreneurs. In the U.S., Trickle Up works in the poorest areas, both rural and urban regions, from California to the Standing Rock reservation in North and South Dakota, to the coast of Maine.

Services and Clients

Trickle Up is distinctive in that it targets the poorest, most marginalized people who are often not eligible for microcredit. Its model of microenterprise development consists of two primary components, business training and conditional seed capital grants.

Jennifer L'Hereaux is a professional potter and ceramic/art supplier living in a small, emerging artistic community in Appalachian Ohio. When Jennifer was trying to start her business, she was operating without her own kiln and had to transport unfired pieces to a kiln she rented. Not only was this costly, she risked breakage of her more delicate pieces and lost a lot of time hauling her supplies to the rented kiln.

Jennifer qualified for a seed capital grant from Trickle Up, which she combined with her savings to purchase the kiln. With her own kiln she was able to produce more finished pieces for sale, thus increasing her profit. Over time, she built up a following in Nelsonville and was able to quit her three part-time jobs and focus full-time on her business, opening her own store, Nelsonville Pottery. Jennifer has also become a ceramics instructor for Hocking College.

Trickle Up's program provides basic business training and seed capital typically in the form of \$700 to \$1,000 conditional grants, distributed in two installments, to entrepreneurs who are starting or expanding their own business, often home-based sole proprietorships. Entrepreneurs receive the first portion of the grant (\$500) after preparing a Trickle Up Business Plan. After three months or the first business cycle, they complete a Trickle Up Business Report, showing they have established a viable business and met program requirements, and receive the second grant installment.

Trickle Up's grant approach reaches the lowest-income people who typically are not considered creditworthy by established financial institutions and lending agencies—more than 75 percent of Trickle Up's U.S. entrepreneurs either have no credit history or bad credit, making them ineligible for most non-traditional credit programs. For many of the entrepreneurs, the Trickle Up seed capital is the first formal financing they have received. One of Trickle Up's goals is to help these entrepreneurs become bankable so they can access micro-credit or other financial tools from other sources in the future if they need additional business capital.

Program Operations

The majority of Trickle Up sponsored microenterprises are home-based, sole proprietorships. Trickle Up works in partnership with 65 locally based community development organizations to administer its microenterprise program. These Coordinating Partner Agencies implement the program initially by identifying local participants, selecting those below the poverty level, with additional preference for those that are members of minority groups and due to education, personal history or circumstance would not have access to traditional lending. Partners then provide business training to entrepreneurs, including basic business concepts such as operating costs, record keeping, business planning, savings, reinvestment, and profitability. Their partners often manage micro-credit programs or have the ability to link Trickle Up entrepreneurs to credit products as their businesses grow.

Why This is a “Best Practice” Program

The Trickle Up organizational model of implementing its program through partner organizations allows the program to work at a national scale while targeting a very specific population, providing seed capital to clients who could not obtain loans or grants from other microcredit programs. This model also links their clients with a broader array of services and types of clients, providing their clients access to additional resources and networks. It also provides the exposure to a wider range of businesses and opportunities to develop their own business beyond a subsistence level business.

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WELLS FARGO BANK

Overview

Wells Fargo first launched the Women's Business Services program in 1995 with the specific goal of providing increased access to capital for women business owners. In the program's first 10 years, Wells Fargo has lent more than \$25 billion through more than 700,000 loans to women-owned small businesses nationwide. Their current goal, set in 2003, is to lend \$20 billion over 10 years to women-owned businesses. The program focuses on research, financial guides, workshops, seminars, community group partnerships, and offers an annual award recognizing the achievements of women business owners (Trailblazer Award).

Background

In 1995, following the Center for Women's Business Research report on the limited access women business owners had to capital, Wells Fargo executive vice president Terri Dial championed an outreach program to women – becoming the first large bank in the nation to have a program targeting women business owners. At the program's inception, Wells Fargo launched the Women's Loan Program and established a lending goal of \$1 billion over three years to qualified women-owned small businesses. There was an overwhelming response and they lent over \$1 billion in the first year alone. As a result of its ongoing success, Wells Fargo expanded its services and the program to become Women's Business Services, increasing the lending goal three times with the latest goal in 2003 to lend \$20 billion over 10 years. In 2006, the program surpassed \$25 billion in lending to women business owners nationwide since 1995.

Services and Clients

Wells Fargo's Women's Business Services program focuses on outreach and education. One example of their outreach efforts is their national alliance with the National Association of Women Business (NAWBO). In addition, Wells Fargo sponsors a number of different education activities such as seminars and conferences that provide business advice to women on topics such as credit management and business growth. The bank encourages staff in their local offices to participate in community events, to be speakers, provide materials, and generally reach out to the women's business community. Wells Fargo serves all

QUICK STATS

Clients: All women business owners

Founded: 1995 and expanded in 2001

Clients served: 700,000 loans

Capital provided: \$25 billion between 1995 and 2005. Typical business loans range from \$10,000 to \$100,000. SBA loans are offered up to \$4,000,000.

Average loan: \$35,000

women-owned businesses with loans, lines of credit – including unsecured credit lines of up to \$100,000 – and other financial services. While loans are made through a standard process (Fair lending laws prohibit Wells Fargo from making special concessions to borrowers based on ethnicity or gender), Wells Fargo is one of the few financial institutions in the U.S. to publicly announce a women-focused lending goal. The Women’s Business Services program also helps to connect women business owners with local banker. The Wells Fargo banker will provide assistance on applying for a loan and help applicants provide all the necessary information to obtain the best credit score possible. The banker will also provide different loan options. The bank offers a streamlined loan process to business owners, allowing for quicker loan decisions. As part of Wells Fargo’s overall outreach effort, they also have programs targeted to African Americans, Asian and Latinos.

Program Operations

A corporate staff provides support and education to team members in local offices who are interested in supporting various marketing efforts. They work with NAWBO chapters and other local events where Wells Fargo provides event speakers as well as sponsorship. As a national program, Wells Fargo has supported women-focused events and initiatives across the country, while being most active in the 23 states where they have retail offices. Wells Fargo also offers financial products in all 50 states through multiple channels including online and the National Business Banking call center. They also provide SBA loans of up to \$4 million.

Why This is a “Best Practice” Program

Wells Fargo was a pioneer in targeting women business owners as an underserved market. They have continued to lead the way with ambitious lending

When Judi Henderson-Townsend started Mannequin Madness four years ago, it was her dream come true. Judi took a chance at entrepreneurship and bought the inventory of a mannequin-rental shop that was going out of business. She bought 50 mannequins, launched her web-based company, to buy and sell more, and now keeps a stock of 3,000 mannequins.

She always knew she wanted to have a business of her own—putting entrepreneurial and creative-thinking skills to use in a flexible environment—she just didn't know how to go about it. But after taking a 14-week business planning seminar sponsored by Wells Fargo, she felt more prepared to launch her businesses and has tapped Wells Fargo for a range of products and services.

“Getting the information allowed me to shift my consciousness,” she says. Previously held attitudes—like frowning on financing—limited her growth, she realized. Now she is moving her office to New York and Atlanta and using a team of advisors, including Wells Fargo, to develop franchises in other cities. “I’m developing greater risk-taking strategies,” she says. “I’m in a different mindset.”

goals and outreach efforts and are one of only a few large banks that have this type of program and partner effectively with women's organizations.

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WOMEN'S BUSINESS DEVELOPMENT CENTER—CHICAGO

Overview

The Women's Business Development Center in Chicago, which will be celebrating its 20th anniversary in 2006, provides a full complement of services to a diverse group of women and businesses. Their clients come for help starting or growing a wide range of businesses, from small day care centers to multimillion dollar food companies. They provide training and assistance in obtaining microloans as well as traditional loans from banks. Over the past 20 years they have served 50,000 women, facilitated over 500 loans ranging from \$1,000 to over \$1 million, and certified 1,000 women-owned businesses to become suppliers to government and corporations, with a total of \$500 million in supplier contracts.

Background

The Women's Business Development Center (WBDC) was founded in 1986 as a not-for-profit organization by Hedy Ratner and Carol Dougal to work with women launching new businesses or strengthening existing businesses in the Chicago area. Over the past 20 years, the WBDC has become a leader in providing direct services to women business owners and advocating for public policy changes that address the needs of women entrepreneurs and their families. The WBDC has grown from a two-woman operation to a full-time staff of 24, which, along with a team of consultants, serve over 3,000 women annually. The WBDC's business development services have become a model used by 15 other organizations across the nation. They receive funding from a long list of companies, the SBA, local and state government agencies, and individual supporters. The WBDC is a Small Business Development Center, a Procurement Technical Assistance Center and a women's business center supported by the Office of Women's Business Ownership of the SBA

QUICK STATS

Clients: Predominantly women and the full range of businesses: over half are minorities and two-thirds are low to moderate income.

They primarily serve the greater Chicago area and certify women business enterprises in 7 Midwestern states.

Founded: 1986

Clients served: 3,000 annually; Since founding: 35,000 for funding; 50,000 for all services

Capital provided: Facilitated over \$35 million in loans

Average bank loan size: \$200,000

Microloans: \$10,000

Services and Clients

The WBDC offers training programs, counseling, and a vast array of other services and programs to help women entrepreneurs assess their business, develop business plans, and provide one-on-one counseling on management, marketing, finance and operations.

The WBDC Finance Assistance Program develops and reviews business plans, delivers hands-on assistance on the entire array of financial documents necessary to obtain capital and to plan business growth, provides microloans for targeted businesses, and packages loans ranging from \$1,000 to \$1.2 million. They support their clients with in-depth financial workshops, helping women develop a financing strategy, including help in determining the type of financing that best serves their business and what to prepare to approach various financing sources. They help package loans ranging from microloan and state and local loan programs, SBA programs, as well as traditional bank loans and a small equity funding program through their "Access to Equity Bootcamp." as well as co-sponsoring a women's venture capital opportunity program with Springboard Enterprises. WBDC offers a number of workshops and classes from starting a business to growing an existing business, including FastTrac[®] programs and JumpStart and NexLevel workshop series as well as extensive training courses in retail, franchise opportunities, and sales and marketing assistance. They have targeted initiatives for starting and expanding child care businesses, retail and franchise businesses and a Latina Business Initiative providing all counseling and training in Spanish in Hispanic communities. WBDC offers Women's Business Enterprise (WBE) certification with the Women's Business Enterprise National Council to enable their clients to be suppliers to government agencies and large corporations through their supplier diversity programs.

Twenty years ago Michele Hoskins was just starting out, with her great-great-grandmother's secret recipe and hope to start a food company. When she first came to the Women's Business Development Center and met Hedy Ratner, the Co-President at the WBDC, Michele was a single mother of three daughters, and she had lost the day job that was to support her through getting her business off the ground.

Hedy's counsel and advice proved invaluable. Hedy literally held Michele's hand and they went to the Thompson Center together, where Chicago's city government is housed, and Michele was certified as a minority- and woman-owned business by the City of Chicago. Hedy's guidance also helped Michele put together her first business plan.

Today, Michele says that any woman who wants to start or expand their business should go to the Women's Business Development Center. It's "a place where women are embraced and grow to be the best that they can be."

Now Michele Foods, Inc. is a multi-million dollar company that produces Honey Crème Syrup, Butter Pecan Syrup, and Maple Crème Syrup, as well as other food products, carried in more than 10,000 food stores nationwide

A longstanding WBDC program is their annual Entrepreneurial Woman's Conference and Women's Business & Buyers Mart, a conference and business opportunities fair for women in business in the Midwest and nationally. This business opportunities conference offers women business owners the opportunity to build relationships with corporate and government buyers, learn and network with business experts, and other women business owners.

Why This is a “Best Practice” Program

The WBDC is distinguished by the range of services it offers and the scale of its programs. It serves very low income women starting home-based businesses as well as established businesses seeking operational and management support and substantial loans to fund growth. As a large organization, WBDC offers their clients opportunities to programs and capital that can help them grow, help build critical relationships and networking opportunities among a diverse group of women business owners. WBDC is also notable for actively developing programs that provide opportunity to their client population, such as the child care, retail and franchise, and Latina initiative and the women's business enterprise certification and business opportunities program.

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WESST CORPORATION

Overview

The Women's Economic Self-Sufficiency Team's (WESST Corp) mission is to facilitate the start-up and growth of women- and minority-owned businesses throughout the state of New Mexico (although WESST Corp's services are available to any New Mexico resident seeking to start or grow a business). They provide a range of services, from seminars to loans to one-on-one counseling. Approximately 10 percent of all individuals who come to WESST Corp are seeking some form of financing.

Background

WESST Corp. began its loan program in 1990 with a \$50,000 loan from the Sisters of Charity. The Sisters provided the loan capital as an investment from their retirement fund. WESST Corp rolled the loan over three times since it was first extended. WESST has facilitated the start-up and growth of over 1,830 small businesses, which have created more than 2,280 jobs; established a low-interest Revolving Loan Fund which has approved more than 300 loans totaling over \$2 million to small businesses, with more than 51% of the loans going to rural businesses. They have provided technical assistance to over 10,000 New Mexicans and recruited over 300 business people to provide low cost or no cost client services. Their loan fund is about \$1,100,000,000 with capital provided by the SBA, local banks (providing about a third of the funds as interest-free loans to WESST Corp), and other lenders.

Services and Clients

Although WESST Corp's target market is low-income, unemployed, and underemployed women and minorities, they do offer services to anyone interested in starting or growing a small business in New Mexico. They offer a full

QUICK STATS

Clients: Targets women- and minority-owned businesses (although services are available to all New Mexico residents). Approximately 3,500 clients per year; 70% low income, 75% women, 60% minority.

Founded: 1989; loan program in 1990.

Clients served: 1,830 small businesses

Capital provided: \$2 million. Loans range from \$200 to \$35,000.

Average loan: \$5,100

Support: WESST Corp. received \$467,000 in public support and \$1.52 million in government contributions for 2004. The loan fund is provided to WESST Corp as borrowed capital from the SBA and other organizations and interest-free loans from local banks.

range of services, including business consulting, business training, business growth planning, and loans. Nearly 70 percent of WESST Corp clients are classified by Federal guidelines as low-income or very low-income; over 60 percent of all WESST Corp clients are members of an ethnic minority group; approximately 75% of WESST Corp clients are female; and more than 70 percent of WESST Corp clients have an existing business.

Loans range from \$200 to \$5,000 for start-up businesses (those in operation for less than 12 months) and from \$200 to \$35,000 for existing businesses (those in operation for more than 12 months). All borrowers must pledge collateral valued at or above the amount of the loan. Loan proceeds must be specifically utilized for business development and/or expansion; to purchase inventory, materials, supplies, equipment, tools, furniture and/or fixtures; for remodeling expenses; or for specifically identified working capital including: rent, utility deposits, advertising, insurance, licensing, bonding, legal and accounting fees. Loan proceeds may not be used to refinance existing debt.

Loan recipients must continue to work with a WESST Corp. consultant throughout the duration of the loan. All loan recipients must submit business financial statements (or other suitable financial records) at regular intervals, as

Taos artist and educator Agnes Chavez developed an innovative language program that teaches children Spanish through art, music, and games. The birth of her son, Silviano, in 1994, was the catalyst for her idea to combine her careers as an artist and Spanish educator into one—one that would allow her to spend time with her son and keep him exposed to his culture. Agnes’s multi-sensory Spanish curriculum (SUBE, which is a conjugation of the Spanish infinitive subir, meaning “to rise to the next level.”) uses an interactive approach to teaching language skills for children from preschool to grade five.

In 1999, Chavez participated in WESST Corp’s pilot program of MARKETLINK. “With a background in fine art, I had no business skills and many challenges to overcome like poor money management skills, poverty consciousness, etc. MARKETLINK was critical in helping me to overcome my weaknesses,” she explained. Agnes also took advantage of WESST Corp’s one-on-one consulting services.

To date, Chavez has sold more than 250 SUBE kits to school districts throughout New Mexico. Recently, Agnes created an innovative web-based program called SubeConnects that allows school children in the U.S. and Latin America to develop pen-pal relationships via live video. In the past four years, gross sales have increased by nearly 300%.

Agnes found WESST Corp’s help essential: “I appreciated WESST Corp’s holistic approach to business consulting. I received financial, marketing and emotional support that took into account what was going on in my personal life at the time. It was the kind of business consulting that went beyond the normal realms of business and considered the person as well.”

In September 2004 Wells Fargo and LATINASyle magazine awarded Agnes the Anna Maria Arias Memorial Business Award for her achievement as a Latina entrepreneur. She was recognized in September 2004 at the local Minority Enterprise Development week luncheon for her national award.

determined by the terms of each individual loan. All start-up businesses must develop and submit a complete business plan as part of the loan package to demonstrate capacity for repayment.

WESST Corp offers a range of classes from pre-startup assessment and startup planning, to classes for existing businesses as well as general interest classes and seminars. Course and seminar fees are between \$20 and \$85.

Program Operations

WESST Corp reaches every region of New Mexico by developing collaborative relationships among public, private and nonprofit organizations. Partnerships are in place with a number of state and local agencies and programs, including the New Mexico Department of Economic Development, the New Mexico Department of Human Services, the City of Albuquerque, and Albuquerque Housing Services. WESST Corp has 24 staff throughout the state and four regional offices. In addition, they have consultant trainers who teach some of the classes.

Why This is a “Best Practice” Program

WESST Corp has developed a model for providing services to a large rural state by forging collaborative linkages. They provide a full range of services, from pre-startup through education and training for existing businesses, and loans for those who are not able to qualify for bank loans. Their education and training enables many of their clients to eventually obtain standard bank loans.

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WOMEN'S INITIATIVE FOR SELF-EMPLOYMENT

Overview

The Women's Initiative began in 1988 to provide a range of services to women interested in starting their own businesses. In 1990, the organization established the Women's Initiative Revolving Loan Fund to provide small business loans to women entrepreneurs. To date, the Women's Initiative provides training at four bay-area sites, and expects to open two more over the next year.

The organization has developed courses and programs that cover a range of business skills. To be eligible for a loan, women must attend the 10 week Simple Steps business management course and complete a business plan. Upon graduation they are eligible to access other resources such as one-on-one consultations, networking events and business success seminars, ongoing training through their SuccessLink program, and to apply for loans up to \$25,000. Some of their clients grow their assets through an Individual Development Accounts program.

Background

The Women's Initiative for Self Employment was founded in 1988 by Paulette Meyer, who had worked at the Levi Strauss Foundation and as already involved in community outreach programs, and Barbara Johnson. The organization now receives a majority of its operating income from corporations, foundations and individuals and just under 10 percent from public funds or service

QUICK STATS

Clients: Low-income women

- one-third are women in poverty,
- 10% are current or former TANF recipients.
- Average age: 44
- 50 percent Latinas and 30 percent African American

Founded: 1988

Clients served:

- 13,000 women in all services since founding
- 1,300 businesses started since founding
- Over 2000 women served per year
- In 2005:
 - Core training participants
 - loans given
 - 350 SuccessLink (post-graduate) members

Capital provided: \$800,000 since founding

Average loan: \$2,500

fees. The program began with one site in 1998 and has grown to four offices around the San Francisco area, with two more sites planned for opening within the next year.

Women's Initiative started a revolving loan fund in 1990 to offer loans to eligible women who had completed their business training course. In 1995, just prior to the welfare law changes of 1996, the organization decided to expand their Women Mean Business Project serving welfare recipients and other women in poverty and focus exclusively on serving low-income (60% or less of regional median income, or about \$35,000 for single woman and disadvantaged women.

Services and Clients

The program serves only low-income women, including women in poverty and those making the transition from welfare to work. Women who do not fall within the income guidelines are referred to other resources in the area. The program offers a range of

comprehensive services along the business continuum. The core service is the Simple Steps business management course, a 10 week or accelerated 5 week class (twice a week, about 70 hours total). The course, limited to between 15 and 20 people per class, provides training for starting, improving, or growing a small business. Topics include marketing, pricing strategies, record keeping, and cash flow. But the classes also cover issues about personal empowerment and personal goals alongside skills development; the curriculum includes lessons and discussion on self-efficacy, time/stress management, and overcoming personal and situational barriers, and having an "entrepreneurial attitude." The organization's Director, Julie Abrams, says "Half of what we do is personal empowerment." At the end of the course, participants will have a business plan in place to begin work on starting a business or they will have decided to not start one.

In 2005, approximately 400 clients participated in this core training course. This is a five-fold increase since 2001. Over 80 percent of participants complete all

After depending on public assistance for nearly 14 years, Shoshana Frumkin has achieved success as an entrepreneur, transitioning from welfare recipient to owner of On the Spot Massage, a company that provides onsite chair massage at workplaces throughout the San Francisco Bay Area.

Before enrolling in SimpleStep, Shoshana had established an informal massage business. Because she was on welfare, securing a loan to capitalize her informal, unlicensed business was out of the question, she was unable to grow her business to provide enough income to be self sufficient. After completing SimpleStep, she developed a welfare-to-work plan that allowed her to continue her education to become a licensed nutritionist, spend more time with her son, and invest in a long-term strategy for economic self-sufficiency. Now a certified nutrition consultant, corporations rely on her to help their employees relieve day-to-day stress and develop healthier eating habits.

Shoshana supports her family primarily with self-employment income, and no longer receives any public assistance. A few of her clients include Lenscrafters, the Discovery Channel, and Cliff Bar.

the requirements for graduation. About 70 percent of graduates will have a business still open within 12 months of graduating from the course.

Access to capital is provided only after clients complete the business education course. Graduates can apply for a seed, startup, or operating capital loan from \$500 to 10,000, and subsequently a second capital loan from \$2,000 to \$25,000. Since staff know applicants from the classes, staff are able to consider their personal knowledge and judgment about the client in addition to their credit history. About one-quarter of graduates apply for capital loans from the Women's Initiative; about 80 percent of these are approved each year.

For graduates of Simple Steps, there is ongoing training through their SuccessLink program, which provides one-on-one consultation and coaching sessions with trainers, monthly networking opportunities and other courses. With the SuccessLink program, women business owners pay a small membership fee to increase and access competencies for starting and managing their businesses on an as-needed basis.

Why This is a “Best Practice” Program

The program's revolving loan program allows the organization to develop their own loan qualifications and help their own graduates, who typically would not meet bank lending criteria. Both the revolving loan fund and the tiered lending model together are important components of their overall model and allow them to offer loans while reducing risk. They have also developed extensive metrics and follow up of clients to track performance.

The program is well-regarded among the low income, minority community and is able to rely on personal referrals as their primary source of clients. The program has also put much emphasis on developing its own adult learning methodologies based on research. Their classes now include audio and visual teaching modalities, solid facilitator guides, strengthened training programs, and multiple methods for managing the quality of teaching in the classes.

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THE WOMEN'S TECHNOLOGY CLUSTER

Overview

The Women's Technology Cluster's (WTC) goal is to identify and accelerate women-led technology companies and life science companies with large market potential. The organization's mission is to increase the number of successful companies and to leverage their influence. They provide advisory services, coaching, and access to business and capital networks. To prepare prospective businesses, and support those in its portfolio, WTC has three distinct programs based upon a company's financing readiness: (1) JumpStart™: Early stage services designed to get a team funding ready; (2) Leap Forward™: Comprehensive services for seed round through A+ companies, designed to grow the company either through investment or sales; (3) and Next Level™: Alumni & Series A+ companies, designed to provide ongoing access to networks.

Background

The WTC was founded as part of the Three Guineas Fund in 1999 by Cate Muther, former CMO of Cisco, and was spun off in 2003 as an independent non-profit. In just 6 years, the WTC has incubated over 65 companies that have raised over \$60 million, 50 percent of which are still in business. They have also built a community of over 175 men and women who support the WTC portfolio companies, as members of their Advisory Board and Mentor Community. Totalling over 35 CEOs and 35 PhDs, the WTC Community provides services for its companies as well as introductions to key investors and customers. In support of its mission, the WTC also develops national programs including the Annual Entrepreneur Venture Conference for women-led, technology-driven companies. Since 2003, presenting companies have raised over \$141 million in financing, including one publicly quoted company, and have returned \$88 million to their investors through M&A transactions. At their 2005 Venture Conference, nine of the eighteen presenting companies achieved funding and one was acquired, a 56% success rate.

QUICK STATS

Clients: Women-founded, high-growth potential technology and life science companies.

Founded: 1999, through the Three Guineas Fund (became independent in 2003).

Clients served: over 65 companies.

Capital provided: \$60 million

Typical investment: \$2 million

Support: Sponsors are businesses that underwrite cost of the events; venture capital and angel funds invest in companies presented at their Entrepreneur Venture Conference.

Services and Clients

The WTC identifies promising companies, provides a number of services to help them obtain capital and can provide services and support to accelerate their growth. They can draw on a group of 175 mentors who volunteer to provide coaching and advice to the portfolio companies. The services are provided at three different levels, depending on the stage of the company. For the entrepreneur who is interested in raising seed or angel money for their company or concept, JumpStart, is a four-month program. CEOs are involved in one-on-one coaching and must be committed to the venture on a full-time basis. Companies who graduate from the JumpStart program are given priority consideration for admission to the full portfolio program, Leap Forward. This comprehensive acceleration program is designed to support the ongoing development of a company and its leadership team. Entrepreneurs participate in one-on-one coaching with experienced CEOs and other experts. The WTC assigns each company a suite of coaches based upon industry, organizational priorities and challenges, and the experience of the entrepreneur and the management team.

Cynthia Francis spent the dozen years after graduating in Drama from the University of California in various positions, from marketing manager to chief operating officer in companies such as Apple Computer and Content Group, as well as raising three daughters. In 2003, she and two colleagues founded Reality Digital to provide software tools that facilitate the capture, management and distribution/publication of video and other digital media. After seeing a profile of the WTC on local public television, Cynthia visited them for advice on growing her company. The company became involved with the WTC prior to incorporation and has benefited in a myriad of ways from WTC participation, first as a Jumpstart company and now as a Next Level company. They received pro-bono legal support from Fenwick and West via the WTC professional services program and took advantage of the WTC mentoring program, including a technology review by experts in the field, and, in 2005, they were ready to participate in the WTC Venture Summit. After winning the Technology Award for "Most Fundable" at the November, 2005 Summit, Reality Digital closed a Series A round from private investors for \$2 million. The company has continued to tap the mentor network for introductions to potential customers and business partners as well as Venture Capital companies interested in future funding rounds. "The value of being part of a community of women CEO's and managers has been immeasurable," says Cynthia. "Hearing from other women who have addressed the same issues we face and who are committed to supporting other women in business leadership has made me a better CEO and opened countless doors for the company."

The WTC has also created a series of networking programs to bring investors and entrepreneurs together, most notably the annual Venture Conference where qualified entrepreneurs present to investors. In preparation for the conference, companies are provided training and education on business strategies to attract VCs, and coaching on their investment pitch. Additionally, the WTC has

established an online community, WTC Connect, which allows members to pose questions to the entire WTC community. Fees depend on the size of the company, with a minimum fee of \$500. The WTC also takes a warrant up to 1 percent. WTC Alumni can continue participation in the WTC both via the Alumni Program and the Customized Fundraising Services. The WTC has a strategic relationship with facilities incubator, Raven Communications, Inc. based in San Francisco, where portfolio companies can locate, though they mostly provide “virtual incubation” services to companies located throughout the San Francisco Bay Area and U.S.

Program Operations

The WTC is a non-profit organization originally established as an operating project of the Three Guineas Fund, and is now funded by a collaboration of public and private sector organizations and firms that support women entrepreneurs as well as seeking investment opportunities. A wide range of companies provides support between \$2,500 and \$15,000, two companies provide \$25,000, and one each provides \$50,000 and \$100,000. The investments are made by venture capital and angel funds that sponsor the annual venture conference. Their goal is to expand nationally, using “virtual incubation” services to provide support to companies across the country.

Why This is a “Best Practice” Program

Women’s Technology Cluster provides women-led businesses the institutional linkages to the investment community and extensive support. With its large number of coaches and mentors, and extensive preparation, they are able to provide women entrepreneurs access to expertise and they are able to bring to the investment community businesses that have been evaluated and that are well prepared.

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“PROMISING PRACTICES” PROGRAMS

CENTER FOR WOMEN ENTREPRENEURS IN TECHNOLOGY

The Center for Women Entrepreneurs in Technology fosters women-led entrepreneurship, to reduce barriers to equal opportunity and to address the challenges that could keep entrepreneurs from reaching their full potential. Providing access to necessary resources, training and networks, the Center enables women to turn innovative ideas into market-leading companies.

The Center is supported through the National Science Foundation's Partnership for Innovation Program and is dedicated to increasing women-led life science-related innovation and entrepreneurship. Formed to fuel women-led innovation in Illinois and promote the pursuit of life science and technology-related studies and careers for young women, the Center for Women Entrepreneurs in Technology is intended to:

- grow the number of women owned and managed science and related technology start-ups,
- increase the number of women receiving Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards,
- provide women entrepreneurs with greater access to capital,
- help commercialize market-driven technologies,
- create wealth through high paying life science technology jobs,
- increase the scientifically and technologically literate workforce, and
- educate young women and broaden their exposure to career opportunities in these industries.

To accomplish these objectives CWET provides participants with access to pro bono resources and training, including:

- Business development guidance
- Wet laboratory space
- Public relations assistance
- Management consulting services

- Legal support and patent strategy expertise
- Grant proposal guidance from experienced entrepreneurs
- Business training courses through the Women's Business Development Center

Center for Women Entrepreneurs in Technology
1801 Maple Avenue
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MAKE MINE A \$MILLION

Make Mine a \$Million Business™ is a program of Count Me In for Women's Economic Independence. OPEN from American ExpressSM is the founding partner. The program provides a combination of money, mentoring and marketing tools that women entrepreneurs need to help grow their businesses to a million dollars and beyond. In 2006, the program will select 40 women entrepreneurs from around the U.S. to receive:

- Dream Team Coaching. High Caliber advisors to consult on business hurdles.
- Financing. Receive up to \$45,000 in loans from Count Me In and a \$10,000 unsecured Line of Credit from OPEN from American Express.
- Exposure. Media opportunities to spotlight your business.
- Technology. Cisco Smart Business Communications network valued at up to \$20,000. Smart Business Workshop & Technology Assessment from Cisco local partner.
- Networking. Access to a community of successful business women locally and nationally.

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www.makemineamillion.org

TEXAS WOMEN VENTURES FUND

The Texas Women Ventures Fund was created with the mission to invest a majority of its capital in women-led companies located in Texas and the Southwest. The TWVF offers Dequity, which is debt that performs a lot like equity: funding is provided in the form of a loan and the company founders keeps control of her company.

In addition to prominent institutional investors, the fund has over forty successful women entrepreneurs and executives as investors and mentors. The Texas Women Ventures Fund provides both funding and mentoring to high-growth companies.

The Texas Women Ventures Fund seeks to invest in companies that meet the following criteria:

- A women-led company
- Solid management and financial controls in place
- Located in greater Dallas, Texas or the Southwest
- Profitable and with positive cash flow
- Growing—with revenues between \$1 and \$50 million
- Looking for advisory services, board candidates or mentoring
- In need of at least \$500,000 in growth capital
- Company can support a loan product
- Able to amortize the loan within three to five years
- Willing to provide upside through a warrant or bonus feature, and
- Have a realistic 3-5 year exit strategy

Texas Women Ventures Fund
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