



THE 2018 STATE OF WOMEN-OWNED BUSINESSES REPORT

Commissioned by
American Express
Summary of Key Trends

**AMERICAN
EXPRESS**

IDEAS FOR BUSINESSES ARE EVERYWHERE

Entrepreneurs solve problems, transform the way we do things, create jobs, spur economic growth and drive prosperity. Yet there is a significant gap between the number of women who start businesses and those who commit to growing them. Women are increasingly harnessing their entrepreneurial spirit and it is critical to encourage and support this behavior, eliminate obstacles, and facilitate growth of their businesses. Unlocking the potential of women-owned businesses represents a powerful opportunity for economic growth.

What gets measured gets managed. To better understand the dimensions that drive the entrepreneurial process, American Express has for the past eight years provided annual updates on a variety of sociodemographic characteristics that influence overall movement of the women-owned business sector. Some of these characteristics relate to the business owner, such as her race/ethnicity and motivations for starting the business, while others relate to the company, such as industry, firm size, and the geographical region in which the business is located.

The State of Women-Owned Businesses reports are used by the women's enterprise development community — media, funders, entrepreneurial support organizations, elected officials, suppliers and customers and even women themselves—to inform practices, policies and advocacy efforts that encourage successful business outcomes, as well as to inspire and motivate women to start and grow businesses.

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

To provide a historical view of women's business ownership, the report compares some topline numbers from 2018 with numbers from 1972 — the first time the U.S. Census Bureau provided data on minority- and women-owned businesses and around the time baby boomers began reaching the age at which they might start a business. To observe how women-owned businesses changed from the recession to now, 2007 was compared to 2018.

The 2018 State of Women-Owned Businesses report examines the periods 2007, 2012, 2017 and 2018, looking at trends in the number of firms, employment, and revenue by various groupings.



Nationally



Race and ethnicity



Industry



Company size



State



Top 50 metropolitan areas



Age of the business owners
(for the first time)

The data in the 2018 State of Women-Owned Businesses report is part of an ongoing annual measurement of business trends.

American Express hopes the report will continue to serve key players within the women's advocacy arena with data on changing business conditions and will identify opportunities for accelerated growth, as well as acknowledge and celebrate women's progress and identify where they still struggle.

ANALYSIS OF OVERALL BUSINESS OWNERSHIP, EMPLOYMENT AND REVENUES

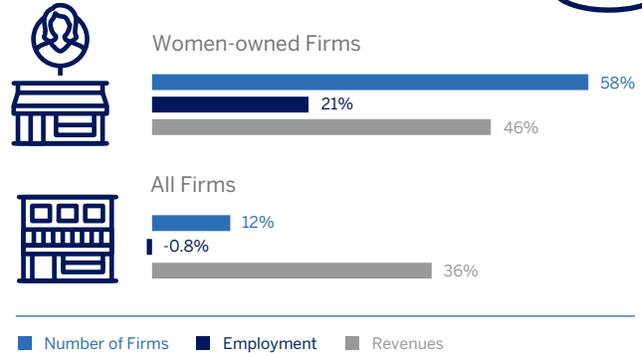
This report focuses on women-owned businesses, which are defined as businesses that are at least 51% owned, operated, and controlled by one or more females. Over the past 46 years, women of all ages have become business owners in droves - from baby boomers and Gen Xers to millennials and younger generations.

The number of women-owned businesses increased a dramatic 31 times between 1972 and 2018, rising from 402,000 (4.6% of all firms) in 1972 to 12.3 million (40% of all firms) in 2018. Employment surged from 230,000 to 9.2 million, growing 40-fold. Revenues rose from \$8.1 billion (representing 0.3% of all firms revenue) in 1972 to \$1.8 trillion (4.3% of total firms revenue) in 2018 — a breathtaking multiple of 217.

In-depth analysis of the period 2007-2018 showed that overall growth in women-owned businesses has continued unabated for the last 11 years:

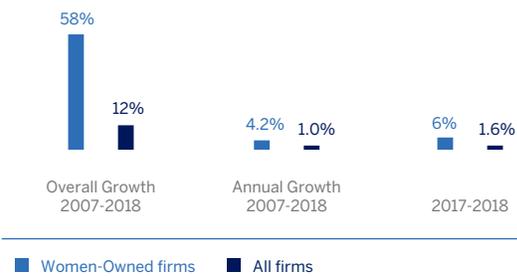
- The number of women-owned businesses **surged 58%**, while all businesses increased only 12%.
- Total employment by women-owned businesses **rose 21%**, while for all businesses it declined 0.8%.
- Total revenue of women-owned businesses **jumped 46%**, while revenue for all businesses increased 36%.

2007-2018 GROWTH RATES FOR WOMEN-OWNED BUSINESSES VS. ALL FIRMS



In the meantime, while the number of all firms increased by 1.0% annually between 2007 and 2018, the number of women-owned businesses grew 4.2% each year. There was an uptick in the annual growth rate for the most recent year: 6% for women-owned firms and 1.6% for all firms.

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

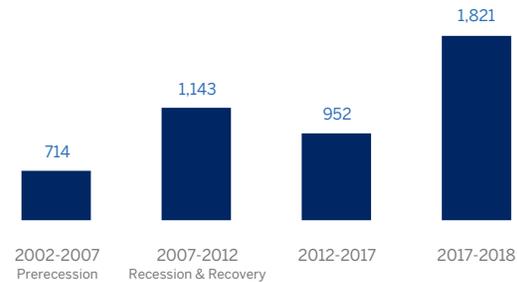


Four out of every 10 businesses (40%) in the United States are now women-owned. These businesses employ 8% of the total private sector workforce and contribute 4.3% of total revenues. The combination of women-owned businesses and firms equally owned by men and women — 14,622,700 — account for 48% of all businesses. These firms employ 16,155,900 people or 14% of the workforce and generate \$3.1 trillion or 7% of revenues.

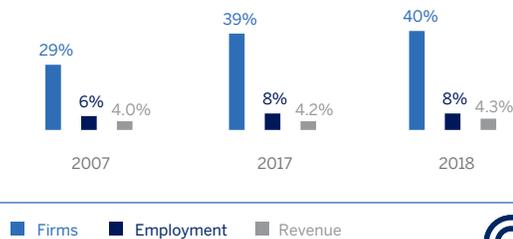
The ratio of women-owned businesses to total businesses in the U.S. increased much faster than their proportion of employment and revenue growth increased during the past 11 years. While the share of women-owned businesses leapt from 29% in 2007 to 40% in 2018, the proportion of total employment and revenues crept up by only a few percentage points. Over this period, total employment increased from 6% to 8% and total revenues increased from 4.0% to 4.3%.

More opportunity entrepreneurs also enter the market as the economy improves.

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



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



NUMBER OF NET NEW WOMEN-OWNED BUSINESSES¹ PER DAY

There were 1,821 net new women-owned business added per day between 2017 and 2018. This is higher than during the prerecession period between 2002 and 2007 (714), the recession and recovery period between 2007 and 2012 (1,143), and the post-recession period between 2012 and 2017 (952).

A combination of necessity entrepreneurship and opportunity entrepreneurship is driving the high 2017-2018 net new number. A necessity entrepreneur is an individual who cannot find quality employment or is unemployed and whose only viable employment option is to start a business. These businesses tend to be smaller than those started by opportunity entrepreneurs,² which target a market opportunity.

Necessity entrepreneurs typically return to the workforce when the economy improves. With the increasing wealth gap, especially among women of color, clearly women need these businesses to supplement their income.

ANALYSIS OF BUSINESS OWNER DEMOGRAPHICS

Trends in Racial/Ethnic Diversity

The Rise of Entrepreneurship Among Minority Women

From 2007 to 2018, higher unemployment rates, long-term unemployment and a much greater gender and racial pay gap led women of color to start businesses at a higher rate out of necessity and the need to survive, rather than a desire to seize a market opportunity. Necessity entrepreneurship is countercyclical in relation to peak economic cycles. This means that when job creation is higher, necessity entrepreneurs are more likely to be employed.

However, the numbers reveal that an improving economy did not affect all groups equally. Even as the economy improved, the rate at which women of color started or stuck with businesses remained high. This represents a combination of entrepreneurship based both on necessity and rebounding opportunity.

1. "Net new" takes into account the number of firm births minus firm deaths or changes in ownership resulting in the loss of women-owned status.
 2. "Including People of Color in the Promise of Entrepreneurship," Ewing Marion Kauffman Foundation, Entrepreneurship Policy Digest, December 2016, accessed May 31, 2017, <http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/including-people-of-color-in-the-promise-of-entrepreneurship>
 3. "Net new" takes into account the number of firm births minus firm deaths or changes in ownership resulting in the loss of women-owned status.

CURRENT NUMBERS FOR FIRMS OWNED BY WOMEN OF COLOR

While the number of women-owned businesses grew 58% from 2007 to 2018, firms owned by women of color grew at nearly three times that rate (163%). Numbers for Latinas and African Americans grew even faster: 172% and 164% respectively. Native Hawaiian/Pacific Islander (146%), Asian American (105%), and Native American/Alaskan (76%) businesses grew more slowly than for women of color in general but faster than overall women-owned businesses.

The Great Recession of 2007-2009 was the most severe and prolonged recession-recovery cycle in the post-war period. Yet, its impact was not experienced equally. Women of color, even if employed, turned to entrepreneurship in far greater numbers to make ends meet. This accounts for the surge in their rate of starting businesses and the overall decline in average revenue for women-owned businesses while average revenue for all businesses rose.

As of 2018, women of color account for 47% of all women-owned businesses. An estimated 5,824,300 women-of-color-owned businesses employ 2,230,600 people and generate \$386.6 billion in revenues.

The gap is widening between the average revenue for businesses owned by women of color and those owned by non-minority women. In 2007, the average revenue for a women-of-color owned business was \$84,100; by 2018 it had dropped to \$66,400. In 2007, the average revenue for a non-minority owned business was \$181,000; by 2018 it had jumped to \$212,300.

If revenues generated by minority women-owned firms matched those currently generated by all women-owned businesses, they would add four million new jobs and \$1.2 trillion in revenues to the U.S. economy.

Between 2007 and 2018, the number of women-owned businesses grew 4.2% annually, while the number owned by women of color grew by 9% during the same period. The numbers between 2017 and 2018 grew 6% (women-owned) and 8% (women of color).

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

As of 2018, African American women-owned businesses:

- Numbered **2,402,600** or **20%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **9%**, the same annual growth rate as the period between 2007 and 2018.
- Produced average revenue of **\$24,700 per firm vs. \$143,100** among all women-owned businesses. The gap between African American women-owned businesses' average revenue and all women-owned businesses is the greatest.
- Made up the **largest segment of women-owned businesses** after non-minority women.
- Represented the **highest rate of growth** in the number of firms between 2017 and 2018 of any group.

As of 2018, Latina-owned businesses:

- Numbered **2,142,800** or **17%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **7%** compared to **10%** annual growth between 2007 and 2018.
- Produced average revenue per firm of **\$51,400 vs. \$143,100** among all women-owned businesses.

As of 2018, Asian American women-owned businesses:

- Numbered **1,072,600** or **9%** of all women-owned businesses.
- Have grown at an annual rate for the past year of — **7%** — the same as the rate over the past 11 years.
- Produced average revenues per firm of **\$189,200 vs. \$143,100** among all women-owned businesses, representing the highest number for any racial/ethnic group.

As of 2018, Native American/Alaska Native women-owned businesses:

- Numbered **169,500** or **1.4%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **5%**, the same as the rate between 2007 and 2018.
- Produced average revenue per firm of **\$68,600 vs. \$143,100** among all women-owned businesses.

As of 2017, Native Hawaiian/Pacific Islander women-owned businesses:

- Numbered **36,800** or **0.3%** of all women-owned businesses.
- Have grown at an annual rate for the past year of **8%** compared to **9%** annual growth between 2007 and 2018.
- Produced average revenue per firm of **\$70,600 vs. \$143,100** among all women-owned businesses.

Number of Net New Women-Owned Businesses⁴

Over the past 11 years, women-owned businesses increased in number by 4.5 million. Women of color own a majority — **64%** or **1,162** — of the new women-owned businesses launched each day, compared to only 659 non-minority-owned businesses. African American women-owned businesses increased per day by 541, Latina-owned firms by 401, Asian American women-owned businesses by 191, Native American/Alaska Native women-owned businesses by 22, and Native Hawaiian/Pacific Islander women-owned businesses by seven.

NET NEW WOMEN-OWNED BUSINESSES⁵ PER DAY BY RACE/ETHNICITY 2017-2018

Race/Ethnicity	Number of Firms
All women-owned firms	1,821
All minority-owned	1,162
African American	541
Asian American	191
Latina	401
Native American/Alaska Native	22
Native Hawaiian/Pacific Islander	7
Non-minority	659

4. IBID.

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

Number of Firms					
Race/Ethnicity	2018 Number	% Chg 2007-2018	Annual % Chg 2007-2018	% Chg 2017-2018	Share of All Women-Owned Businesses
All women-owned firms	12,280,248	57.6%	4.2%	5.7%	100%
All minority-owned	5,824,301	163.2%	9.2%	7.9%	47%
African American	2,402,643	163.5%	9.2%	8.9%	20%
Asian American	1,072,586	105.1%	6.7%	7.0%	9%
Latina	2,142,816	172.0%	9.5%	7.3%	17%
Native American/Alaska Native	169,470	75.5%	5.2%	4.9%	1.4%
Native Hawaiian/Pacific Islander	36,787	145.9%	8.5%	7.6%	0.3%
Non-minority	6,455,947	16.0%	1.4%	3.9%	53%

Employment						
Race/Ethnicity	2018 Number	% Chg 2007-2018	Annual % Chg 2007-2018	% Chg 2017-2018	Avg # of Employees*	Addtl Empl if Empl at Parity**
All women-owned firms	9,184,488	21.2%	1.8%	2.2%	0.7	
All minority-owned	2,230,559	84.2%	5.7%	5.9%	0.4	\$4,043,002
African American	420,012	71.1%	5.0%	5.4%	0.2	\$2,167,960
Asian American	1,093,032	94.8%	6.3%	5.9%	1.0	\$62,288
Latina	634,233	74.5%	5.2%	5.8%	0.3	\$1,673,870
Native American/Alaska Native	62,840	19.8%	1.7%	2.5%	0.4	\$119,703
Native Hawaiian/Pacific Islander	20,443	69.3%	4.9%	38.1%	0.6	\$19,181
Non-minority	6,953,928	10.7%	0.9%	1.1%	1.1	

Revenues						
Race/Ethnicity	2018 Number	% Chg 2007-2018	Annual % Chg 2007-2018	% Chg 2017-2018	Avg Rev Per Firm (000)	Addtl Rev if Rev at Parity (000)***
All women-owned firms	\$1,757,210,058	46.2%	3.5%	5.6%	\$143.1	
All minority-owned	\$386,565,558	107.6%	6.9%	7.2%	\$66.4	\$1,236,155,026,836
African American	\$59,305,016	61.1%	4.4%	6.6%	\$24.7	\$510,039,309,296
Asian American	\$202,947,209	131.5%	7.9%	7.9%	\$189.2	\$227,514,800,306
Latina	\$110,092,927	97.8%	6.4%	6.5%	\$51.4	\$454,825,278,194
Native American/Alaska Native	\$11,623,228	31.2%	2.5%	4.8%	\$68.6	\$35,968,180,416
Native Hawaiian/Pacific Islander	\$2,597,179	72.1%	5.1%	6.3%	\$70.6	\$7,807,458,624
Non-minority	\$1,370,644,500	36.0%	2.8%	5.2%	\$212.3	

* Other than owner

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

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

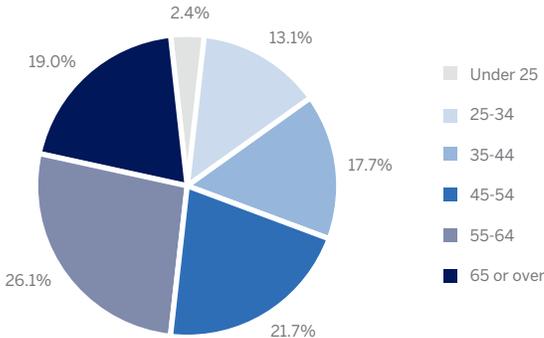
AGE-RELATED TRENDS AMONG WOMEN BUSINESS OWNERS

Analysis by Age Group

Common perception suggests entrepreneurs start their companies in their 20s. The reality is that successful entrepreneurs generally start their businesses later, once they have accumulated business experience, connections, and financial capital.

Nearly half of women business owners are between the ages of 45 and 65 (48%) and two thirds (67%) are 45 or older. This reflects an aging population that wants to — or must — work longer, or has faced age-related workplace barriers. The next largest age group of women business owners is ages 25-44. Nearly one in three women business owners (31%) are between the ages of 25 and 44.

PERCENTAGE OF WOMEN BUSINESS OWNERS BY AGE GROUP

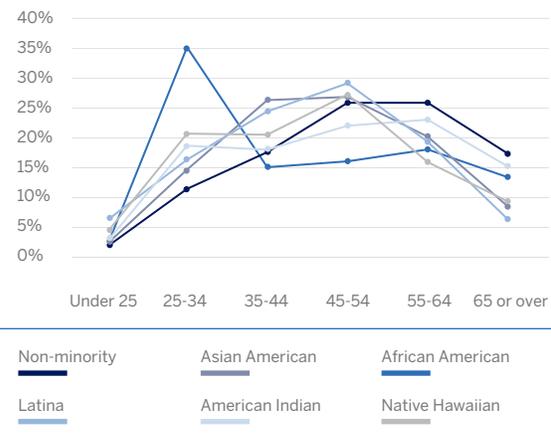


Analysis of Race and Ethnicity by Age and Generation

Distinctive trends emerge when racial and ethnic groups are analyzed by generations. The report uses the age breaks in the Census that come closest to representing the different generations: under 35 (millennials and younger), 35 to 54 (Gen Xers), and 55-plus (baby boomers).

- African American women business owners tend to be younger: **four out of ten (39%) were millennials and younger**. Higher barriers to advancement in the traditional workforce may lead them to more often step out on their own at a younger age.
- Gen Xers (ages 35 to 54) represented the highest concentration of Latina business owners (**53%**).
- Gen X also represented the highest concentration of Asian American women-business owners (**54%**).
- Native American/Alaska Native business owners were more likely to be older, between the ages of 45 and 64 (**47%**).
- Native Hawaiian/Pacific Islander women business owners were more evenly divided between age categories ranging from 25 to 54 (**70%**).
- Baby boomers had the highest proportion of non-minority women business owners. Whether because they could not find a job, wanted meaningful work or wanted to supplement their retirement savings, non-minority women in their 50s and 60s increasingly own businesses.

PERCENTAGE BY AGE, RACE AND ETHNICITY OF WOMEN BUSINESS OWNERS



ANALYSIS OF BUSINESS DEMOGRAPHICS

Trends in Women-Owned Businesses by Number of Employees

On average, women-owned businesses employ 0.7 workers, compared to 1.9 for all privately held businesses and 3.9 for all firms (including publicly traded companies).

For women-owned businesses, the average number of employees shrank from 1.0 in 2007 to 0.7 in 2018.

For privately held businesses, the average number of employees declined from 2.2 in 2007 to 1.9 in 2018. For all firms, the average number of employees dropped from 4.4 in 2007 to 3.9 in 2018. As a result of accessibility, ease-of-use, and lower costs of technology, as well as the rising use of freelance and contract workers, the average number of workers a company employs is on the decline.

Trends in Women-Owned Businesses by Revenue Size

While high-growth entrepreneurialism has rebounded from the great recession slump, there is an overall long-term decline. This is not true for women, however, whose contributions continue to grow significantly. Unlocking the potential of women-owned businesses requires understanding the growth rates of those businesses by revenue size.

In 2018, women-owned businesses that generated revenues less than \$100,000:

- Were the vast majority — **10,775,600** or **88%** — of all women-owned businesses.
- Grew in number at a rate that was faster than the growth rate for larger ones: **56%** vs. a rate ranging from 34% to 46% for larger women-owned business categories and 12% for all businesses.
- Accounted for only **3.8%** of total women-owned businesses' employment and just 10% of revenue. Over the past 11 years employment shrank by 6% (vs. a decline of 0.8% for all businesses) and revenue grew 53% (vs. 36% for all businesses). Revenue growth for women-owned businesses was driven by the addition of firms, not an increase in average revenue per firm.

Because of an owner's inexperience, insufficient capital, inadequate networks or the desire for flexibility and/or work-life balance, many of these smaller firms have limited prospects for growth. For the purposes of this report, women who start their own businesses because workforce policies do not accommodate their caregiving responsibilities or their desire to have more control over when and where they work are defined as flexibility entrepreneurs.

In 2018, women-owned businesses that generated revenues between \$100,000 and \$249,999:

- Numbered **638,800**, accounting for **5%** of all women-owned businesses.
- Grew in number at the slowest rate compared to other business sizes: **34%**. Yet this rate of growth was still nearly three times higher than the growth rate of 12% for all businesses.
- Employed **660,600**, representing **7%** of women-owned businesses' total employment. Over the past 11 years employment grew by 3% vs. a decrease of 0.8% for all businesses.
- Generated **\$100.3 billion** in revenue or **6%** of women-owned businesses' total revenues. Over the past 11 years, revenues grew by 35% vs. 36% for all businesses.
- Focused on revenue growth, enabling them to hire their first employee.



In 2018, women-owned businesses that generated revenues between \$250,000 and \$499,999:

- Numbered **298,209**, accounting for **2.4%** of all women-owned businesses.
- Are growing in number at a significantly faster rate than businesses in general: **36% vs. 12%** for all businesses.
- Employed **898,500** people or **10%** of total employment for all women-owned businesses. Total employment has grown 12% over the past 11 years vs. a decline of 0.8% for all businesses. On average, these companies employed three workers.
- Generated **\$104.9 billion** in revenue or **6%** of total women-owned business revenues. Over the past 11 years, revenues jumped 37% vs. 36% for all businesses.

In 2018, women-owned businesses that generated revenues between \$500,000 and \$999,999:

- Numbered **193,100** firms or **1.6%** of all women-owned businesses, an increase of 42% over the past 11 years vs. 12% for all businesses.
- Employed **1,166,600** people, or **13%** of total employment for all women-owned businesses. Total employment jumped 26% over the last 11 years vs. a decline of 0.8% for all businesses. On average these companies employed six workers.
- Generated **\$135 billion** in revenues, representing 8% of total revenues for all women-owned businesses. Over the past 11 years total revenues jumped 42% vs. 36% for all businesses.

While the number of firms in this segment is relatively small, their economic might is impressive and expanding.

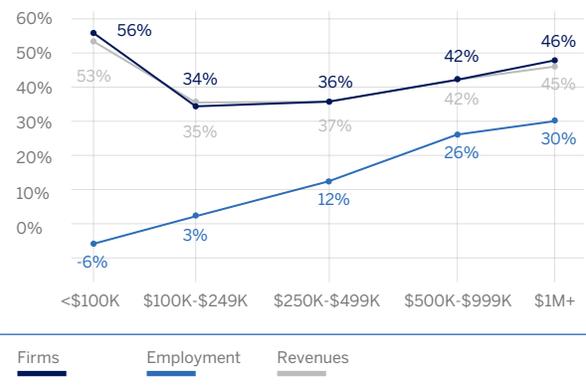
Growth in both employment and revenues begins to take off for women-owned businesses when they reach \$250,000 in revenues. Supporting businesses on the cusp of crossing this threshold (\$100,000 to \$249,999) – and those that have crossed it – could accelerate the growth of larger women-owned businesses.

In 2018, women-owned businesses that generated revenues of more than \$1 million:

- Numbered **207,900**, representing **1.7%** of all women-owned businesses. This was an increase of 46% over the past 11 years vs. 12% for businesses in general.
- Employed **6,210,200** workers, representing **68%** of total employment for all women-owned businesses. Total employment jumped 30% vs. a decline of 0.8% for all businesses. On average, these companies employed 30 workers.
- Generated **\$1,220.2 billion (\$1.2 trillion)** in revenue or **69%** of total women-owned businesses' revenues. Total revenue jumped 45% vs. 36% for all businesses.

These \$1 million-plus firms made an outsized contribution to the economy. They are economic powerhouses.

2007-2018 GROWTH RATES FOR WOMEN-OWNED BUSINESSES BY SIZE OF BUSINESS



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



1. Other services

(e.g., hair and nail salons and pet care businesses): There has been a dramatic rise in the number of women-owned businesses categorized as "other services." This category more than doubled between 2007 and 2018, from 1.3 million to 2.8 million, and its growth rate of 126% was far above the 58% growth rate for all women-owned businesses for that time period. As a result, the proportion of these businesses surged from 16% of all women-owned businesses to 23%. These businesses generated less revenue per firm (\$29,200) than women-owned businesses as a whole (\$143,100). [Necessity and flexibility](#) entrepreneurs frequently started businesses in this category.

2. Health care and social assistance

(including child day care and home health care services): While the number of healthcare and social assistance firms grew from 1.2 million in 2007 to 1.8 million in 2018, this segment's growth rate of 47% was below the 58% growth rate for all women-owned businesses for that time period. As a result, the proportion of women-owned firms in the health care and social assistance sector dropped from 16% to 15%. These businesses generated less revenue per firm than women-owned businesses as a whole: \$86,300 vs. \$143,100.

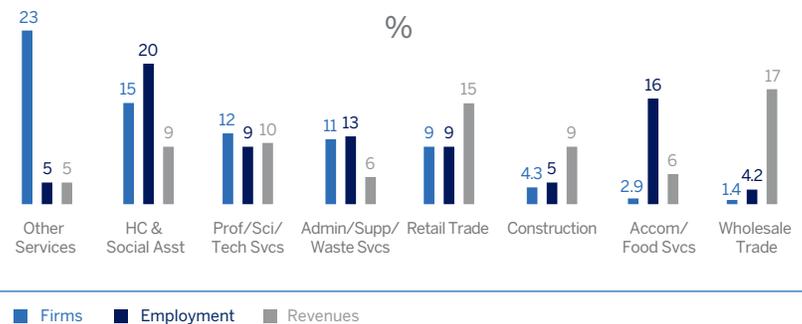
3. Professional/scientific/technical services

(including lawyers, bookkeepers, architects, public relations firms, and consultants): While the number of professional/scientific/technical services firms rose from 1.0 million in 2007 to 1.5 million in 2018, the category's growth rate of 37% was below the 58% growth rate for all women-owned businesses for that time period. As a result, the proportion of firms in the professional/scientific/technical services category shrank from 14% to 12%. These businesses generated less average revenue than women-owned businesses generally: \$110,000 vs. \$143,100.

The three industries in which women-owned businesses have the highest total employment are healthcare and social assistance (20%), accommodations and food services (16%) and administrative, support and waste management services (13%).

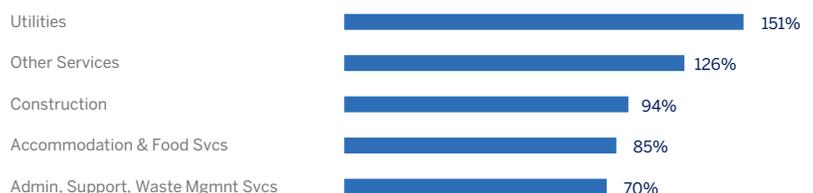
The three industries in which women-owned businesses have the highest total revenue are wholesale trade (17%), retail trade (15%) and professional, scientific and technical services (10%).

PERCENTAGE OF WOMEN-OWNED FIRMS IN THE TOP FIVE INDUSTRIES FOR NUMBER OF FIRMS, EMPLOYMENT AND REVENUE



The growth rate in the number of women-owned firms between 2007 and 2018 increased the most for these five industries: utilities (151%), other services (126%), construction (94%), accommodations and food services (85%) and administrative, support and waste management services (70%).

THE FIVE INDUSTRIES IN WHICH THE NUMBER OF WOMEN-OWNED BUSINESSES GREW THE MOST BETWEEN 2007 AND 2018



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

Job creation is one of the main priorities in the U.S. When jobs are created, incomes rise, and individuals have more money to buy goods and services, which further strengthens the economy. Women-owned businesses employ fewer workers on average (0.7) than all privately held businesses (1.9) and all firms, including publicly traded companies (3.9).

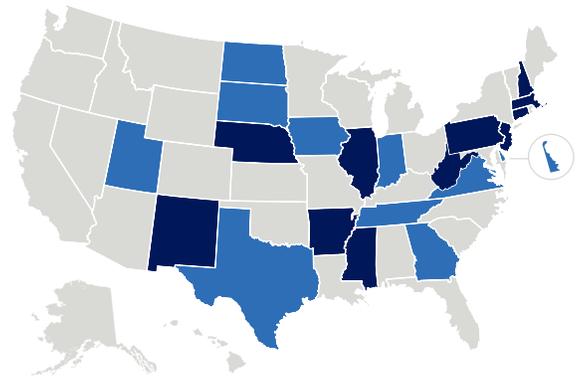
The second ranking is based on employment vitality, which is a combined measurement by geography of:

- the employment growth rate of women-owned businesses over the past 11 years and
- the average number of employees per women-owned business in 2018.

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

Women-owned businesses thrived in populous states such as Texas and Georgia as well as small ones such as South Dakota and North Dakota. They thrived in states from coast to coast and north to south.

THE TEN STATES IN WHICH WOMEN-OWNED BUSINESSES HAVE THE HIGHEST AND LOWEST ECONOMIC CLOUT GROWTH RATE, 2007-2018



- **Highest Economic Clout Growth Rate**
South Dakota, Texas, Utah, Delaware, North Dakota, Tennessee, Indiana, Georgia, Iowa, Virginia
 - **Lowest Economic Clout Growth Rate**
New Hampshire, Connecticut, Nebraska, West Virginia, Massachusetts, Arkansas, New Mexico, Illinois, Mississippi, Pennsylvania, New Jersey
- (11 states included due to ties)

ECONOMIC CLOUT

State Economic Clout Rankings

Economic clout is defined as the growth in the number of firms and growth in employment and revenues. The top 10 states where women-owned businesses most increased their economic clout between 2007 and 2018 were geographically diverse:

1. South Dakota
- 2/3. Texas, Utah (tied for second place)
4. Delaware
- 5/6. North Dakota, Tennessee (tied for fifth place)
7. Indiana
- 8/9. Georgia, Iowa (tied for eighth place)
10. Virginia

The five states with the lowest economic clout were: Massachusetts, West Virginia, Nebraska, Connecticut and New Hampshire.

Economic clout ranks all 50 states (and the District of Columbia) by the combined growth rates of women-owned businesses for number of firms, employment and revenues.

Metropolitan Area Economic Clout Rankings

From 2007 to 2018, the metropolitan areas that increased their economic clout — a combination of growth rates for number of firms, employment and revenues — were:

1. Charlotte-Concord-Gastonia metro area, NC/SC
2. San Antonio, TX
3. Austin, TX
4. Indianapolis, IN
5. Miami, FL
6. Richmond, VA
- 7/8. Detroit, MI / Memphis, TN (tied for seventh place)
9. Dallas, TX
10. Salt Lake City, UT

The metropolitan areas with lowest growth in economic clout were: [Virginia Beach, VA/NC](#); [Pittsburgh, PA](#); [St. Louis, MO/IL](#); [Louisville, KY/IN](#); and [Sacramento, CA](#).

Southern hospitality agreed with women-owned businesses: seven of the top 10 cities for economic clout were in the south.

EMPLOYMENT VITALITY

State Employment Vitality Rankings

The 10 states showing the highest employment vitality — employment growth rate from 2007 to 2018 and average numbers of employees — were:

1. Minnesota
- 2/3. Maine / North Dakota (tied for second place)
4. Iowa
- 5/6. Delaware / Virginia (tied for fifth place)
7. Alaska
8. Indiana
- 9/10. Washington / Wyoming (tied for ninth place)

The five states with the lowest employment vitality were [Arizona](#), [Florida](#), [Michigan](#), [Arkansas](#) and [Mississippi](#).

When it comes to employment vitality, women-owned businesses showed the greatest strength in rural states: [Maine](#), [North Dakota](#), [Iowa](#), [Alaska](#) and [Wyoming](#).

City Employment Vitality Rankings

The top city ranking showing the highest employment vitality — employment growth rate from 2007 to 2018 and average numbers of employees — were:

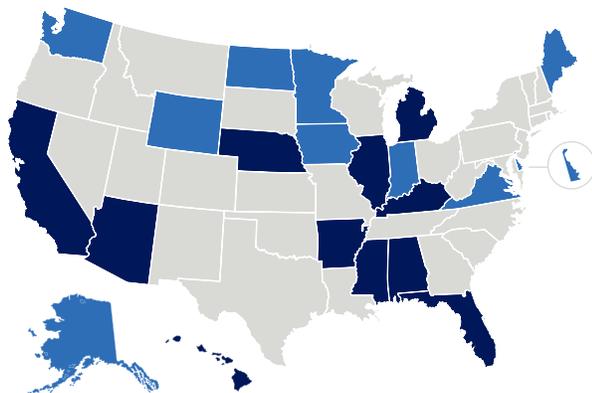
1. San Antonio, TX
2. Minneapolis, MN / St. Paul, WI
3. Salt Lake City, UT
4. Buffalo, NY
5. Indianapolis, IN
6. Austin, TX
7. Seattle, WA
8. Oklahoma City, OK
9. Washington, D.C. metro area, MD/VA/WV
- 10/11. Columbus, OH / Richmond, VA (tied for tenth place)

The five cities with the lowest employment vitality were: [Birmingham, AL](#); [Chicago, IL/IN/WI](#); [Nashville, TN](#); [Tampa/St. Petersburg, FL](#); and [San Jose, CA](#).

Cities across the country provided a great home for women-owned business with the greatest employment vitality.

Job-creating women-owned businesses flourished in states and cities not traditionally thought of as entrepreneurial hubs.

THE TEN STATES IN WHICH WOMEN-OWNED BUSINESSES HAVE THE HIGHEST AND LOWEST EMPLOYMENT VITALITY, 2007-2018



- Highest Employment Vitality
Minnesota, Maine, North Dakota, Iowa, Delaware, Virginia, Alaska, Indiana, Washington, Wyoming
 - Lowest Employment Vitality
Mississippi, Arkansas, Michigan, Florida, Arizona, Illinois, Nebraska, Hawaii, Alabama, California, Kentucky
- (11 states included due to ties)

Employment vitality is a combined measurement by state of the employment growth rate of women-owned businesses and the average number of employees per women-owned business. This metric takes into account employment growth rates and average number of employees, which controls for the size of states and metropolitan areas.

The growth in women-owned businesses has been uneven. Over the course of nearly half a century, women have gone from owning 4.6% to 40% of all businesses. However, these businesses account for only 8% of all employment and 4.3% of total revenues. Given the outsized contributions of million-dollar-plus businesses, focused efforts on graduating more women-owned businesses from the \$100,000 to \$999,999 category into the million-dollar-plus category will yield big economic gains.

Over the past 11 years, women of color have been the driving force behind the growth of women-owned businesses. Maximizing their contributions is key to a stronger and healthier economy overall, job creation in local communities and upward economic mobility for women of color and their families.

Support can take the form of training that addresses both hard and soft skills, networking events, mentorship, access to markets (such as through women-owned certification programs) and access to finance. Support should also take the form of policies, such as affordable childcare and increased access to capital.



STUDY METHODOLOGY

This report is based on data from the United States Census Bureau Survey of Business Owners (SBO), which is conducted every five years in years ending in two and seven. Data from the 2007 and 2012 Census surveys were collated, analyzed and extrapolated forward to 2018, factoring in relative changes in Gross Domestic Product (GDP) not only nationally but also at industry, state and metropolitan statistical area levels. All GDP data was obtained from the U.S. Bureau of Economic Analysis ([bea.gov](https://www.bea.gov)).

Specifically, the report compared growth in GDP from 2007 to 2012 (\$10.8 to \$16 trillion) with data from 2012 to Q4 2017 (\$16 to \$18.7 trillion). Relative annual growth rates were then used to estimate the growth in the number of firms over the 2012 to 2018 period — thus adjusting a straight-line extrapolation to account for relative economic growth between the two time periods. This was done not only at the national level, but also by applying actual gross state, metro area and industry-level output figures (which were available up to the fourth quarter of 2017).

For detailed information on the Survey of Business Owners, visit the [U.S. Census Bureau's American FactFinder web portal](https://www.factfinder.census.gov/).

Acknowledgments



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

