This is the seventh annual report on the State of Women-Owned Businesses in the United States. The report provides stakeholders in the women’s enterprise development community – media, funders, entrepreneurial support organizations, elected officials, suppliers and customers, and women entrepreneurs themselves – with information and intelligence that can inform practices, policies and advocacy efforts that encourage successful business outcomes.

American Express OPEN is proud to provide data recognizing women-owned businesses as one of the economic engines of the U.S. Such data can help unleash this under-tapped engine for creating more jobs, developing additional innovation and building wealth for both the female entrepreneur and her employees.

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 each year by the annual gross domestic product estimates as of January 2016, at the national, state, and metropolitan levels, as well as by industry.

This 2017 State of Women-Owned Businesses Report takes both long- and short-term views, examining how women-owned firms, their numbers of employees and their revenues has changed over the past two decades and over the past year. This study examines the periods 1997 to 2017, and 2016 to 2017, looking at trends in the number of firms, employment and revenue:

Entrepreneurship is a key driver of prosperity and competitiveness in the U.S. More can be done to create conditions in which women entrepreneurs will not just survive but thrive. Since 2012, American Express OPEN has provided annual reports tracking how women-owned business numbers are changing. It is the hope of everyone at American Express that the data in this report will be used to support continued growth of women’s entrepreneurship.
OVERVIEW

Women’s entrepreneurship has been on the rise in the United States for the last two decades. 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.

As of January 2017, there are an estimated 11.6 million (11,615,600) women-owned businesses in the United States that employ nearly 9 million (8,985,200) people and generate more than $1.7 trillion ($1,663,991,700,000) in revenues.

Over the past 20 years (1997–2017), the number of women-owned businesses has grown 114% compared to the overall national growth rate of 44% for all businesses.

Women-owned businesses now account for 39% of all U.S. firms, employ 8% of the total private sector workforce and contribute 4.2% of total business revenues. The combination of women-owned businesses and firms equally-owned by men and women account for 47% of all businesses. These firms employ 14% of the workforce and generate 7% of revenues.

The share of women-owned firms has grown much faster by number of firms than by employment and revenues. Indeed, while the share of number of firms from 1997 to 2017 grew from 26% to 39%, the share for employment only grew from 7% to 8% and for revenues, the share declined slightly from 4.4% to 4.2%. Closing this gap could be a key to creating more jobs.

NUMBER OF FIRMS

Between 1997 and 2017, the number of women-owned businesses increased by 114%, compared to a 44% increase among all businesses — a growth rate more than 2.5 times the national average.

As of January 2017, there are an estimated 11.6 million women-owned businesses in the United States that employ nearly 9 million people and generate more than $1.7 trillion in revenues.
Analyzing the annual growth rate over the past two decades reveals signs of a slowdown: 3.9% growth between 1997 and 2017 (which includes the recession and recovery) vs. 2.7% between 2016 and 2017. Yet the rate of growth in women-owned businesses is still higher than all businesses, which grew 1.8% and 1.0% over the same respective periods.

### Trends in Employment

The employment growth rate over the past 20 years was stronger for women-owned businesses than for all businesses: 27% vs. 13%

While the growth rate was driven by companies with 10 to 99 employees, it is strongest for companies with 50 to 99 employees (43%).

### Trends in Revenues

Revenues among women-owned businesses have increased by 103% since 1997, compared to a 114% increase among all U.S. firms.

Over the past two decades, the growth rate in the number of women-owned businesses generating $500,000 - $999,999 was 88%, and for those generating $1 million+, it was 104%. The overall growth rate of women-owned businesses was 114%.

Impressively, growth in employment is almost as high for women-owned businesses generating from $500,000 to $999,999, and nearly two times higher for million-dollar-plus firms as all women-owned businesses. Growth in revenue is 89% for firms in revenue size class $500,000 - $999,999, and 111% for $1 million+ women-owned businesses than for all women-owned firms (103%).

Since 2016, revenues for women-owned businesses have increased 2.5% vs. 4.1% for all businesses.
The State of Women-Owned Businesses, 2017

NUMBER OF NET NEW WOMEN-OWNED BUSINESSES\textsuperscript{1}

Since 1997, an average of 849 net new women-owned businesses were added every day to the economy compared to 827 for the past year. This number is lower than the peak level of 1,143 seen during the recession and recovery period between 2007 and 2012, according to the 2016 State of Women-Owned Businesses Report. However, both the 20-year average net new women-owned businesses number (849) and the past year’s number (827) are higher than the number before the recession (714).

One reason for the high net new number during 2007 through 2012 was that women of color turned to entrepreneurship in dramatic numbers. This was partially out of necessity during the recession and recovery period. 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 that target a market opportunity.\textsuperscript{2}

With fewer barriers to the job market than women of color, white women opted to stay in the jobs they had or could seek rather than pursue entrepreneurship.

TRENDS IN RACIAL/ETHNIC DIVERSITY

The Rise of Entrepreneurship Among Minority Women

Higher unemployment rates, long-term unemployment, and a much greater pay gap led women of color to start businesses at a greater 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.

For the last 20 years, women of color have turned to entrepreneurship at an extraordinary rate. While the number of women-owned businesses grew 114% from 1997 to 2017, firms owned by women of color grew at more than four times that rate (467%). Three segments had an even higher growth rate than the combined rate for minorities: African American (605%), Native Hawaiian/Pacific Islander (493%), and Latina (491%). The Asian American and Native American/Alaskan Native segments also had higher rates (314% and 201%, respectively) than the overall average. While on the surface this growth is good news, as mentioned, the underlying reasons women from these groups turn to entrepreneurship are concerning. This trend does not show any sign of abating.

A COMPARISON OF NET NEW WOMEN-OWNED BUSINESSES\textsuperscript{3} ADDED PER DAY BY TIME PERIOD

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Number of Net New Women-Owned Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-2007 Pre-recession</td>
<td>714</td>
</tr>
<tr>
<td>2007-2012 Recession &amp; Recovery</td>
<td>1,143</td>
</tr>
<tr>
<td>1997-2017</td>
<td>849</td>
</tr>
<tr>
<td>2016-2017</td>
<td>827</td>
</tr>
</tbody>
</table>

NET NEW WOMEN-OWNED BUSINESSES\textsuperscript{4} PER DAY BY RACE/ETHNICITY 1997-2017

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Number of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>All women-owned firms</td>
<td>849</td>
</tr>
<tr>
<td>All minority-owned</td>
<td>609</td>
</tr>
<tr>
<td>African American</td>
<td>259</td>
</tr>
<tr>
<td>Asian American</td>
<td>104</td>
</tr>
<tr>
<td>Latina</td>
<td>227</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>15</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>4</td>
</tr>
<tr>
<td>Non-minority</td>
<td>240</td>
</tr>
</tbody>
</table>

1, 3, 4. “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

As of 2017, minorities accounted for 46% of all women-owned businesses (an estimated 5,400,100, employing 2,105,900 people and generating $361 billion in revenues). The annual growth rate between 1997 and 2017 of the number of minority women-owned businesses was 9% vs. 8% over the past year.

If revenues generated by minority women-owned firms matched those currently generated by other women-owned businesses, they would add $1.1 trillion in revenues and 3.8 million new jobs to the U.S. economy. (See chart on page 7 for estimates by group.)

As of 2017, African Americans owned 19% of all women-owned businesses. An estimated 2,205,300 African American women-owned firms employed 398,400 workers and generated $56 billion in revenues. Number of firms has grown 14% over the past year compared to 10% annual growth between 1997 and 2017. These women are bucking the trend of declining growth for most business owner segments analyzed in this report.

As of 2017, Latinas owned 17% of all women-owned businesses: an estimated 1,996,500 firms employed 599,700 workers and generated $103 billion in revenues. Number of firms has grown 7% over the past year compared to 9% annual growth between 1997 and 2017.

As of 2017, Asian Americans owned 9% of all women-owned businesses: an estimated 1,002,700. They employed 1,031,800 workers and generated $188 billion in revenues. Number of firms has grown 9% over the past year compared to 7% annual growth between 1997 and 2017. These women, like African Americans, are defying the trend toward a lower growth rate for most business owner segments. They also average more employees and revenue than the typical women-owned business.

As of 2017, Native American/Alaska Natives owned 1.4% of all women-owned businesses (an estimated 161,500), employing 61,300 workers and generating $11 billion in revenues. Annual growth of the number of firms between 1997 and 2017 was 6% vs. 5% over the past year.

As of 2017, Native Hawaiian/Pacific Islanders owned 0.3% of all women-owned businesses: an estimated 34,200, employing 14,800 workers and generating $2.4 billion in revenues. Number of firms has grown 10% over the past year compared to 9% annual growth between 1997 and 2017. Native Hawaiian/Pacific Islander women are also going against the slow down trend in entrepreneurship.

Number of Net New Women-Owned Businesses

Over the past two decades, women-owned businesses have increased their numbers by 6.2 million firms. A vast majority – 71% or 609 – of the new women-owned businesses launched each day are owned by women of color, compared to only 240 non-minority-owned businesses. African American women-owned businesses have increased per day by 259, Latina-owned firms by 227, Asian American women-owned businesses by 104, Native American/Alaska Native women-owned businesses by 15, and Native Hawaiian/Pacific Islander women-owned businesses by four.

If revenues generated by minority women-owned firms matched those currently generated by other women-owned businesses, they would add $1.1 trillion in revenues and 3.8 million new jobs to the U.S. economy.

5. “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.
## TRENDS IN NUMBER OF FIRMS, EMPLOYMENT AND REVENUES FOR WOMEN-OWNED BUSINESSES BY RACIAL/ETHNIC GROUP

### FIRMS

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2017 Number of Firms</th>
<th>% Chg 1997-2017</th>
<th>Annual % Chg 1997-2017</th>
<th>% Chg 2016-2017</th>
<th>Share of All Women-Owned Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>All women-owned firms</td>
<td>11,615,629</td>
<td>114%</td>
<td>3.9%</td>
<td>2.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>All minority-owned</td>
<td>5,400,147</td>
<td>467%</td>
<td>9%</td>
<td>8%</td>
<td>46.5%</td>
</tr>
<tr>
<td>African American</td>
<td>2,205,299</td>
<td>605%</td>
<td>10%</td>
<td>14%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Asian American</td>
<td>1,002,704</td>
<td>314%</td>
<td>7%</td>
<td>9%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Latina</td>
<td>1,996,455</td>
<td>491%</td>
<td>9%</td>
<td>7%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>161,480</td>
<td>201%</td>
<td>6%</td>
<td>5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>34,209</td>
<td>493%</td>
<td>9%</td>
<td>10%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Non-Minority</td>
<td>6,215,482</td>
<td>39%</td>
<td>1.7%</td>
<td>-1.5%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

### EMPLOYMENT

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2017 Number of Employees</th>
<th>% Chg 1997-2017</th>
<th>Annual % Chg 1997-2017</th>
<th>% Chg 2016-2017</th>
<th>Avg # of Employees*</th>
<th>Addtl Empl if Emply at Parity**</th>
</tr>
</thead>
<tbody>
<tr>
<td>All women-owned firms</td>
<td>8,985,172</td>
<td>27%</td>
<td>1.2%</td>
<td>0.1%</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>All minority-owned</td>
<td>2,105,931</td>
<td>166%</td>
<td>5%</td>
<td>5%</td>
<td>0.39</td>
<td>3,870,904</td>
</tr>
<tr>
<td>African American</td>
<td>398,378</td>
<td>136%</td>
<td>4.4%</td>
<td>5%</td>
<td>0.18</td>
<td>2,042,428</td>
</tr>
<tr>
<td>Asian American</td>
<td>1,031,826</td>
<td>236%</td>
<td>6%</td>
<td>5%</td>
<td>1.03</td>
<td>At Parity</td>
</tr>
<tr>
<td>Latina</td>
<td>599,687</td>
<td>156%</td>
<td>4.8%</td>
<td>5%</td>
<td>0.30</td>
<td>1,609,972</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>61,286</td>
<td>-17%</td>
<td>-0.9%</td>
<td>5%</td>
<td>0.38</td>
<td>117,439</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>14,754</td>
<td>133%</td>
<td>4.3%</td>
<td>5%</td>
<td>0.43</td>
<td>23,109</td>
</tr>
<tr>
<td>Non-Minority</td>
<td>6,879,241</td>
<td>9%</td>
<td>0.5%</td>
<td>-1.4%</td>
<td>1.11</td>
<td></td>
</tr>
</tbody>
</table>

### REVENUES

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All women-owned firms</td>
<td>$1,663,991,671</td>
<td>103%</td>
<td>3.6%</td>
<td>2.5%</td>
<td>$143.3</td>
<td></td>
</tr>
<tr>
<td>All minority-owned</td>
<td>$360,711,804</td>
<td>321%</td>
<td>7%</td>
<td>4.7%</td>
<td>$66.8</td>
<td>$1,131,957,266</td>
</tr>
<tr>
<td>African American</td>
<td>$55,640,238</td>
<td>311%</td>
<td>7%</td>
<td>8%</td>
<td>$25.2</td>
<td>$462,357,628</td>
</tr>
<tr>
<td>Asian American</td>
<td>$188,174,708</td>
<td>403%</td>
<td>8%</td>
<td>10%</td>
<td>$187.7</td>
<td>Above Parity</td>
</tr>
<tr>
<td>Latina</td>
<td>$103,361,917</td>
<td>278%</td>
<td>7%</td>
<td>6%</td>
<td>$51.8</td>
<td>$418,518,949</td>
</tr>
<tr>
<td>Native American/Alaska Native</td>
<td>$11,090,945</td>
<td>64%</td>
<td>2.5%</td>
<td>6%</td>
<td>$68.7</td>
<td>$33,848,496</td>
</tr>
<tr>
<td>Native Hawaiian/Pacific Islander</td>
<td>$2,443,996</td>
<td>244%</td>
<td>6%</td>
<td>4.5%</td>
<td>$71.4</td>
<td>$7,170,628</td>
</tr>
<tr>
<td>Non-Minority</td>
<td>$1,303,279,866</td>
<td>78%</td>
<td>2.9%</td>
<td>1.9%</td>
<td>$209.7</td>
<td></td>
</tr>
</tbody>
</table>

*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.
The growth rate in the number of women-owned firms increased the most for these three industries: construction (15%), arts, entertainment & recreation (12%) and other services (12%).

The industries that average the highest revenue per firm attract few women entrepreneurs.

- Average revenue for a women-owned management consulting firm is $3,565,300. Only 0.02% of women-owned businesses are in this industry.
- Average revenue for a women-owned wholesale trade company is $1,782,200. Only 1.4% of women-owned businesses are in this industry.
- Average revenue for a women-owned mining firm is $954,600. Only a tiny percentage — 0.2% — of women-owned businesses are in this industry.
- Average revenue for a women-owned manufacturing business is $898,400. Only 1.2% of women-owned businesses are in this industry.
GEOGRAPHIC TRENDS

The report uses two types of rankings to evaluate 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. While on average women-owned businesses employ 0.8 workers, all businesses employ 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 20 years,
- The average number of employees per women-owned business in 2017.

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

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 ten states where women-owned businesses have most increased their economic clout between 1997 and 2017 are:

1. Nevada
2. District of Columbia
3. South Dakota
4. North Dakota
5. Georgia
6. Virginia
7. Utah
8. Wyoming
9. Texas
10. Arizona

The five states with the lowest economic clout are: Arkansas, Illinois, Ohio, West Virginia, and Nebraska.

Metropolitan Area Economic Clout Rankings

From 2002 to 2017, 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. Salt Lake City, UT*
6. Raleigh, NC**
7. Dallas, TX
8. Las Vegas, NV**
9. Riverside, CA*
10. Richmond, VA

* Tied for fifth place
** Tied for eighth place

8. Due to changes in the way metropolitan areas are defined, the Survey of Business Owners (SBO) data taken from the U.S. Census Bureau, 1997 is not comparable with SBO, 2012 data. This is why the city analysis measures growth from 2002.
The metropolitan areas with lowest growth in economic clout are: **Milwaukee, WI; New Orleans, LA; St. Louis, MO; Boston, MA and Providence RI.**

While metropolitan areas on the coast get the attention, it’s other cities that are the most fertile grounds for women-owned businesses.

**Employment Vitality**

**State Employment Vitality Rankings**

The ten states showing the highest employment vitality — employment growth rate from 1997 to 2017 and average numbers of employees — are:

1. North Dakota  
2. Minnesota  
3. Maine  
4. Alaska  
5. Virginia  
6. Wyoming  
7. Delaware  
8. District of Columbia*  
9. Indiana*  
10. Montana*

*Tied for eight place

The five states with the lowest employment vitality are: **Michigan, Illinois, Tennessee, Arkansas and Mississippi.**

With five rural states in the top 10 for employment vitality, women-owned businesses show that country life has its economic benefits.

**City Employment Vitality Rankings**

The ten cities showing the highest employment vitality — employment growth rate from 2002 to 2017 and average numbers of employees — are:

1. San Antonio, TX  
2. Minneapolis/St. Paul, MN/WI  
3. Salt Lake City, UT  
4. Indianapolis, IN  
5. Seattle, WA  
6. Austin, TX*  
7. Raleigh, NC  
8. Washington, D.C. metro area, MD/VA/WV*  
9. Kansas City metro area, MO/KS  
10. Virginia Beach-Norfolk-Newport News, VA/NC

*Tied for sixth place

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 five cities with the lowest employment vitality are: **Nashville, TN; Chicago, IL; Miami, FL; Memphis, TN and San Jose, CA.**

Local business is big business in mid-sized cities. Women-owned businesses show the greatest vibrancy — economic clout and employment vitality in:

- Austin, TX  
- Indianapolis, IN  
- Raleigh, NC  
- Salt Lake City, UT  
- San Antonio, TX

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9. Due to changes in the way metropolitan areas are defined, the Survey of Business Owners (SBO) data taken from the U.S. Census Bureau, 1997 is not comparable with SBO, 2012 data. This is why the city analysis measures growth from 2002.
CONCLUSION

Women entrepreneurs have come a long way over the course of the last 20 years but there are miles to go.

Since 1997, whether its numbers of firms, employment or revenue, the rate of growth of women-owned businesses has been phenomenal. However, if women-owned businesses’ share of employment (8%) and revenues (4.2%) were similar to their share of firms (39%), they can make a much greater impact on the economy.

Data from this report can be used to support an increase in entrepreneurial, minority and women-owned certification training programs, access to capital programs and advocacy efforts. Importantly, the numbers can be used by the media to provide context in stories about women entrepreneurs. These stories provide role models to lead the way and encourage other ambitious women to take the plunge by providing roadmaps and expert guides that show why and how women are making a positive impact. The combined wisdom and individual stories of women who have broken barriers will become the basis for educating, motivating, and inspiring other women.

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 2 and 7. Data from the 1997 and 2012 Census surveys were collated, analyzed and extrapolated forward to 2017, 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).

Specifically, growth in GDP from 2002 to 2012 ($10.8 to $16 trillion) was compared to that from 2012 to the fourth quarter of 2016 ($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 2017 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 2016).10

For detailed information on the Surveys of Business Owners, visit the U.S. Census Bureau’s American FactFinder web portal: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

10. “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.
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Key links to products, services and corporate responsibility information: charge and credit cards, business credit cards, Plenti rewards program, travel services, gift cards, prepaid cards, merchant services, Accertify, corporate card, business travel, and corporate responsibility.

This report was prepared for American Express OPEN 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.