



# 2018 WOMEN IN BUSINESS TRENDS

PRESENTED BY:



# A LOOK AT WOMEN-OWNED BUSINESSES AND FEMALE ENTREPRENEURS

The latest numbers regarding women in business can't be ignored. There are 9.1 million woman-owned businesses nationwide, employing 7.9 million employees and generating \$1.4 trillion in sales, according to the [National Association of Women Business Owners](#). While these numbers are encouraging for female entrepreneurs, there's still more to learn about who these women in business are, what factors are driving their businesses forward and the biggest challenges they face.

In partnership with online lending marketplace Lending Club, Guidant Financial launched its 2018 State of Small Business survey to gain deeper insight into small business trends, especially for women-owned businesses. Over 2,600 current and aspiring entrepreneurs responded. Here's what we found about women in business, their demographics and how they differ from men.

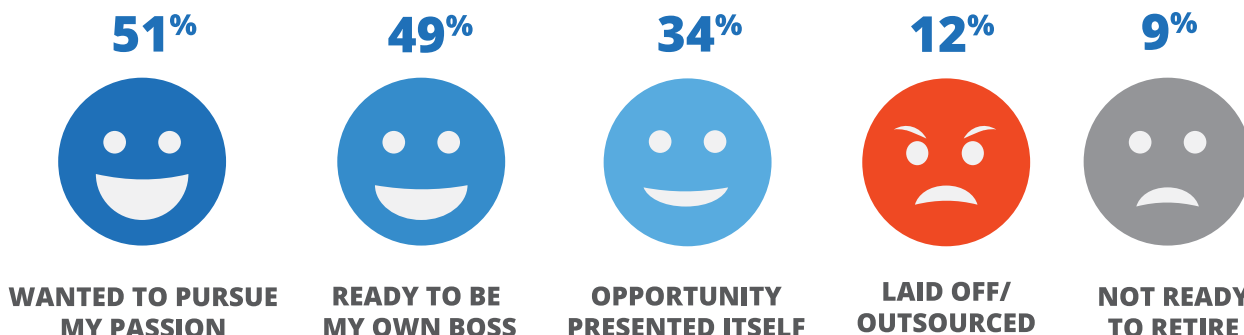
## WOMEN IN BUSINESS: MEET THE WOMEN OF MAIN STREET

According to our survey, women accounted for 26 percent of current business owners, an 18 percent increase compared to 2017. While this is a strong indicator that more women are chasing their dreams of business ownership, it's still far from equal representation.

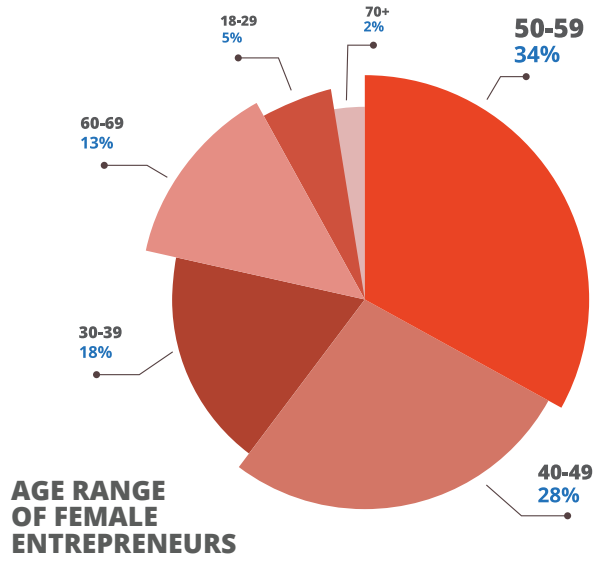


The top reasons for going into business for both men and women included wanting to pursue their passions (No. 1 for women), wanting to be their own boss (the top reason for men), a dissatisfaction with corporate America and/or being laid off. Twelve percent of females also noted 'not ready to retire' as their motivation for starting a business, which didn't make it in the Top 5 reason for men.

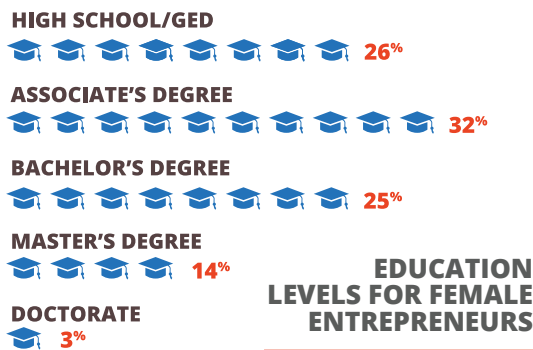
## WHAT MOTIVATES WOMEN TO OPEN BUSINESSES?



Whether women more quickly become [dissatisfied with climbing the corporate ladder](#) or just can't ignore the drive to pursue their passions, female business owners began their entrepreneurial journeys earlier in life than their male counterparts. According to our survey, 51 percent of female business owners were under the age of 50, compared to 44 percent of men. However, the largest group of female respondents were in their fifties, so it seems women are becoming business owners at almost every life stage.



### FEMALE ENTREPRENEURS HAVE HIGHER EDUCATION LEVELS



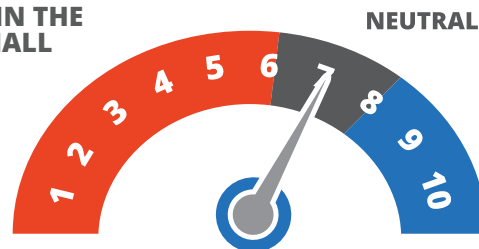
Women may be younger when they pursue business ownership, but they outshine their male counterparts in terms of education. While a college degree is by no means a requirement to become a business owner (26 percent of women reported a high school degree or GED as their highest level of education), women were 16 percent more likely than male respondents to have earned a post-high school education. Across the nation, more women are attending college than men, and according to a [CNBC article](#) and research from the Institute of Family

Studies, 2015 marked the first time in history that wives were better educated than their husbands. So, we'll likely continue to see this trend of women-owned businesses being led by college graduates.

### FEMALE ENTREPRENEURS ARE LESS CONFIDENT IN THE POLITICAL STATE OF SMALL BUSINESS

2017 was a year of political turbulence for women. Over [2.5 million female protestors](#) took to the streets to march for women's rights. Women and their allies were reacting to the new White House administration and Congress, who were expected to roll back reproductive and [civil rights](#). It's no surprise that when asked about their confidence in the political state of small business, women responded, on average, a full point lower than men (women averaged a 7 out of 10 confidence level, while men averaged an 8). In fact, 33 percent of women rated their confidence at a 5 or below.

#### ARE WOMEN CONFIDENT IN THE STATE OF SMALL BUSINESS?



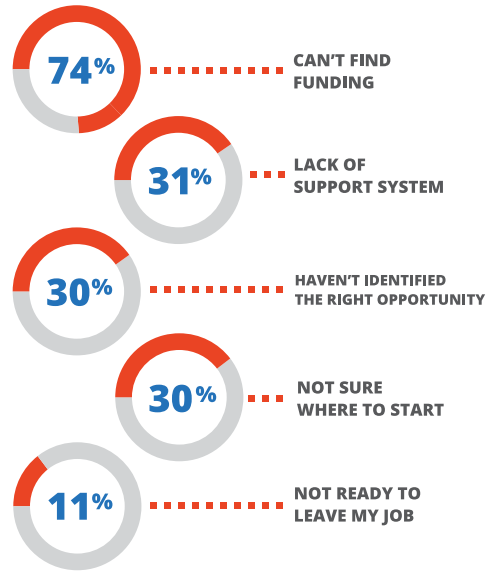
## OBTAINING BUSINESS FINANCING IS A TOP CHALLENGE FOR WOMEN

Politics aside, women reported facing financial hurdles in getting their businesses going in our State of Small Business survey. Both men and women cited obtaining funding as the top challenge when opening a business, but two times more aspiring female entrepreneurs reported a lack of a support system as a secondary barrier to entry (the No. 4 challenge for women). It's tough to say exactly why women aren't feeling supported, but it may stem from their funding partners.

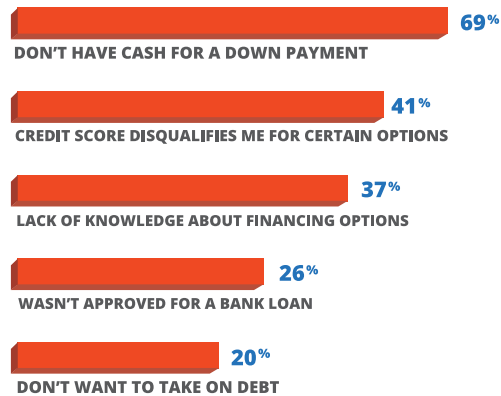
Findings indicated business loans for women may also be harder to secure. Only 6 percent of women reported they used an SBA loan to fund their business, 24 percent less than men. This is consistent with nationwide statistics, which report [business loan approval rates](#) for women are 15 to 20 percent lower than they are for men. Despite this, the top funding method aspiring female entrepreneurs pursue is still an SBA loan.

Without access to traditional funding methods, women are left with less access capital to launch their businesses. Male survey respondents were 19 percent more likely to invest more than \$100,000 in their business. And when asked about the difficulties of running a business, 10.7 percent more women listed lack of capital as a top challenge.

### BIGGEST HURDLES TO BUSINESS OWNERSHIP FOR WOMEN



### CHALLENGES WOMEN FACE IN OBTAINING BUSINESS FUNDING



## WHERE TO FIND WOMEN-FOCUSED FUNDING

Despite the disappointing statistics regarding access to traditional funding methods for women, there are other options to turn to. According to our survey, the top funding methods for women in business were cash, funding from friends and family, and 401(k) business financing.

### ASPIRING FEMALE ENTREPRENEURS ARE PURSUING THESE FINANCIAL METHODS



**SBA LOAN**

**59%**



**LINE OF CREDIT**

**44%**



**CASH**

**31%**



**401(K) BUSINESS FINANCING**

**22%**



**HOME EQUITY LINE OF CREDIT**

**19%**

Though not yet typically considered one of the go-to funding options for hopeful entrepreneurs, [401\(k\) business financing](#), or Rollovers for Business Start-ups (ROBS), is an accessible option for anyone looking to take control of their small business funding process. The ROBS arrangement allows anyone with rollable retirement funds to use all or some of that money toward funding a business. Not only does ROBS funding allow entrepreneurs to start a business debt-free, but the approval process is significantly less complex than loans or venture capital. The only requirement is holding at least \$50,000 in a rollable retirement account. There are no credit score or collateral requirements.

Survey respondents who used ROBS funding were most likely to use between \$100,000 and \$175,000 to launch their business ventures. Compared to the \$50,000 that 48 percent of all business owners reported spending to launch their businesses, those who use ROBS funding had greater access to capital.

Fortunately, many organizations formally recognize the struggles faced by women when working toward equal representation. In her [article about alternatives to small business loans for women](#), small business expert Susan Solovic details several grants available for women-owned businesses, including the [SBA's InnovateHER](#) program, which awards a \$70,000 grant to a recipient whose business is focused on innovation.

## WOMEN-LED COMPANIES ARE THRIVING


Despite the challenges in accessing capital, female entrepreneurs reported his levels of happiness, similar to their male counterparts. When asked about their happiness as business owners, both male and female respondents reported an average of 8 out of 10, and almost 40 percent of women rated their happiness as a 10 out of 10.

And signs point to the fact that the world, and the economy, could use a few more businesses with women at the top. A [recent study](#) showed a 12 percent increase in year-over-year revenue for women-owned businesses. And several other studies, including one from Scandinavian bank Nordea, found that companies perform better when led by women. [Nordea found](#) that companies with women in the chief executive or chairman role outperformed the MSCI World Index — with

annualized returns at 35 percent compared to 11 percent for the broader market. [An analysis from Fortune](#) had similar results; women-led companies had higher returns than the S&P 500.

Employees of companies with female CEOs also benefit. They experience [fewer layoffs](#), and a study from the [Ketchum Leadership Communication Monitor](#) revealed that women are more likely to lead by example and handle crisis calmly — traits any employee can appreciate.

The numbers make it clear: women are and will continue to be successful entrepreneurs and leaders in business. Guidant remains committed to helping more women enter and be successful in the world of business ownership by making access to capital easier to obtain.



**FIND OUT HOW MUCH BUSINESS  
FUNDING YOU QUALIFY FOR**

**PRE-QUALIFY NOW**