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# The 2024 Impact of Women-Owned Businesses

A focus on the women-owned businesses' economic clout by state and city

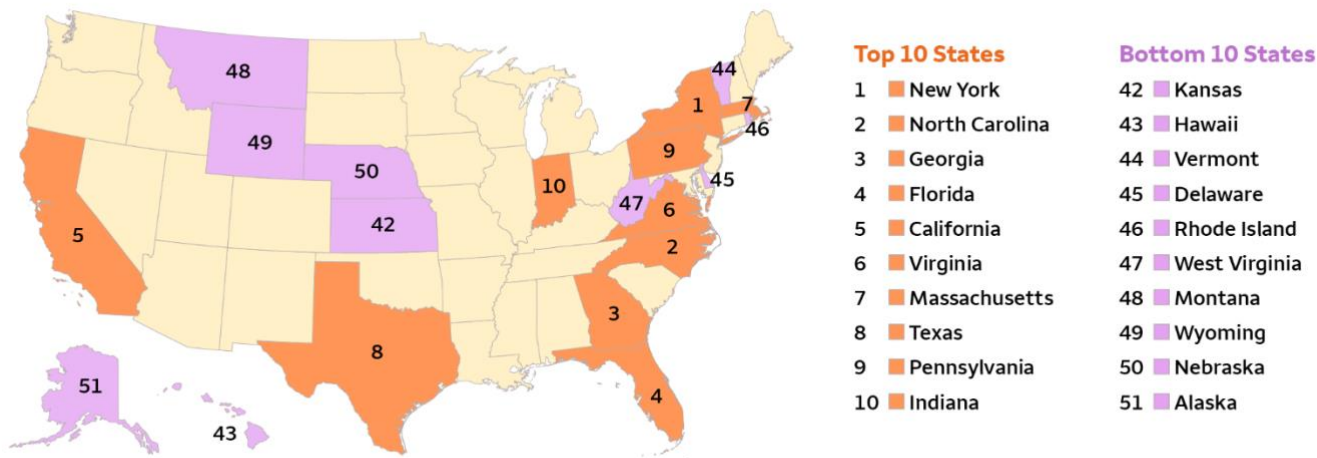
This is part of a series of demographic backgrounders from the inaugural *2024 Wells Fargo Impact of Women-Owned Businesses* that are being shared prior to the full release of the report in late November.

This report measures the economic clout of women-owned businesses and then ranks states and Washington D.C. and the top 50 Metropolitan Statistical Areas (MSAs). Economic clout ranks the combined growth in the number of firms and employment and average shares in firms, employment, and revenue of women-owned businesses from 2019 to 2023. This ranking aims to pinpoint where and why women-owned businesses flourished or faltered during the pandemic.

The impact of women-owned businesses diverges significantly across the U.S., influenced by varying economic conditions and programs that support their growth and success. These businesses, when successful, contribute to economic growth, job creation, and innovation.

The research reveals distinct trends. States like California and New York distinguish themselves not merely by the quantity of women-owned businesses but also by the notable growth of these enterprises during the pandemic. Conversely, regions such as Wyoming and Alaska register lower performance metrics.

### Top and bottom 10 states for women-owned businesses



The research also highlights specific MSAs, such as Miami-Fort Lauderdale-West Palm Beach, FL, and Dallas-Fort Worth-Arlington, TX, for their advancement in both the number and growth of women-owned businesses. On the other hand, MSAs like Memphis, TN-MS-AR and New Orleans-Metairie, LA, exhibit limited growth. These insights identify areas that may serve as focal points for policymakers, investors, and stakeholders interested in strengthening the landscape for women entrepreneurs across the U.S.

### Top and bottom 10 MSAs for women-owned businesses



### The best states for women-owned businesses

Several states emerged as shining examples of how fostering conducive environments helps women-owned businesses thrive. These states have impressive growth rates and a significant share of employment and revenue. Mostly, these states have a strong economy with a growing population, a diverse workforce with many women, specific programs and services tailored to supporting women-owned businesses, a supportive business climate, and a network of business resources and support organizations.

The top states for women-owned businesses offer specific initiatives and infrastructure to support their growth and success. Training, counseling, and networking for women entrepreneurs are readily available. Financial assistance, including loans, grants, and tax credits, ensures women business owners can access the necessary capital and incentives. Several states offer mentorship, offering specialized programs to aid budding women entrepreneurs, including supplier diversity programs that provide business development opportunities to certified businesses at 51% owned by women or minorities.

## **1. New York**

New York supports women entrepreneurs through preferences for women-owned businesses when awarding state contracts. It has the highest minority and women-owned business (MWBE) utilization rate in the country.<sup>1</sup> The state offers technical assistance, training, networking opportunities, and access to capital. With an employment growth rate of 42.8%, the state's women-owned businesses workforce shows remarkable expansion. New York also ranked in the top five for having a high share of firms and is in the top ten for employment and revenue, indicating their substantial influence on New York's economy.

## **2. North Carolina**

North Carolina provides various services, including access to financing, training, and marketing support. The state shows a solid upward trend in the growth of firms. Its employment and revenue share rank it in the top 10 women-owned businesses, significantly contributing to North Carolina's economy.

## **3. Georgia**

Georgia provides strong support for women entrepreneurs, boasting a significant share of women-owned and is the fifth state with the most women-owned firms. These firms also show a remarkable growth rate of 18.3%. Georgia is also the seventh in highest revenue share, meaning women-owned businesses make a meaningful contribution to the state's economy.

## **4. Florida**

Florida supports women entrepreneurs by providing access to capital, networking opportunities, mentorship, and government contracting opportunities. With a growth rate of 9.6% for women-owned businesses, the state shows potential. Additionally, women-owned firms contribute significantly to the economy, ranking second in the number of women-owned firms' share, fourth in employment share, and fourth in revenue share, demonstrating their essential role in Florida's economy.

## **5. California**

California commits to boosting women's entrepreneurial success by providing training, counseling, and networking opportunities. Even though the growth rate for new women-owned firms stands at 7.3%, and employment growth is at -0.6%, established women-owned businesses significantly contribute to the state's economy. California leads the nation in the share of women-owned businesses' number, employment, and revenue, holding the first position across all three metrics.

## **6. Virginia**

Virginia offers comprehensive support for women entrepreneurs, including training, counseling, and networking. With a firm growth rate of 11.7% and an employment growth rate of 12.4%, Virginia displays a stable pace of business expansion. Women-owned businesses are essential contributors to Virginia's economy, ranking twelfth for firm number, employment, and revenue.

## **7. Massachusetts**

Massachusetts empowers women entrepreneurs with tailored training, counseling, networking opportunities, and financial support like loans, grants, and tax credits. Although the state's growth rate for women-owned firms is 10.0%, it shows a robust employment growth rate of 15.7%. The state maintains a consistent mid-tier position, ranking thirteenth across the board for women-owned businesses' number, employment, and revenue shares.

## **8. Texas**

Texas fosters a favorable environment for women entrepreneurs through proactive support. While the growth rate for new firms stands at 3.1% and employment growth is at -1.9%, the state's women-owned businesses significantly influence the

economy. Ranking third in share of number of women-owned firms, second in employment, and second in revenue share, the state highlights the vast presence and significant impact of women-owned businesses.

## **9. Pennsylvania**

Pennsylvania provides diverse support services, including a robust supplier diversity program. The state sees a firm growth rate of 12.5% but faces a decline in employment growth at 12.2%. Despite this, women-owned businesses contribute significantly to the development of the state's economy, ranking seventh in number of firms, sixth in employment, and eighth in revenue.

## **10. Indiana**

Indiana focuses on nurturing women entrepreneurs through dedicated business resources. The state has a solid growth rate of 13.6% and an employment growth rate of 12.6%. However, regarding share metrics, the state lies further down the list, holding twenty-first position for firm number and employment and twentieth for revenue. This suggests that while women-owned businesses are growing, they have room to become a more significant part of Indiana's broader economic landscape.

# **States that have room for improvement**

While many states excel in bolstering women-owned businesses, some don't yet recognize the benefit. Analyzing their performance offers an opportunity to identify gaps, stimulate growth, and elevate the contributions of women in their state economies.

One of the challenges is the limited access to financing or funding. Women-owned businesses often encounter more obstacles in securing funding than their male counterparts. This could be due to experiences of discrimination, insufficient collateral, or low or no credit scores.

There's a noticeable gap in the availability of training, mentorship, networking opportunities, and supplier diversity programs. The business environment could be friendlier to small businesses. These states may have high taxes, stringent regulatory frameworks, and a lack of workforce diversity.

## **47. West Virginia**

In West Virginia, the growth of women-owned firms stands at 1.3%, and employment in these firms is expanding at 2.3%. The state's presence and impact on women-owned businesses still need to be improved.

## **48. Montana**

In Montana, women-owned firms grow at a rate of 10.0%, and employment in these firms grows at 8.8%. Despite these figures, women-owned businesses have yet to significantly impact the state's economy, as share metrics are all in the early 40s.

## **49. Wyoming**

Wyoming rankings are mixed. The state sees a 13.8% growth in the number of women-owned firms but shows a decrease of 4.2% in employment within these firms. While new women-owned firms are emerging, their overall contribution to Wyoming's economy remains minimal, and the state ranks last in all share metrics.

## **50. Nebraska**

In Nebraska, women-owned firms grow at a slow rate of 3.7%, and employment within these firms decreases sharply by 23.6%. The modest presence of these businesses suggests room for future growth and impact on the state's economy.

## 51. Alaska

Alaska shows a decline in the growth of women-owned firms by 1.4%, and employment in these firms decreases slightly by 0.9%. Despite this moderate expansion in employment, women-owned businesses have a minimal influence and presence in Alaska's economy.

## Metropolitan areas leading the charge

These metropolitan areas feature a high concentration of women-owned firms and demonstrate strong growth metrics. Across the leading MSAs, there is a distinct pattern of support structures and incentives fostering growth for women-owned businesses. Several also have specialized mentoring programs tailored for women entrepreneurs, bolstering the appeal for companies to diversify their workforce.

### 1. Miami-Fort Lauderdale-West Palm Beach, FL

Miami's tri-county area blends new firm growth with established business growth. This MSA ranks third in the share of the number of women-owned firms and is within the top five MSAs for revenue share of women-owned firms.

### 2. Dallas-Fort Worth-Arlington, TX

Dallas-Fort Worth in Texas showcases a balanced growth profile for women-owned businesses. The eleventh rank in growth of women-owned firms coupled with top-five positions in employment growth and number of women-owned businesses share suggests the region is a hub for women-owned firms.

### 3. Boston-Cambridge-Newton, MA-NH

Boston's metropolitan area experiences rapid employment growth among women-owned firms at 62.1%. While the growth in new firms is steady (ranked 14th) at 10.8%, the already established businesses are growing much faster.

### 4. Los Angeles-Long Beach-Anaheim, CA

The LA metro area, despite a modest firm growth rate of 7.1%, has women-owned businesses contributing significantly. Holding 2nd positions in number, employment, and revenue shares for women-owned businesses, it's evident that women-owned firms have a significant footprint in the region.

### 5. Phoenix-Mesa-Scottsdale, AZ

Phoenix offers a promising growth environment for women-owned businesses with a 13.7% firm growth rate. Sectors like real estate, tourism, and manufacturing provide diverse opportunities for these businesses.

### 6. Atlanta-Sandy Springs-Roswell, GA

Atlanta's region shows a firm growth rate of 13.0%, and its women-owned businesses make it the sixth MSA with the highest share of women-owned firms, playing a significant role in the local economy.

### 7. New York-Newark-Jersey City, NY-NJ-PA

While having a lower growth rate, New York's metropolitan area dominates the share metrics, ranking 1st in the number and employment of women-owned businesses, emphasizing their pivotal role.

### 8. Tampa-St. Petersburg-Clearwater, FL

Tampa leads in firm growth with an 18% rate, indicating a boom in new women-owned ventures. Although these businesses currently contribute less in employment and revenue, they show promise for future impact.

#### **9. Washington-Arlington-Alexandria, DC-VA-MD-WV**

The Washington metro area has a moderate firm growth rate of 9.6%, but its women-owned businesses contribute notably to employment, strengthening the region's economy.

#### **10. Chicago-Naperville-Elgin, IL-IN-WI**

Despite lower growth metrics, Chicago has a well-established base of women-owned businesses that significantly contribute to the local economy, both in terms of employment and revenue.

## **MSAs with potential for growth**

While some metropolitan areas lead the way, others signal room for development in championing women-owned enterprises. Although not at the forefront of the current rankings, these areas possess unique attributes that can be harnessed to enhance their standings. A deep dive into the data can reveal the potential of these MSAs, emphasizing the value of strategic initiatives to propel the rise of women entrepreneurs at the city level. These are the bottom five MSAs for women-owned businesses.

#### **46. Richmond, VA**

In Richmond, women-owned businesses are growing modestly at 8.3%, but they hold a lower share in the broader business environment. Existing primarily in finance, law, and government sectors, these women entrepreneurs could explore untapped industries to increase their influence.

#### **47. New Orleans-Metairie, LA**

In New Orleans, women-owned businesses face significant challenges, growing only at 3.2% and experiencing a steep employment decline of 31.2%. The city's reliance on tourism and events, which are cyclical, could be hindering these businesses. To thrive, they may need to diversify into other sectors.

#### **48. Hartford-West Hartford-East Hartford, CT**

In Hartford, women-owned businesses are not showing strong growth or making a significant impact. Most metrics rank in the lower third. This lack of momentum suggests that high entry barriers exist in established industries or that women entrepreneurs need a more supportive ecosystem.

#### **49. Birmingham-Hoover, AL**

In Birmingham, women-owned businesses are not growing quickly or significantly influencing the local economy. The state is positioned in the mid-thirties to forties across most metrics. Although the city's economy has diversified, there still may be sectors that lack a strong presence of women entrepreneurs.

#### **50. Louisville/Jefferson County, KY-IN**

The growth of women-owned businesses in Louisville/Jefferson County, is near the bottom of the rankings, positioned at 43rd for the number of women-owned firms' growth. This trend continues with employment growth in women-owned firms, which stands at 45th. Moreover, women-owned firms have a limited presence in the region, holding the 47th position for both the number and employment share metrics. The revenue share is slightly lower, landing at the 45th spot.

## Key takeaways and recommendations

Geographic divergences reveal how to increase the impact of women-owned businesses through tailored economic policies and initiatives. The analysis underscores the significant influence of women entrepreneurs across the United States. Some states and MSAs have witnessed rapid advancements in women-owned businesses, while others highlight areas ripe for enhanced support. The rankings' differences illustrate women's varying impact on the economy, influenced by local conditions, policies, and opportunities. For state and local governments, it's crucial to acknowledge and bolster the contributions of women in business. Their accomplishments shape their immediate communities and set the tone for broader economic growth and stability.

To make the environment more inclusive, states and MSAs can increase access to funding, including loans, grants, and financial incentives. They can also introduce or improve support programs that offer government supplier diversity programs, training, counseling, and networking. States can ease tax burdens and actively promote workforce diversity to simplify the business climate. Public campaigns can challenge stereotypes and help women entrepreneurs thrive. These actions are crucial for the bottom five states and MSAs for women-owned businesses.

## Methodology

Data for both states and MSAs was collected using the US Census Bureau, focusing on metrics such as the number of firms, employment figures, and revenue for the years 2019 and 2023.

To assess progress over the four-year span, growth rates were calculated by comparing figures from 2019 to those of 2023. This analysis encompassed both the number of firms and employment metrics, providing insight into the evolving landscape of women-owned businesses.

For a more contextual understanding, the study also utilized share metrics. The share of each state or MSA in metrics like the number of firms, employment, and revenue was determined as a fraction of the national total for both years. This approach offered a snapshot of the relative significance of women-owned businesses in various locations.

Based on the observed growth rates and average shares, the states and MSAs were ranked. They generated a composite ranking by combining two distinct sets of ranks: one from growth metrics and another from average shares. This composite ranking aimed to provide a comprehensive assessment of the status of women-owned businesses across states and MSAs.

## Endnotes

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<sup>1</sup> "Division of Minority and Women's Business Development (DMWBD)," the Official Website of New York State. <https://esd.ny.gov/doing-business-ny/mwbe>.





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# The 2023 Impact of Women-Owned Businesses

## A focus on women-owned businesses with 50+ employees

This backgrounder is part of a series of demographic backgrounders from the inaugural *2023 Wells Fargo Impact of Women-Owned Businesses*.

# The impact of women-owned businesses with 50+ employees

Despite their key role in the U.S. economy, women-owned businesses with 50+ employees are often overshadowed by smaller and larger businesses. These companies strike a balance between the scale of large corporations and the agility of small businesses.

These firms are known for their innovation, agility, and ability to adapt to changing market conditions and technological advancements quickly. Women-owned businesses with 50+ employees tend to be more resilient than smaller businesses due to their size, diversification, and resources.

Women-owned businesses with 50+ employees engage in international trade, exporting goods and services to other countries, and often have close ties to their local communities. Their presence and engagement in these areas go beyond economic impacts to social ones, too.

Though small in number—39,938—women-owned businesses with 50+ employees make an outside impact on the economy, employing about half of the women-owned businesses workforce and generating half the revenue.

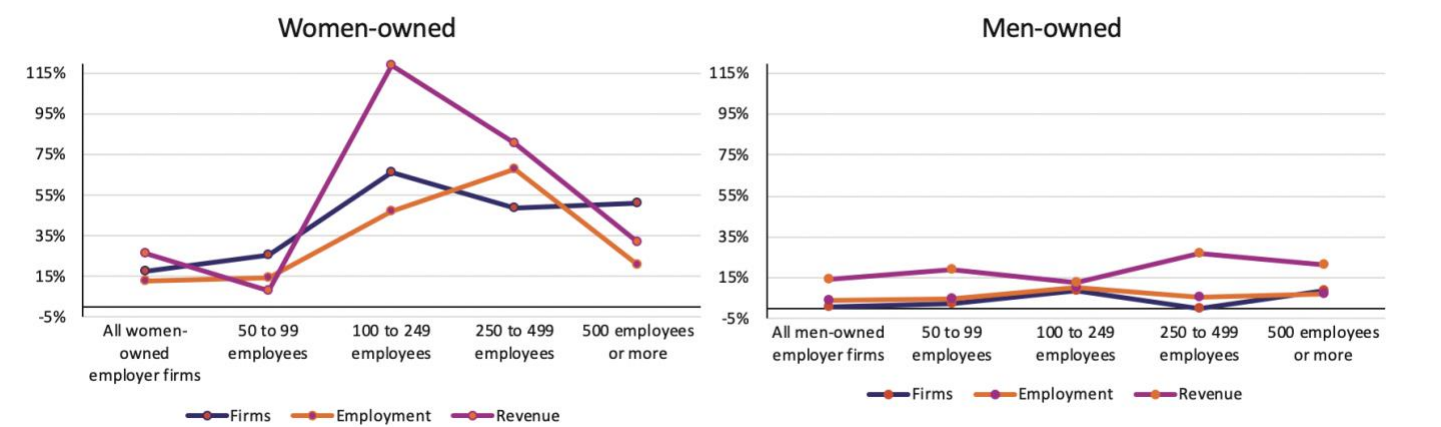
## Sizing the impact of women-owned businesses with 50+ employees

<div>40 Thousand</div> <div>women-owned businesses with 50+ employees. They represent 2.3% of all women-owned employers</div>	<div>Employ 6 Million</div> <div>people—49.1% of the women-owned business workforce</div>	<div>Generate \$1.3 Trillion</div> <div>55.6% of women-owned businesses' revenue</div>
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# Women-owned businesses with 50+ employees experienced impressive growth rates for firms, employment, and revenues

The rising economic might of larger women-owned businesses is something to behold. Women-owned businesses with 50+ employees showed their nimbleness and agility during the pandemic by outperforming their men-owned businesses counterparts. With the exception of 50-99 employees, firm revenue, larger women-owned firms experienced double and triple-digit growth.

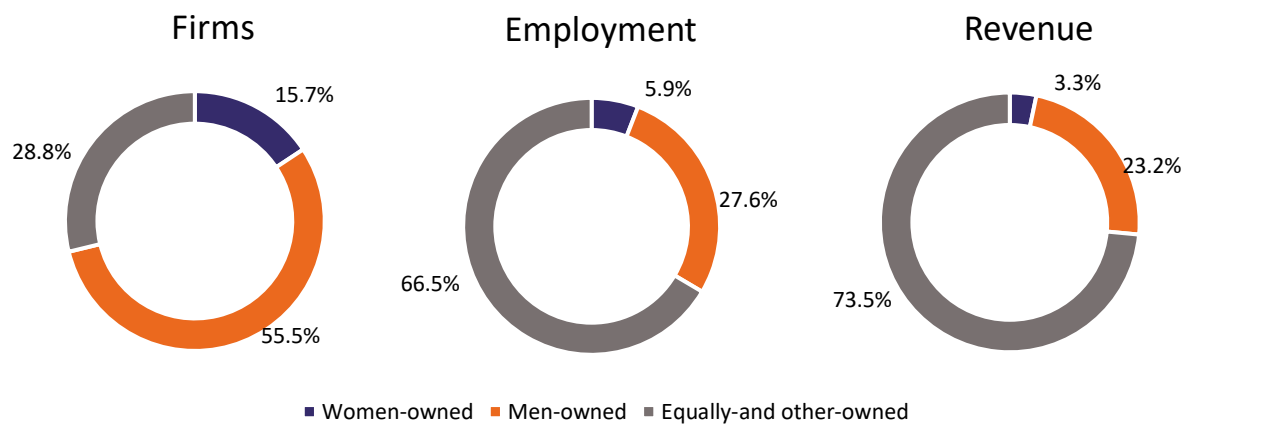
2019-2023 growth rates for companies with 50+ employees by firms, employment, and revenue



Mind the gaps

Women-owned employers’ share of firms is 28.3% that of men, their share of employment 21.4% of men’s, and revenue is 14.2% of men’s. Women are significantly underrepresented in this category.

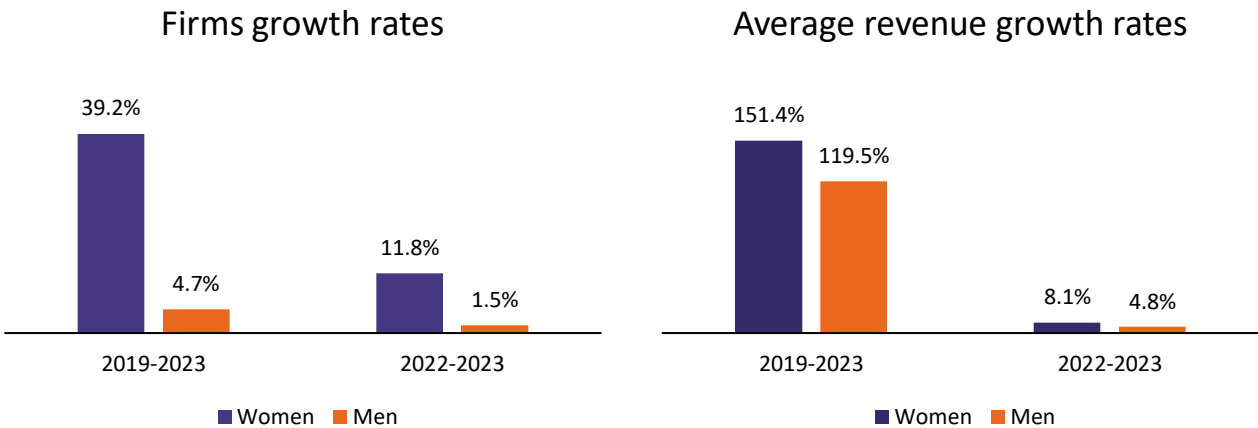
A comparison of women-owned businesses’ share of all firms with 50+ employees in terms of firms, employment, and revenue



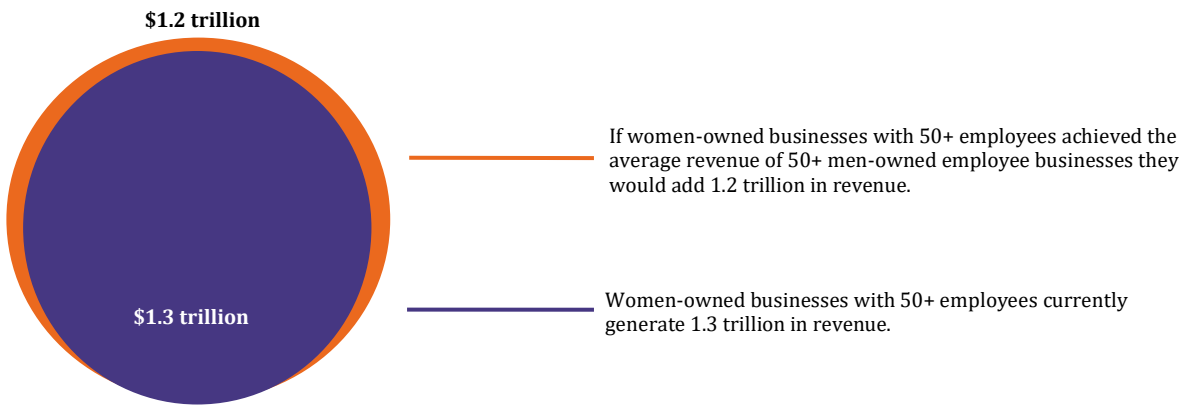
The surge in growth rates of larger women-owned firms shows that they are ripe for playing an even greater role in the U.S. economy.

# Larger Women-Owned Firms Are On the Rise

Women-owned businesses are investing in new technologies, expanding into new markets, and acquiring other businesses. They are entering traditionally male-dominated industries such as technology, manufacturing, and construction; seeking mentorship from those more successful than themselves; and becoming more visible in the business community and the media. Though women’s average revenue (\$31.8 million) is half that of their men-owned counterparts (\$62.8), women’s strong firm and average revenue growth rates are evidence of their ambitions.



Closing the gap in average revenue would make a significant impact on the U.S. economy



## Industry choices

To some degree, top industry choices of larger women-owned firms are similar to all women-owned businesses. Preferences include healthcare and social assistance; professional, scientific, and technical services; other services; and administrative and support and waste management and remediation services. They also differ. Women-owned firms with 50+ employees, accommodations and food, and retail are also popular industries.

Women-owned businesses with 50+ employees have more access to capital and business experience, allowing them to explore opportunities that require larger investments and specialized skills. Additionally, they may be less focused on a particular passion than their small business counterparts, giving them the flexibility to enter different industries. This gives them an

advantage in terms of their ability to respond quickly to changing trends and to take risks on new opportunities. Small women-owned businesses may prioritize businesses that require fewer resources and cater to local or niche markets based on personal interests, skills, and expertise—such as consulting, freelance work, retail, or local service providers.

## Overcoming systemic disparities

Larger women-owned businesses though small in number, make significant contributions to the economy. In 2023, these nearly 40,000 women-owned businesses with 50+ employees make an outside impact on the economy, employing about half of the women-owned businesses' workforce and generating half the revenue.

Women-owned businesses with 50+ employees have proven their resilience during the pandemic. They are typically more diversified than small businesses, which means they are less reliant on a single product or service. Despite challenges such as supply chain disruptions, labor shortages, and increased competition, they adapted by accelerating digital transformation, focusing on customer service, and investing in employee training.

Still, even these larger women-owned firms are systematically disadvantaged in building their businesses. They may be less networked than men to opportunities and resources, have access to fewer mentors, be perceived as being riskier than their same-size men-owned counterparts, and face gender stereotypes and discrimination.

Despite the challenges the pandemic brought, women-owned businesses with 50+ employees showed they CAN<sup>1</sup> flourish. To sustain the growth spurt in larger women-owned firms and close the gap in company size between women- and men-owned businesses, the ecosystem for women-owned businesses must create conditions that help these businesses thrive. The following actions will contribute to creating these conditions.

***Reap the benefits of being a certified woman-owned business and having a supplier diversity program:*** Certification unlocks the door to corporate and government contracts, providing women-owned businesses increased opportunities to bid on government and large corporate contracts and projects that may have otherwise been inaccessible.

By offering a robust supplier diversity program, corporations and government agencies benefit by having suppliers that are agile problem-solvers, responding quickly to customer needs in cost-effective ways, while meeting market gaps and delivering on future client demands.

***Access to capital:*** Larger women-owned businesses face complex and diverse financing needs, equity investment challenges, perceived riskiness, difficult deal structures, regulatory compliance requirements, and management team transitions when seeking financing.

It's important for larger women-owned businesses to work with bankers, financial advisors, business consultants, and attorneys who are experienced in dealing with the unique financing challenges faced by larger, more established enterprises. Additionally, building a strong business network and seeking out organizations and initiatives that support women-owned businesses can help navigate these challenges and access the necessary financing for growth and expansion.

Women can take action by advocating for policy changes, removing gender bias from the financing decision-making process, and pushing for transparency and accountability in financial institutions so that all entrepreneurs have equal access to capital. On the flip side, financiers can examine their financing-decision-making process to remove bias.

To become a certified business, you need to be 51% owned and operated by women. However, to grow companies really big, women may need private equity or venture capital investment. Unfortunately, that may take a company under the 51% women-owned threshold. Certification programs need to develop modifications to their qualifications that enable businesses to maintain their certification while taking equity investments.

***Exporting can accelerate the growth of women-owned businesses with 50+ employees:*** Larger women-owned firms can reach new heights by embracing exporting, which offers access to larger and more diverse markets, reduced dependency on

<sup>1</sup> Capitalizing CAN is a nod to Candace Ayles Waterman, the CEO of Women Impacting Public Policy, who recently passed away unexpectedly. She exemplified the can-do attitude of women-owned businesses. With the right support, women CAN make even greater contributions to the economy.

the domestic market, increased revenue potential, competitive advantage, product development, economies of scale, technology transfer, access to resources, brand enhancement, and long-term growth. However, it's important for these companies to be prepared and seek expert guidance to navigate the complexities of international trade. With a well-thought-out plan, women-owned businesses with 50+ employees can take advantage of the numerous opportunities available through exporting. The Small Business Administration (SBA) provides support and incentives for companies that engage in exporting, including access to export financing, trade missions, and export assistance programs.

## Methodology

The report is based on data from the United States Census Bureau, with projections built on data from 2002 to 2020.

Projections include number of firms, number of employees, and revenue from 2020 to 2023 for nonemployer firms and from 2021 to 2023 for employer firms. These projections are done for gender, race, ethnicity, firm size, industry, and geography.

Employer firms' estimations used 2017 to 2020 data from the Annual Business Survey (ABS) and 2014 to 2016 data from the Annual Survey of Entrepreneurs (ASE); nonemployer firms' estimations used data from 2017 to 2019 from the Nonemployer Statistics by Demographics Survey (NES-D) and the Survey of Business Owners (SBO) from 2002, 2007, and 2012. Additional macroeconomic data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Federal Reserve System were used.<sup>2</sup>

Several econometric models were used to calculate projections. For employer firms, these models incorporated real data trends and variables such as nominal GDP and national consumer spending.

For nonemployer firms' revenue, the level of national consumer spending was also used to project revenue. For the number of firms, the yearly nominal GDP and the female labor force rate were used to project the number of women-owned firms, and the annual real GDP and the male unemployment rate were used to project the number of men-owned firms. When there were gaps in historical data, data imputation was applied.<sup>3</sup>

<sup>2</sup> The data was used from February 15, 2023 for employer firms and size of business projections. For nonemployer firms' projections we used the latest data available as of May 18, 2023 (national and state information) and June 06, 2023 (metropolitan statistical areas (MSA) information).

<sup>3</sup> Data imputation was made on the following projections: revenues and number of firms for employer firms by race and gender; employment, revenues and number of firms by gender and industry; number of firms and employment by gender and state; number of firms and employment by gender and MSA.



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