



**Outlook of Women Small Business Owners**  
**American Express OPEN Small Business Monitor**  
**Spring 2010 Semi-Annual Monitor**

The American Express OPEN Small Business Monitor, released each spring and fall since 2002, is based on a nationally representative sample of small business owners/managers of companies with fewer than 100 employees.

<b>Women Have a Mixed Outlook</b>	<b>Small Businesses Overall 2010</b>	<b>Women Small Business Owners 2010</b>	<b>Men Small Business Owners 2010</b>
Describe themselves as generally optimistic and see the glass as “half full”	85%	86%	79%
Having fun is a priority in the business	68%	80%	64%
Have Cash Flow issues	60%	67%	57%
Are very concerned about having enough cash available to pay bills over next six months	30%	39%	33%
Economy is preventing them from making business investments	60%	56%	65%
Feel confident they can access capital	60%	52%	59%
Plan to use more non full time staff instead of hiring full timers	21%	16%	21%
Offer Employees Healthcare coverage	43%	34%	43%
Healthcare costs are jeopardizing business survival	38%	61%	33%
Say creative marketing has helped insulate them from the broader downturn	33%	36%	25%
Open to bartering for products/services	46%	58%	48%
Say Recession has affected the date they planned to retire	43%	50%	44%

<b>Women Have Varied Tactics to Deal with the Recession</b>	<b>Small Businesses Overall 2010</b>	<b>Women Small Business Owners 2010</b>	<b>Men Small Business Owners 2010</b>
Hiring freeze	48%	48%	52%
Salary freeze	43%	43%	46%

Allow employees to maintain a flexible schedule	33%	40%	30%
Reduce employee hours	40%	40%	37%
Tap personal assets	41%	52%	44%
Stop taking a salary	33%	41%	37%
Ask family member to work for no pay	29%	35%	28%
Renegotiate leases/contracts	26%	20%	26%
Lay off employees	22%	25%	20%
Work a second job	20%	17%	19%
Cut benefits	20%	18%	25%

## Women Business Owner Highlights

### Noteworthy women business owner highlights are as follows:

- 67% report having cash flow issues, up from 57% last spring
- 66% are concerned about having enough cash available to pay bills in the next six months
- 61% who offer healthcare say rising healthcare costs are jeopardizing the survival of their business
- 44% report having a positive outlook on business prospects, down from 53% last spring
- 42% will make capital investments over the next six months, up from 37% last spring
- On average women business owners will need to postpone their retirement 11 years because of the economy

### Business Outlook

According to the Monitor, women and men business owners share a similar outlook for their business prospects over the next six months, 44% of men and women business owners have a positive outlook for their business prospects over the next six months, down from 53% for women and up from 39% for men last spring. Over the next six months, more than two thirds of female entrepreneurs (67%) expect sales to be higher or the same as the same period last year. Based on their business performance, 49% of women business owners would say we are still in recession, 29% say the economy is stagnant and only 21% say the economy is recovering. Three quarters (76%) don't think the worst of US economic woes are over, up from 65% last fall, and more than one in four entrepreneurs (27%) describe their business as a "sinking ship" saying the economy has had a negative effect on their business and its survival is in jeopardy.

Eighty six percent of women entrepreneurs describe themselves as optimists and generally see the glass as "half full". A similar number of women business owners (85%) say spending time with family and friends helps them stay positive in a tough economy.

### Managing the Recession

One in four women business owners (25%) say the current economy creates opportunities for their business compared to 21% of men. Of those female entrepreneurs, more than half (53%) say the current economy creates less direct competition.

Sixty four percent of women entrepreneurs say the current economy has caused them to make changes in their business. Most were surprised by the effect cutting expenses had on their business (58%). Cuts ranged from purchasing less, using less and keeping less on-hand inventory, keeping a closer eye on expenses, cutting back on advertising marketing and promotions, offering more competitive pricing and reducing product lines/services. In one woman's own words "I had to lower prices. In doing so I had to look at how we were creating our product to find a way to make it less expensive."

More than one third female business owners were surprised by the effect reducing staff related expenses had on their business (34%) such as laying off employees, reducing employee hours, reducing employee salaries, taking on more work themselves, using staff more efficiently and cutting employee benefits. One woman said, "I cut a lot of people's hours and reduced staff, I started multitasking. I had to in order to survive."

Four percent of women business owners were surprised how improvements in the business including using more aggressive sales and promotional tactics, paying more attention to customer service or making better use of technology made an effect. According to one female entrepreneur, "I went electronic—from paper to computer."

An identical number (4%) were surprised that reevaluating matters in the area of financing such as collecting payments or partial payments upfront, extending or using lines of credit, giving up costly real estate or tapping into personal savings made a difference. One women business owner said, "I took a personal loan."

The most common tactics women entrepreneurs use to manage through the recession include tapping personal assets (52%) and institute a hiring freeze (48%). Four in ten instituted a salary freeze (43%), have actually stopped taking a salary (41%), have reduced employee hours or allow employees to maintain a flexible schedule (both 40%). More than one third has a spouse or family member work in the business for no pay (35%). One in four has laid off employees (25%). Two in ten have renegotiated leases or supply contracts. Slightly fewer have cut benefits (18%) or actually work a second job as a result of the recession (17%).

### Addressing Cash Flow Issues

Sixty-seven percent of women business owners (vs. 57% of men) report having cash flow issues, up from 57% last spring. The biggest worry among female entrepreneurs is the ability to pay bills on time (32%), followed by the ability to meet payroll (13%), accounts receivable (12%), having enough cash to win new business (9%), and the ability to accurately track cash flow (1%).

Two thirds of women business owners (66%) are concerned about having enough cash available to pay bills in the next six months.

As a tactic to improve cash flow, four in ten female entrepreneurs are most likely to put off purchases (36%). About three in ten will use personal or private funds (32%). Others will obtain and use a line of credit (13%), use a credit card (11%) or get a short-term loan (6%) in order to improve cash flow.

### Investments in the Company

More than four in ten women business owners (42% vs. 46% of men) will make capital investments over the next six months, up from 37% last spring. For female entrepreneurs technology investments

lead the category (32%). Additional investments include office equipment (20%), office furnishings (16%), manufacturing/production equipment (8%) and real estate investments (4%).

More than half of female business owners (56%) say the current economy is preventing them from making investments in their business. The number one investment area that is suffering is capital investments (38%); followed by marketing and sales (36%), real estate (23%) and R&D (18%).

### Accessing Capital

Half of female entrepreneurs (52%) say they feel confident they can access the capital they need to grow their business. To secure the funds they need, business owners are using various ways including tapping personal savings (39%), using business credit cards (37%) or personal credit cards (33%), using a bank loan (19%), home equity or and private equity/venture capital (each 11%), borrowing from a friend or family member (10%) or borrowing from an angel investor (2%).

### Hiring Plans

Twenty three percent of women business owners (vs. 21% of men) are planning to hire within the next six months, up from 21% last fall and down from 30% last spring. More than two thirds of women (69%) will hire to handle growing business. Nearly one in four (22%) will be offering lower salaries than they were previously. More than one in four female entrepreneurs will hire in the area of sales/marketing first (28%). More than one in ten (16%) say they plan on using more non-full time staff instead of hiring full-time employees over the next six months. Of those planning to use non full-time staff, nearly half (47%) will do so to save on benefits costs.

### Healthcare

Thirty four percent of female entrepreneurs offer healthcare benefits to employees. Six in ten of these women (61%) say rising healthcare costs are jeopardizing the survival of their business (vs. 33% of men).

### Marketing

More than one third of business owners (36%) say creative marketing has helped them insulate their business from the broader downturn. However, more than four in ten (44%) say they are challenged finding innovative and creative ways to market their business. Nearly all (93%) say word of mouth is more important than ever in marketing their business. For those female entrepreneurs that use social networking sites, the main reason they use it is to save money on marketing (17%). On average women business owners will spend \$2,877 on search engine marketing in 2010.

### Retirement

More than three quarters of female entrepreneurs (81%) are worried about their ability to save for retirement. Thirty four percent of these business owners say they “are very worried”. Half (50%) of female entrepreneurs say the recession has affected the date they planned to retire. On average women business owners will need to postpone their retirement 11 years because of the economy.

### **Survey Methodology**

American Express OPEN Small Business Monitor, released each spring and fall, is based on a nationally representative sample of 734 small business owners/managers of companies with fewer than 100 employees. The anonymous survey was conducted via telephone by Echo Research from February 9- February 22, 2010. The poll has a margin of error of +/- 3.6%.

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