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GALLUP: SMALL BUSINESS DIVERSE SEGMENTS LENDING STUDY

WOMEN BUSINESS OWNERS

Sponsored by: Wells Fargo

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Table of Contents

- A. Objectives and Background 1
- B. Executive Summary 2
- C. Life as a Small Business Owner..... 5
- D. Funding a Small Business..... 15
- E. Small Business Owners’ Lending Experience..... 24
- F. Detailed Methodology 28

A. OBJECTIVES AND BACKGROUND

OBJECTIVES OF THE SURVEY

This white paper is part of a Gallup series sponsored by Wells Fargo analyzing the experiences of small business owners across diverse segments, including race, ethnicity, gender, veteran status and sexual orientation. The main objective is to learn not only about the lending experience of each segment, but also how the financial community can better serve their needs. The study does not focus on any single bank or financial institution. Rather, it addresses, more broadly, the overall experiences of small business owners across the various diverse segments.

The study aims to shed light on similarities and differences of the small business experience for each diverse segment. In addition, the study seeks to better understand small business owners' challenges with respect to sources of funding and obtaining credit. This study includes their motivations to become business owners as well as the challenges they face, their definition of success, their sources of financial advice and their attitudes about business finances. The analysis in this paper focuses on the women segment and provides important attitudinal and behavioral findings about their experiences as small business owners.

PHASES OF THE RESEARCH

Phase 1: Qualitative. Wells Fargo commissioned a qualitative research firm to conduct in-depth, one-on-one interviews with small business owners in the various diverse segments. The firm conducted the in-depth interviews in June 2014. Themes and patterns identified in the interviews helped to inform the Gallup team's design of the quantitative phase of the survey.

Phase 2: Quantitative. Results are based on a Gallup telephone survey completed with 1,003 small business owners in the general population, aged 18 and older, conducted August 1-18 and November 10-21, 2014. Researchers used findings from the qualitative phase to develop survey questions that would address the objectives of the project. Respondents who indicated they were either business owners or self-employed were eligible for inclusion in the study. Owners with less than \$10,000 in business revenue were included in the study as long as they considered their work a business. The women segment analysis is based on 501 women small business owners. The results of 502 men small business owners are referenced throughout the report for comparison.

Total Number of Interviews in Each Segment	
Women	Men
501	502

B. EXECUTIVE SUMMARY

Gallup conducted this study, which was sponsored by Wells Fargo, in order to gain insight into the experiences of U.S. small business owners across diverse segments, including race, ethnicity, gender, veteran status and sexual orientation. The main objective of the study was to understand the credit and other financial needs of diverse segments to better serve them as small business customers. This study covers three main topic areas: life as a small business owner, funding a small business and the small business owner lending experience. The analysis in this paper focuses on the women-owned segment. For comparison, a sample of men business owners is included.

LIFE AS A SMALL BUSINESS OWNER – KEY FINDINGS

Overall, in the general population of small business owners, Gallup has found that more men than women are small business owners (58% and 42%, respectively). According to the latest Census data, 51% of adults in the U.S. are women and 49% are men, regardless of business ownership. The small business experience for women is largely similar to that of men, with some important exceptions.

- Women business owners tend to report lower revenue for their businesses than do men business owners. Specifically, 47% of women, compared with 28% of men, report revenue of less than \$50,000. Accordingly, women are somewhat less likely to report revenue of between \$50,000 and \$249,999 (39% of women vs. 44% of men), and they are half as likely to report revenue of \$250,000 or more (14% vs. 28%).
- Fifty-one percent of women business owners say they feel extremely (8%) or very (43%) successful, which is similar to the 47% found among men business owners who reported being extremely or very successful. Among both segments, perceptions of success are related to business revenue: the higher the revenue category, the more likely they are to feel they have been successful, although women with revenue of less than \$50,000 are significantly more likely than their men counterparts to feel successful.
- Sales/revenue is the primary measure of success for both men and women business owners, although it may be slightly less important for women (42%) than men (50%). Distant secondary measures of success are business survival (16% of women and 14% of men) and personal satisfaction (13% and 12%, respectively).
- The educational background of small business owners based on gender differs significantly — 57% of women are college graduates compared with 49% of men.
- The phase of the small businesses owned by women and men is similar, with the plurality of each — 43% of women owners and 35% of those owned by men — currently in the sustaining phase. About one-third of women-owned businesses (34%) are in the growing phase, while relatively few are in the start-up (10%) or winding down (12%) phase. These figures are on par with the distribution of business phases reported by men business owners.
- Men and women offer similar reasons for why they became business owners. Being their own boss (50%), followed by seeking financial stability (11%) and being good at what they do (10%) are the top reasons women give, similar to the percentages among men. Among women, the desire to be their own boss is more pronounced among those aged 54 and younger than among women 55 and older, 59% and 35%, respectively. No comparable age differences are observed among men business owners in the desire to be their own boss.
- The top business challenge named by women business owners is attracting new customers or other business development issues (18%) with no other issue garnering as much as 10%. Secondarily, 8% of women mention each of several issues, including taxes, the

economy, financial stability/cash flow and the hiring and retention of good employees. By contrast, among men attracting customers/business development, at 13%, roughly ties with government regulation (12%) and taxes (10%) as their top-ranking concerns. These are closely followed by the economy (9%) and financial stability/cash flow (9%).

- Women business owners rely equally on friends/family members (66%), other business owners (65%) and accountants or accounting firms (64%) for financial advice to run their business. Men, on the other hand, rely first on other business owners (64%) and then on accountants (57%) and friends/relatives (54%).
- Women and men express similar levels of interest in learning more about each of several business topics, with increasing business sales being the most popular for both owners: 52% of women, as well as men, are extremely or very interested in learning more about sales growth. Men and women also show equal interest in understanding their company finances and developing a business plan. However, notably, women express less overall interest in learning about credit-related issues — particularly choosing the type of credit that is best for their business needs (17% vs. 28%).
- Overall satisfaction with being a business owner is widespread among women (71%) and men (68%). Satisfaction differs little among women across revenue categories, while among men, those with less than \$50,000 in revenue are less satisfied than their higher revenue peers.
- Strong majorities of women (89%) and men (87%) say they would still become small business owners rather than do something else. There are no statistically significant differences on this across age groups, business phases or business revenue categories.

FUNDING A SMALL BUSINESS – KEY FINDINGS

- Past, present and expected sources of funding for men and women business owners are similar. However, to

the extent there are differences, the patterns suggest women business owners have more aversion to using loans and credit than do men.

- Just 9% of women business owners say they plan to apply for a new credit product in the next 12 months compared with 20% of men — a significant difference. Among women, credit application intentions do not increase as business revenue rises, although the data suggest that for men, credit intentions and revenue are related. Intentions to apply for business credit also tend to be higher among those in the first two stages of the business phase.
- Sources of funding to launch their businesses are similar for women and men; however, only 19% of women say they used a personal line of credit or home equity loan, compared with 28% of men. For women, the top three sources of funding are personal cash or savings (85%), personal credit cards (37%) and financial gifts or support from family or friends (29%) — similar to the proportions among men.
- While use of a small business loan is roughly similar for both genders (16% women and 21% men), women (43%) are much more likely than men (17%) to say the type of loan obtained was a Small Business Administration (SBA) loan.
- Strong majorities of women (86%) and men (88%) currently rely on the revenue generated by their business to fund their business. Far behind is personal cash or savings (55% and 61%, respectively), followed by personal and business credit cards (23% and 26%, respectively).
- Forty-seven percent of women business owners say they have borrowed or used credit for business in the past, which is similar to what men say (53%).
- Just 10% of women business owners say they are extremely or very familiar with SBA loan programs, similar to the proportion among men (13%).
- Overall, 70% of women indicate they did not need any credit for their business in the past year, similar

to the 72% among men. Just 5% of women say they did not obtain all the credit they needed for their business last year and 25% say they did, also on par with what men say.

SMALL BUSINESS OWNERS' LENDING EXPERIENCES – KEY FINDINGS

- Women are less likely than men to report being declined for credit — 8% and 18%, respectively.
- When asked how confident they are they could obtain credit today if they needed it, 55% of women business owners say they are extremely or very confident, on par with what their men counterparts (51%) say. Also, confidence in being able to obtain credit does not appear to be related to business revenue.
- When asked about trust, 16% of women business owners say they trust banks and other financial institutions “a great deal” and 55% say they trust them “somewhat,” which is similar to what men business owners say. Differences across age, business phase and revenue category are not statistically significant.
- Women and men are highly similar in their responses to dealing with banks and managing their business finances. This includes comparable levels of trust in banks, confidence in being able to obtain credit if they needed it, and comparable levels of comfort approaching banks or other financial institutions with questions and concerns. Women owners are slightly less likely to consider themselves highly tech savvy.
- In a broad question asking about any prior experience with any form of discrimination, 27% of women business owners say they experienced discrimination of any form based on race, ethnicity, gender or sexual orientation. As a point of comparison, 20% of men business owners say the same.
- Almost nine in 10 women feel their race, ethnicity, gender or sexual orientation has no impact on their business, while 8% say their business was negatively impacted. These figures are on par with what their men counterparts say.
- Overwhelmingly, women business owners (93%) do not feel that discrimination from a financial institution based on their race, ethnicity, gender or sexual orientation has ever impacted their chances of obtaining credit for their company, similar to what men small business owners (95%) say.

C. LIFE AS A SMALL BUSINESS OWNER

All over the country, women own businesses, large and small, and spanning virtually all economic sectors. According to the U.S. Census Bureau, women-owned businesses represented 29% of all non-farm companies in the U.S. in 2007 and generated \$1.2 trillion in receipts¹. Other studies about women-owned businesses have focused on various aspects of business ownership, such as growth and access to capital. This paper builds on the current literature and provides important findings about the business owner experiences of women, especially as it relates to lending.

SOCIO-DEMOGRAPHIC PROFILE

The main demographic difference between women and men small business owners is their educational achievement. Women report higher levels of college completion than men do, 57% and 49%, respectively. Women-owned businesses are spread throughout the U.S.. However, compared with their men counterparts, fewer women-owned businesses are located in the South while more are in the Midwest. Their age distribution is roughly on par with that of men, with the vast majority being 40 or older.

	Women	Men
	%	%
18-39	20	22
40-54	42	37
55 and older	36	40
High school or less	12	20
Some college	30	30
College graduate and higher	57	49
East	18	20
Midwest	25	18
South	28	34
West	29	28
Number of Interviews	501	502

Although the women business segment is relatively highly educated, this does not translate into higher revenue. Almost one half of women business owners report total revenue of less than \$50,000 per year, which is well above what their men counterparts (28%) report. At the other end of the spectrum, fewer women-owned businesses compared with those owned by men fall in the top revenue category, 14% and 28%, respectively. Additionally, 39% of women say their business generates between \$50,000 and \$249,999 of revenue per year, slightly less than the 44% among men.

Annual Business Revenue	Women	Men
	%	%
Less than \$50,000	47	28
\$50,000-\$249,999	39	44
\$250,000 or more	14	28
Number of Interviews	501	502

In terms of business phase, women-owned businesses are most often in the sustaining phase (43%), which is slightly, but not significantly, above the proportion of men-owned businesses in that phase (35%). About one-third of women-owned businesses (34%) are in the growing phase, while just 10% are in the start-up phase and 12% are in the winding down phase. All of these rates are similar to what men report.

1 <https://www.census.gov/econ/sbo/getsof.html?07women>

At what phase of your business lifecycle would you say you are currently in, would you say you are in the start-up phase, you are past start-up and are in the growing business phase, are you in a phase where you are sustaining your business but not growing or are you winding down your business?

Current Phase of Business Cycle	Women	Men
	%	%
Start-up	10	10
Past start-up and in the growing phase	34	39
Sustaining business but not growing	43	35
Winding down the business	12	16
Number of Interviews	501	502

MOTIVATIONS AND CHALLENGES FOR WOMEN BUSINESS OWNERS

Overall, women cite the same reasons as men do to explain why they decided to become business owners, with the slight differences between genders not being statistically significant. A desire to be their own boss is, by far, the most often cited reason, mentioned by 50% of women, followed by achieving financial stability (11%) and enjoying what they do (10%). Six percent of women say they inherited the business and 4% say they became business owners due to the lack of jobs or because they were laid off. All other reasons receive just 3% or less of responses.

The most significant difference across age groups is the importance of independence among the younger women cohort. Women aged 54 and younger (59%) are more likely than women aged 55 and older (35%) to cite being their own boss as the main reason why they became business owners. This generational difference is not observed in the men segment.

“I wanted to be the one running [the business] with my ideas, not letting someone else tell me.”
(Woman business owner, Midwest region)

“For innovation and independence.”
(Woman business owner, East region)

In your own words, what would you say is the main reason why you decided to become a small business owner? (Open ended)

Top Reasons	Women	Men
	%	%
Be own boss/work for self/flexibility	50	47
Financial stability/cash flow	11	13
Do what I enjoy doing/good at it/all I've done	10	12
Family business/inherited	6	3
No jobs/lost job/laid off	4	5
Attracting new customers/targeting business opportunities/finding work/new business	3	4
No choice/forced into it	3	2
Interest in a product	3	-
Number of Interviews	501	502

Top Reasons	Women – 18-54	Women – 55 and older	Men – 18-54	Men – 55 and older
	%	%	%	%
Be own boss/work for self/flexibility	59	35	49	44
Financial stability/cash flow	11	10	14	12
Do what I enjoy doing/good at it/all I've done	7	15	10	15
Family business/inherited	5	8	3	3
No jobs/lost job/laid off	3	7	5	5
Attracting new customers/targeting business opportunities/finding work/new business	1	5	3	5
No choice/forced into it	2	4	2	1
Interest in a product	4	2	-	-
Number of Interviews	186	308	240	259

Women are most likely to cite attracting new customers and getting new business as the most important challenge facing them as a small business owner today. This is cited by 18% of all women business owners, well ahead of the next set of items, including 8% each citing taxes, financial stability, the state of the economy, hiring/retaining qualified staff and government regulation. Another 7% mention marketing/getting noticed, while 5% or less cite competition, the challenges involved with being self-employed and the costs involved in running a business.

The order of concerns among men is similar, with a few notable differences. Rather than naming a single top

challenge, attracting customers/getting new business (13%) roughly ties with government regulation (12%) and taxes (10%) at the top of their list. And marketing/getting noticed is the least of their concerns, in contrast to this being a low but not the lowest concern among women.

While the sample size of women business owners in the top revenue category is relatively small, the findings suggest that employee recruitment and retention is a greater concern for them than for women with lower revenue businesses. Women-owned businesses in the lower revenue categories put greater relative emphasis on attracting new customers.

What do you think is the most important challenge facing you as a small business owner today?

Top Ten Challenges	Women	Men
	%	%
Attracting customers/targeting business opportunities/finding work/new business	18	13
Taxes	8	10
Financial stability/cash flow	8	9
The economy	8	9
Hiring qualified/good staff and retaining them	8	6
Marketing/advertising/reaching out/getting noticed	7	2
Government regulation	7	12
Competition/larger corporations/Internet	5	5
Challenge with being own boss/working for self	5	3
Costs/fees of running the business/having enough money for capital investments	4	8
Number of Interviews	501	502

Top Ten Challenges	Women – Less than \$50K	Women – \$50K-\$249.9K	Women – \$250K or more
	%	%	%
Attracting customers/targeting business opportunities/finding work/new business	21	18	8
Taxes	8	7	13
Financial stability/cash flow	9	10	1
The economy	7	9	13
Hiring qualified/good staff and retaining them	4	10	19
Marketing/advertising/reaching out/getting noticed	6	6	12
Government regulation	8	1	17
Competition/larger corporations/Internet	3	6	6
Challenge with being own boss/working for self	7	3	2
Costs/fees of running the business/having enough money for capital investments	3	6	2
Number of Interviews	249	181	71*

*Caution should be used when analyzing results for this group due to the small sample size

**WOMEN BUSINESS OWNERS’
INFORMATION NEEDS AND SOURCES**

When asked to identify whom they turn to outside of their own company for the financial advice needed to run their business, including dealing with credit needs, employee benefits, and cash flow analysis, majorities of women and men cite the same top three sources: friends or family members, other business owners, and accounting professionals. Women are equally likely to cite all three, while men are a bit more likely to cite business owners than the other two resources.

Among women, the next tier is led by bankers or bank relationship managers (40%), as well as non-social media sources of information on the Internet (36%). Additionally nearly three in 10 women mention a trade organization, and 27% mention a lawyer or law firm.

Men lack a strong secondary financial advisory resource, with the highest below their top tier being the Internet at 34%, followed by their banker or relationship manager

at 29%. About one-quarter mention a trade organization or lawyer.

Among the lesser resources named, the SBA also appears to be something that women turn to more frequently than men, although relatively few overall cite it as a source of financial advice.

All other sources are far less prevalent than any of the top three sources cited and none of the differences between men and women are statistically significant.

Although the sample size of women who own businesses with at least \$250,000 in annual revenue is small, the findings suggest that business owners’ reliance on information sources differs by revenue category. As business revenue increases, women’s reliance on friends and family members and the Internet decreases, while their reliance on accountants and bankers increases. In general, the same patterns occur in the men-owned segment, although men use Internet sources equally across revenue categories.

Apart from others in your company, who do you turn to when you need day to day financial advice for running your company? This could include things such as, establishing your credit needs, employee benefit needs, or cash flow analysis. Do you look to...?

	Women	Men
	%	%
Friends and family members	66	54
Other business owners	65	64
An accountant or accounting firm	64	57
Your banker or relationship manager	40	29
Non-social media sources of information on the Internet, such as news organizations, blogs, etc.	36	34
Trade organizations or associations	29	25
A lawyer or a law firm	27	23
Your financial institution’s website	20	16
Non-profit groups or government agencies	13	11
Social media, such as Facebook groups or Twitter accounts	13	9
Small Business Administration	13	7
Chamber of Commerce	10	7
Number of Interviews	501	502

	Women – Less than \$50K	Women – \$50K-\$249.9K	Women – \$250K or more
	%	%	%
Friends and family members	75	65	40
Other business owners	67	65	56
An accountant or accounting firm	52	72	81
Your banker or relationship manager	32	45	51
Non-social media sources of information on the Internet, such as news organizations, blogs, etc.	42	32	26
Trade organizations or associations	30	32	19
A lawyer or a law firm	24	31	29
Your financial institution website	16	28	15
Non-profit groups or government agencies	17	9	7
Social media, such as Facebook groups or Twitter accounts	20	7	6
Small Business Administration	19	8	8
Chamber of Commerce	17	4	5
Number of Interviews	249	181	71*

*Caution should be used when analyzing results for this group due to the small sample size

Across business phases, women in the startup and growing phases rely on other business owners (73%), family/relatives (73%) and the SBA (22%) more than those in the sustaining and winding down phases (58%, 61% and 6%, respectively).

When asked to rate their interest in learning more about several business topics, women and men express the same high level of interest in learning about increasing sales: 52% of each say they would be extremely or very interested in learning more about it. Smaller, but relatively equal proportions of men and women show interest in learning more about managing their company’s finances, of interest to 39% of women and 43% of men. Developing a business plan also elicits similar levels of interest among women (26%) and men (30%).

The study reveals slightly larger gender gaps in business owners’ interest in learning more about credit topics. Most significantly, 17% of women versus 28% of men are interested in learning more about choosing the type of credit that best fits their business needs. Additionally, though not a significant difference, one in five women business owners (20%) versus one in four men owners (26%) are interested in learning more about building a strong credit application.

Among both genders, younger business owners (those 54 and younger) tend to express higher levels of interest

in learning about business topics than those 55 and older. However, while younger women and younger men express similar interest in learning about increasing sales, understanding company finances and developing a business plan, younger women are much less likely than their men counterparts to be interested in the two credit topics. Specifically, 23% of women under age 55 vs. 34% of men in the same age range are interested in learning about building a strong credit application. Also, 20% of younger women versus 35% of younger men are interested in learning about choosing the best type of credit for their needs.

Additionally, while older women (55 and older) and older men have similar views on most of the items, older men show more interest than older women in two topics: developing a business plan and choosing the best type of credit.

In terms of business phases, women in the startup and growing phases tend to express greater interest in learning more about all business issues, with the exception of learning to choose the best credit product for their needs. Men business owners express similar levels of interest as women do, including learning more about credit issues for their business.

Overall, these findings about interest in business issues appear to be related more to the owner’s age and the

business phase rather than to the owner’s gender. The findings about interest in credit issues suggest less interest among women business owners to borrow. However, since a large proportion of them have relatively low revenue, they may not see the need to apply for business credit products.

Women whose business is in the startup or growing phase are almost as interested in learning about building a strong credit application as are men at the same business phase, 27% vs. 32%, respectively. This contrasts with women in the sustaining or winding down phase, who have significantly

less interest than men in this credit topic, 14% vs. 21%.

Additionally, women in both business groups are less interested than the respective men group to express interest in learning more about choosing the best credit for their needs.

For all other topics – increasing sales, understanding company finances and developing a business plan – women’s interest levels generally match men’s at the same business phase.

As a small business owner, how interested are you in learning more about each of the following, extremely, very, somewhat, not very, or not at all interested in each?

% “Extremely” or “Very”	Women	Men
	%	%
Increasing sales for your business	52	52
Understanding and managing your company finances	39	43
Developing a business plan	26	30
Building a strong credit application	20	26
Choosing the type of credit that is best for the needs of your business	17	28
Number of Interviews	501	502

% “Extremely” or “Very”	Women – 18-54	Women – 55 and older	Men – 18-54	Men – 55 and older
	%	%	%	%
Increasing sales for your business	61	39	60	40
Understanding and managing your company finances	43	33	50	33
Developing a business plan	30	19	34	25
Building a strong credit application	23	14	34	14
Choosing the type of credit that is best for the needs of your business	20	11	35	17
Number of Interviews	186	308	240	259

% “Extremely” or “Very”	Women		Men	
	Startup/Growing Phases	Sustaining/Winding Down Phases	Startup/Growing Phases	Sustaining/Winding Down Phases
	%	%	%	%
Increasing sales for your business	64	43	68	37
Understanding and managing your company finances	49	31	54	32
Developing a business plan	36	17	40	21
Building a strong credit application	27	14	32	21
Choosing the type of credit that is best for the needs of your business	20	14	37	20
Number of Interviews	179	317	218	282

WOMEN BUSINESS OWNERS’ SATISFACTION AND SUCCESS

About seven in 10 women owners (71%) as well as men (68%) business owners report feeling high satisfaction with being a small business owner, saying they are either extremely or very satisfied.

Women’s overall satisfaction is fairly even across business revenue categories, with 68% of those with less than \$50,000 in revenue feeling extremely or very satisfied, which is not significantly different from the 75% of those earning \$50,000 to \$249,000, and the 71% among those earning \$250,000 or more (38%). By contrast, among men, 59% of those with less than \$50,000 in revenue are satisfied, significantly less than the 76% among the middle revenue and somewhat less than the highest revenue (67%) groups.

Thus, even though a far higher proportion of women-owned than men-owned businesses are in the bottom revenue tier, the higher satisfaction of women at this revenue level compared with men (68% vs. 59%) helps account for the overall parity in satisfaction between men and women owners.

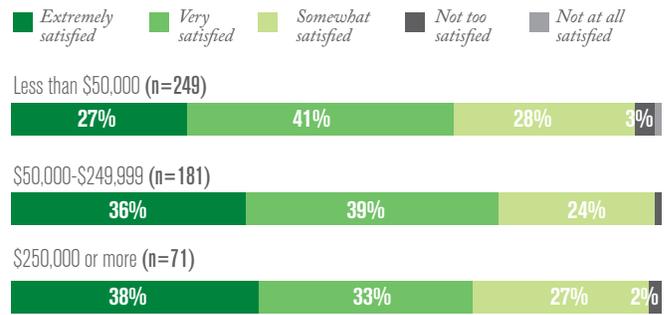
Other differences, such as those based on business phase or age, are relatively small and not statistically significant.

Overall, how satisfied are you with being a small business owner? Are you...?

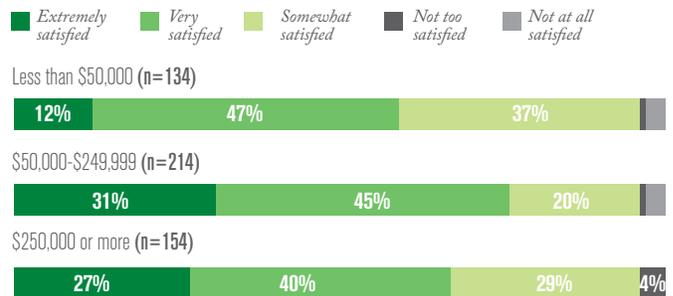
	Women	Men
	%	%
Extremely satisfied	32	24
Very satisfied	39	44
Somewhat satisfied	26	27
Not too satisfied	2	2
Not at all satisfied	*	2
Number of Interviews	501	502

*Less than 0.5%

Women’s satisfaction working as small business owners



Men’s satisfaction working as small business owners



On the whole, women and men express similar views about the success they have had in business. While relatively few in either group (8% of women and 6% of men) feel they have been extremely successful, about half of both — 51% of women and 47% of men — say they have been very successful. A total of 46% of women and 52% of men describe themselves as somewhat successful, while very few say they have not been successful.

The parity in the overall figures mask the fact that, women who run businesses with less than \$250,000 in revenue are more positive about their success than their men counterparts. The gap is particularly wide among those in the middle revenue category — those earning between \$50,000 and \$249,999 — as 61% of women call themselves extremely or very successful, compared with 47% of men. While the sample size of women earning \$250,000 or more is too small to make a reliable estimate, the direction of the gender gap is the same at this revenue level, with more women than men feeling successful, 71% vs. 63%.

One likely reason women business owners as a whole are on parity with men in feeling successful, rather than leading

them on this measure, is because of the higher proportion of women-owned businesses in the lowest revenue category.

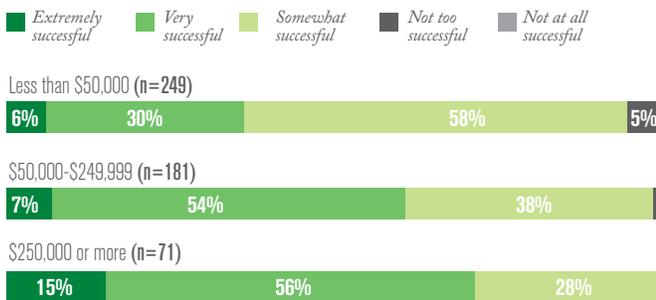
More broadly, among both genders, feeling successful is positively correlated with revenue, suggesting that, at least to some degree, they measure success in financial terms.

Overall, how successful do you feel you have been as a small business owner? Have you been...?

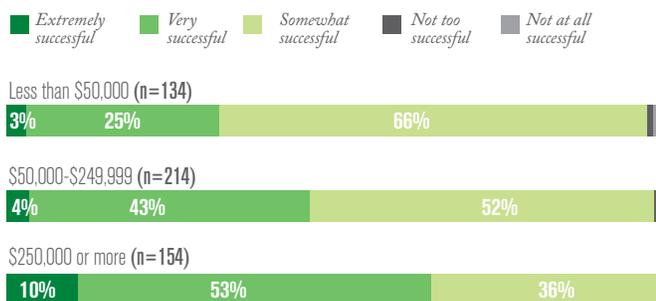
	Women	Men
	%	%
Extremely successful	8	6
Very successful	43	41
Somewhat successful	46	52
Not too successful	3	1
Not at all successful	*	*
Number of Interviews	501	502

*Less than 0.5%

Women's assessments of their success as business owners



Men's assessments of their success as business owners



When asked to explain why they started a business, by far the most common reason women (50%) and men (47%) give is a desire for more independence and control. It should be noted that the gender difference is not statistically significant. But when asked how they define business success, the most prevalent comment for both genders is sales and revenue. Far behind “making money,” women business owners say success is about “survival/staying in business” (16%) as well as “personal satisfaction” (13%), which is similar to what their men counterparts say. All other definitions of success, such as having satisfied customers and good work-life balance elicit about 5% of responses or less.

“Survival and thriving.”
(Woman business owner, Midwest region)

“New client acquisition and retention.”
(Woman business owner, East region)

“A balance of income and living a healthy lifestyle.”
(Woman business owner, Midwest region)

How do you define success as a small business owner? (Open ended)

	Women	Men
	%	%
Sales/revenue/making money/wealth/profitability/steady income/making a good living/pay bills	42	50
Survival/staying in business/busy/getting work/a good customer base/returning customers	16	14
Personal satisfaction/achieving your goals/doing what you love	13	12
Satisfied customers	5	2
To have a good reputation/being honest/dependable	3	0
Flexible scheduling/good work-life balance	3	3
Growth/expansion	3	6
Number of Interviews	501	502

Strong majorities of women (89%) and men (87%) say they would still become small business owners if they had to do it all over again. Overall, differences across age, business phase and revenue categories are relatively small and not statistically significant.

If you had to do it all over again, would you...?

	Women	Men
	%	%
Still become a small business owner	89	87
Do something else	10	10
Don't know/Refused	1	3
Number of Interviews	501	502

D. FUNDING A SMALL BUSINESS

This section reports on women business owners' sources of funding, and experiences obtaining credit. The analysis focuses on differences across revenue categories and demographics, where relevant.

INITIAL SOURCES OF FUNDING

Overall, the sources of funding that small business owners say they used to launch their business are similar for women and men. The main gender difference is in terms of their reliance on a personal line of credit or home equity loan, with 19% of women business owners citing this, compared with 28% of men.

Personal cash and savings is the most often cited source of initial funding among both men and women business owners, alike. Fifteen percent of women and 18% of men also mention some other funds, which usually refers to other forms of personal funds and savings. Personal credit cards is the next most common source for both genders, but they represent a distant second as 37% of women and 39% of men say they used it to initially fund their business.

Financial gifts or support from family or friends and business credit cards also represent relatively important sources of initial funding for women with at least one quarter saying they initially used each source. Small business lines of credit and small business loans each elicit 16% of mentions among women business owners, which is roughly on par with what men business owners say. And among those who say they used a small business loan, 43% of women, compared with 17% of men, say it was an SBA loan. While the sample size is small for this comparison, and caution should be used when reviewing results based on small sample sizes, the difference in this case is meaningful.

Just 9% of women say they used proceeds from the sale of major items, such as a car or a house, to launch their business venture. In addition, angel, crowd funding and micro-lending are relatively uncommon as 3% or less say they used each as a source of initial funding.

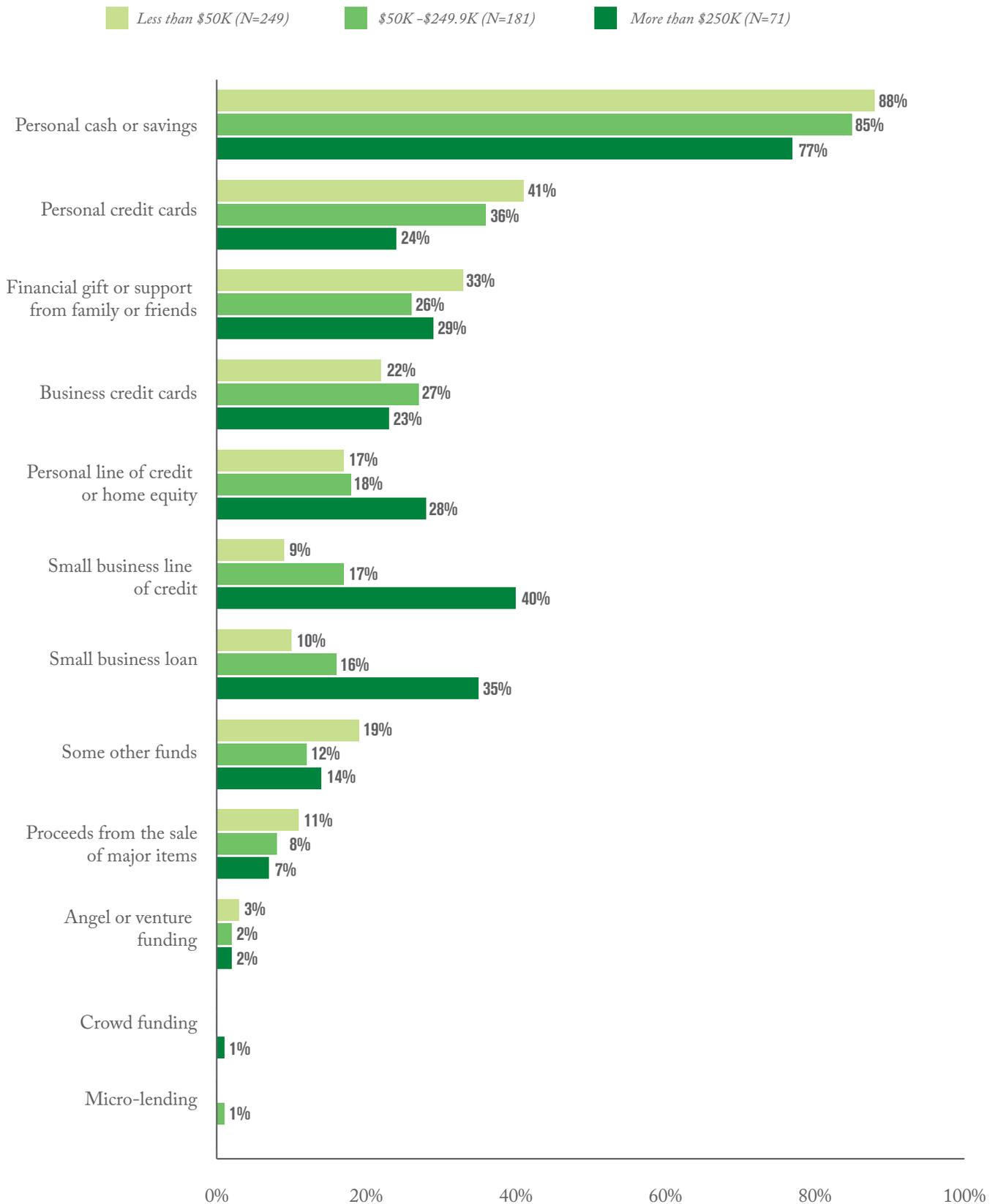
While the sample size of those in the highest revenue category is too small to be reliable, the findings suggest that women whose annual business revenue is at least \$250,000 tend to rely on personal credit cards to a lesser extent than women in the other two revenue categories, and are more likely to rely on small business lines of credit and small business loans.

Now, thinking about when you started your small business, for each of the following, please indicate if you used this as a way to initially fund your business?

	Women	Men
	%	%
Personal cash or savings	85	89
Personal credit cards	37	39
Financial gift or support from family or friends	29	25
Business credit cards	24	29
Personal line of credit or home equity	19	28
A small business line of credit from a bank or other financial institution	16	22
A small business loan from a bank or other financial institution	16	21
Some other funds	15	18
Proceeds from the sale of major items, such as a car or house	9	12
Angel or venture funding	3	3
Crowd funding, such as Kickstarter or peer-to-peer lending sites, such as Lending Club	*	2
Micro-lending organizations, such as Accion	*	1
Number of Interviews	501	502

*Less than 0.5%

Women small business owners – sources of initial funding by annual revenue



Men and women business owners express similar levels of familiarity with SBA loan programs. Just 10% of women and 13% of men say they are extremely or very familiar with such programs. Additionally, about one quarter of both genders say they are somewhat familiar with the SBA’s loan programs. There are no statistically significant differences across age groups or business phases for either gender. It appears that women whose annual revenue is at least \$250,000 are somewhat more aware of SBA loan programs than those in the lower revenue categories. However with only n=71 high revenue women business owners, this finding can only be viewed as suggestive.

How familiar are you with the Small Business Administration’s loan programs available to small business owners – would you say extremely, very, somewhat, not very, or not at all?

	Women	Men
	%	%
Extremely/very familiar	10	13
Somewhat familiar	25	26
Not very/not at all familiar	65	61
Number of Interviews	501	502

	Women – Less than \$50K	Women – \$50K-\$249.9K	Women – \$250K or more
	%	%	%
Extremely/very familiar	8	13	8
Somewhat familiar	23	24	40
Not very/not at all familiar	69	64	51
Number of Interviews	249	181	71*

*Caution should be used when analyzing results for this group due to the small sample size

CURRENT SOURCES OF FUNDING

Current sources of funding their business for women and men are essentially the same. The vast majority of both — 86% of women and 88% of men — cite the revenue generated by their business, making this the most common funding source. A little over half of each group – 55% of women and 61% of men – say they use personal cash or savings. Business credit cards and personal credit cards are each mentioned by one-quarter of men and women owners. About half as many, including 12% of women and 16% of men, say they use a business line of credit, while slightly fewer use a personal line of credit or home equity loan. All other sources, including loans and gifts from family/friends and small business loans represent 10% or less of current business funding for women, which is similar to what men report. Five percent of women and 9% of men mention “some other funds,” with the largest segment of these involving personal savings.

Among those who report using a small business loan as a current source of funding, 24% of women and 14% of men say it is a SBA loan. However, due to the small number of respondents asked this question, the difference is not statistically significant.

Gender differences within the three different revenue categories reviewed in this report must be viewed cautiously given the small number of respondents, particularly women, in the highest revenue category.

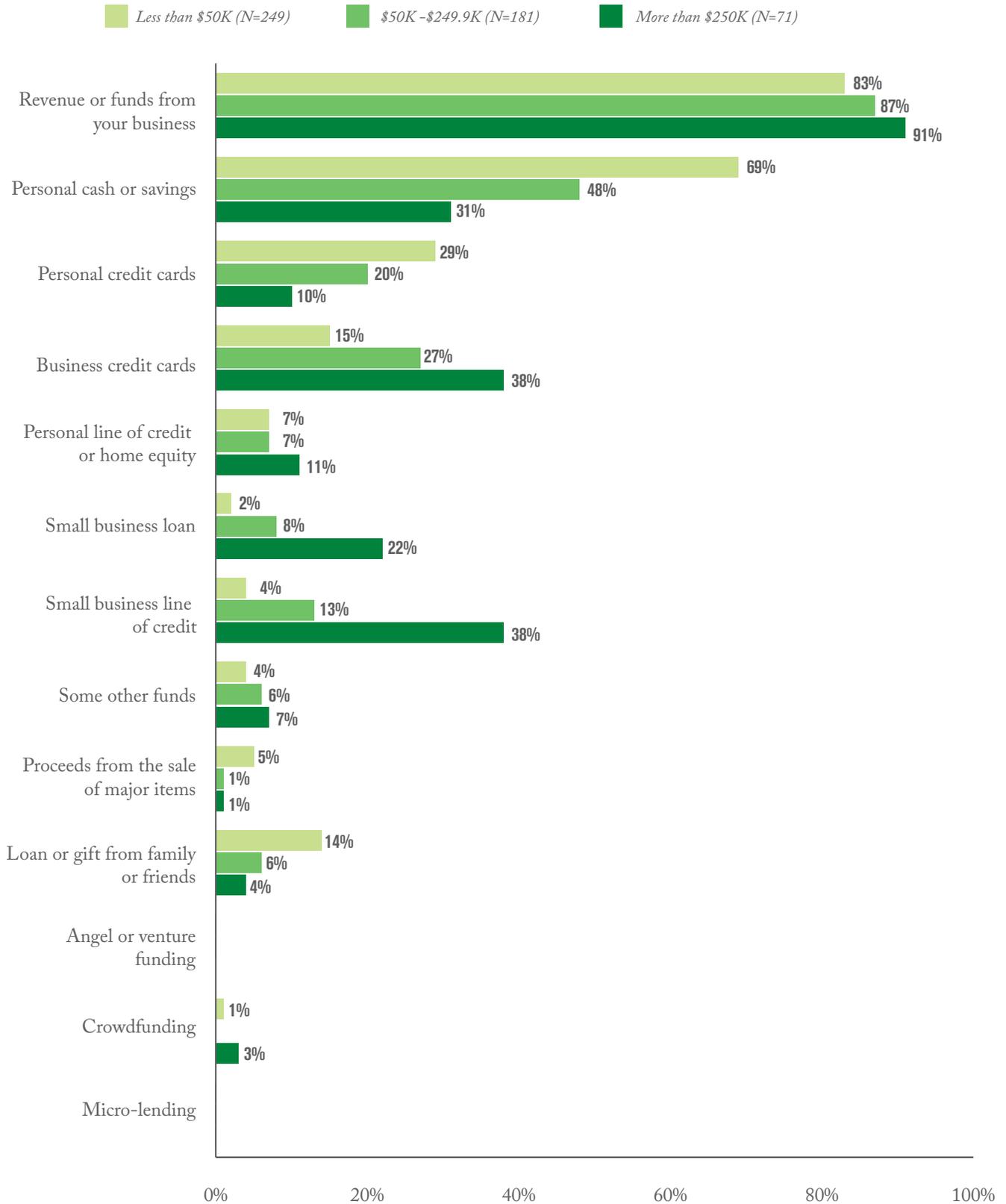
However, the pattern suggests that women in the top revenue category are less reliant on personal savings and personal credit cards to fund their current venture compared with women in the lower revenue categories. At the same time, women in the top revenue category appear to rely more on business credit cards, small business loans and small business lines of credit. The same broad patterns are found in the men segment, although their use of personal credit cards as a source of current funding is roughly the same across revenue categories.

Which of the following do you currently use to fund your business today?

	Women	Men
	%	%
Revenue or funds from your business	86	88
Personal cash or savings	55	61
Personal credit cards	23	26
Business credit cards	23	26
A small business line of credit from a bank or other financial institution	12	16
Loan or gift from family or friends	10	11
Personal line of credit or home equity	7	14
A small business loan from a bank or other financial institution	7	11
Some other funds	5	9
Proceeds from the sale of major items, such as a car or house	3	5
Crowd funding, such as Kickstarter or peer-to-peer lending sites, such as Lending Club	1	1
Angel or venture funding	*	2
Micro-lending organizations, such as Accion	*	*
Number of Interviews	501	502

*Less than 0.5%

Women small business owners – sources of current funding by annual revenue



APPLYING FOR CREDIT AND OUTCOMES

Slightly less than half of women business owners (47%) say they have borrowed or used credit for their business in the past, similar to the 53% seen among men business owners. Among both genders, business owners in the top revenue category report having borrowed for their business to a greater extent than those in the other revenue categories.

The study finds no difference in women business owners’ use of credit by their age or the business phase. Just under half of women in both age groups and both groupings of the business phase (starting up/growing vs. sustaining/winding down) report having ever borrowed money or used credit for their business. At the same time, there are significant differences among men business owners on both dimensions, with older men and those in the sustaining/winding down phase of business significantly more likely than younger

men and men with less established businesses to have ever borrowed for their business. By the same token, older men owners and those with more established businesses report greater borrowing than their women counterparts.

One-quarter (25%) of women business owners report that they were able to obtain all the credit they needed for their business in the past year, while 5% say they were not and 70% say they did not need credit. Responses are similar among men, indicating that the vast majority of business owners who needed credit were able to obtain it.

Interestingly, differences across business phases are small and not statistically significant. Across revenue categories, the pattern suggests women in the top category tend to have more needs for business credit and are better able to get it than women in the other revenue categories.

Have you ever borrowed money or used credit for your business?

	Women			Men		
	Total	18-54	55 and older	Total	18-54	55 and older
	%	%	%	%	%	%
Yes	47	48	46	53	42	70
No	53	52	54	47	58	30
Number of Interviews	501	186	308	502	240	259

	Women		Men	
	Startup/Growing Phases	Sustaining/Winding Down Phases	Startup/Growing Phases	Sustaining/Winding Down Phases
	%	%	%	%
Yes	49	46	43	62
No	51	54	57	38
Number of Interviews	179	317	218	282

	Women – Less than \$50K	Women – \$50K-\$249.9K	Women – \$250K or more
	%	%	%
	Yes	41	46
No	59	54	29
Number of Interviews	249	181	71*

*Caution should be used when analyzing results for this group due to the small sample size

Have you been able to obtain all the credit you needed for your business in the last year, not been able to obtain all the credit you needed, OR have you not needed credit in the past year?

	Women	Men
	%	%
Been able to obtain all the credit needed	25	21
Not been able to obtain all the credit needed	5	6
Not needed credit	70	72
Number of Interviews	501	502

	Women – Less than \$50K	Women – \$50K-\$249.9K	Women – \$250K or more
	%	%	%
Been able to obtain all the credit needed	19	29	37
Not been able to obtain all the credit needed	6	3	7
Not needed credit	75	68	55
Number of Interviews	249	181	71*

*Caution should be used when analyzing results for this group due to the small sample size

PLANS TO APPLY FOR NEW CREDIT PRODUCTS

Consistent with other questions that indicate women are more credit averse than men, women business owners are less likely than men to say they plan to apply for a credit product in the next 12 months, 9% vs. 20%, with the difference being statistically significant. Caution should be used when analyzing results across revenue categories. But broadly speaking, plans to apply for credit do not appear to be related to business revenue in the women segment while it appears that men’s intention to apply for credit increases along with revenue. As a result, men with businesses earning \$50,000 to \$249,000 are more likely than their

women counterparts to apply for credit, 19% vs. 8%. And the difference may be even greater at the \$250,000-plus level, with 29% of men business owners and 12% of women owners intending to seek credit — although this is only suggestive given the small sample size of women at the top revenue level.

Further, the results across business phases indicate that those in the startup and growing phases plan on applying for a business credit product more than those in the sustaining and winding down phases.

Are you planning to apply for any new credit products, such as a business credit card or a line of credit or loan for your business, in the next 12 months?

	Women	Men
	%	%
Yes	9	20
No	91	80
Number of Interviews	501	502

	Women			Men		
	Less than \$50K	\$50K-\$249.9K	\$250K or more	Less than \$50K	\$50K-\$249.9K	\$250K or more
	%	%	%	%	%	%
Yes	9	8	12	12	19	29
No	91	91	88	88	81	71
Number of Interviews	249	181	71*	134	214	154

*Caution should be used when analyzing results for this group due to the small sample size

	Women		Men	
	Startup/Growing Phases	Sustaining/Winding Down Phases	Startup/Growing Phases	Sustaining/Winding Down Phases
	%	%	%	%
Yes	15	4	27	13
No	85	95	73	87
Number of Interviews	179	317	218	282

E. SMALL BUSINESS OWNERS' LENDING EXPERIENCE

Although business owners of both gender segments report similar levels of having ever borrowed for their business, women are less likely to report being declined for credit than are men, 8% and 18%, respectively. In the women segment, there are no statistically significant differences in terms of age, business phase or revenue category. In the men segment, while there are no age or business phase differences, the results, although not significant, suggest that men business owners in the top revenue category have been declined credit in the past to a greater extent than their counterparts in the other revenue categories. Further, the sample size of women business owners who say they have been declined for credit is quite small. As such, findings about that subgroup cannot be reported.

Have you ever been declined for credit for your business in the past?

	Women	Men
	%	%
Yes	8	18
No/Refused	92	81
Number of Interviews	501	502

CONFIDENCE IN OBTAINING CREDIT

When asked about their level of confidence in obtaining credit today, if they needed it, 55% of women owners and 51% of men business owners say they are extremely or very confident that they would be able to obtain it. Additionally, about one-quarter of both genders (26% among women and 27% among men) say they are somewhat confident they would get credit for their business. Differences across age groups, business phases and revenue categories are relatively small and not statistically significant.

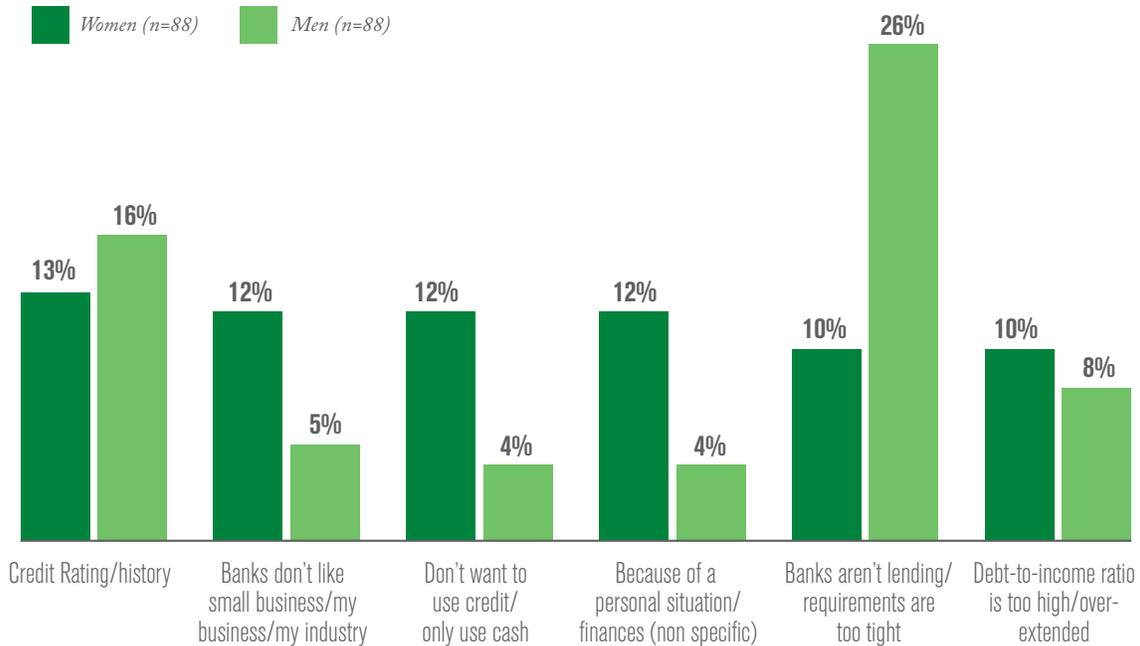
If you needed credit today, how confident do you feel that your business would be able to obtain it? Would you say you are extremely, very, somewhat, not very, or not at all confident?

	Women	Men
	%	%
Extremely/Very confident	55	51
Somewhat confident	26	27
Not very/Not at all confident	18	20
Number of Interviews	501	502

Due to small sample sizes among those who lack confidence in obtaining credit, gender differences in the results for why they are not confident are not statistically different, and therefore caution should be used when analyzing these results by gender.

Why are you not confident about being able to obtain credit if you needed it?

Top mentions – among those who are not at all/not very confident they could obtain credit, if needed



MANAGING FINANCIAL ISSUES

Men and women react similarly to eight of nine different statements about running a business. A key area of significant difference is around technology, with more men than women business owners strongly agreeing with the statement that they consider themselves technologically savvy in their business, 28% vs. 19%.

At the same time, about four in 10 men (42%) as well as women (44%) strongly agree with the statement that they are confident in their ability to manage their business finances. Significantly less, 28% each, strongly agree they are confident in their understanding of the credit qualification process used by financial institutions. And although more women than men strongly agree they would only borrow money for their business in an emergency, 28% vs. 21%, the difference is just inside the margin of error, indicating the finding is suggestive, but not statistically significant. Similar proportions by gender — 21% of women and 20% of men — express strong confidence in their comfort approaching banks and other financial institutions with questions about credit and lending.

Both genders show broad reluctance to use credit to grow their business: just 10% of women and 12% of men strongly agree they are comfortable with this. And just 5% of women and men strongly agree they have struggled with personal credit issues in the past.

Consistent with the small proportion of business owners of either gender reporting that they have not been able to get the credit they needed in the past year, just 5% of men and 2% of women strongly agree they have had difficulty obtaining credit.

Among women business owners, differences on these statements across age groups, business phases and revenue categories tend to be small and not statistically significant.

For each of the following statements, please tell me if you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree? (% strongly agree)

	Women	Men
	%	%
I am confident in my ability to manage the finances of my business	44	42
I am confident in my understanding of banks' and financial institutions' credit qualification process	28	28
I would only borrow money for my business in emergencies	28	21
I am comfortable going to banks or other financial institutions with questions and concerns about credit and lending	21	20
When it comes to my business, I consider myself to be technologically savvy	19	28
I am willing to use credit to help grow my business	10	12
I have struggled with personal credit issues in the past	5	5
Managing cash flow is a serious problem for my business in the current economic climate	5	10
It has been difficult for my business to get credit	2	5
Number of Interviews	501	502

TRUST IN FINANCIAL INSTITUTIONS

When owners are asked about the trust they currently have in banks and other financial institutions, 16% of women and 12% of men trust them “a great deal.” Additionally, 55% of women say they trust them “somewhat,” on par with the 56% among men. Differences across age groups, business phases and revenue categories are, in general, not statistically significant.

Thinking about banks and other financial institutions, would you say that you currently trust them a great deal, somewhat, not very much, or not at all?

	Women	Men
	%	%
A great deal	16	12
Somewhat	55	56
Not very much	20	18
Not at all	9	13
Number of Interviews	501	502

IMPROVING THE BANKING EXPERIENCE

When asked, in an open-ended question, what banks or financial institutions could do to make the small business banking experience better, women and men offer similar suggestions: improve processes/procedures (11% and 10%,

respectively), fewer fees (9% and 4%, respectively) and better loans (5% and 13%, respectively). When collapsing smaller categories, results suggest women business owners tend to focus more on customer-related recommendations, such as “better communication,” “positive comments” and “more personal attention” than men do. It should also be noted that a relatively large proportion of both women (17%) and men (19%) are unable to provide a specific recommendation.

“Be more customer-service oriented.” (Woman business owner, Midwest region)

“Assistance with the business plan that is needed for the loan.” (Woman business owner, South region)

“Having a live person to talk to.” (Woman business owner, West region)

PERSONAL EXPERIENCE WITH ANY FORM OF DISCRIMINATION

Since diverse attributes of business owners are not mutually exclusive — i.e., respondents can have more than one attribute, such as being a woman and identifying as African American — caution should be used when interpreting results in this section.

When asked if they have ever experienced discrimination of any form based on race, ethnicity, gender or sexual orientation, 27% of women business owners, overall, say they did, which is not significantly higher than the response among men (20%). Differences across revenue categories and business phases are not significant.

Among women business owners who say they experienced discrimination, just 13% say they reported it to any organization or authority, similar to the 14% found among men. As the sample size of those who reported the discrimination is small, results across revenue categories or other variables cannot be reported.

Have you ever experienced discrimination of any form based on race, ethnicity, gender, or sexual orientation?

	Women	Men
	%	%
Yes	27	20
No	73	80
Number of Interviews	501	502

DIVERSE ATTRIBUTES AND PERCEIVED IMPACT ON BUSINESS

Eighty-eight percent of women and 84% of men say they do not feel their business has been impacted because of their race, ethnicity, gender or sexual orientation. Just 8% of women say it negatively impacted their business, but this is similar to what men report (11%). Differences across age, revenue categories and business phases are not statistically significant.

Do you feel that your business has ever been negatively impacted based on your race, ethnicity, gender, or sexual orientation, positively impacted, or has it had no impact?

	Women	Men
	%	%
Negatively impacted	8	11
Positively impacted	3	4
Has had no impact	88	84
Number of Interviews	501	502

PERCEIVED DISCRIMINATION FROM A FINANCIAL INSTITUTION

Overwhelmingly, women business owners, just like their men counterparts, do not feel that discrimination by a financial institution based on their race, ethnicity, gender or sexual orientation has ever impacted their chances of obtaining credit for their company. Differences across age, revenue categories and business phases are not statistically significant. It should be noted that the sample size of women who say that such discrimination impacted their chances of obtaining credit for their business is too small to analyze.

Do you feel that discrimination from a financial institution based on your race, ethnicity, gender or sexual orientation has ever impacted your chances of obtaining credit for your business?

	Women	Men
	%	%
Yes	6	4
No	93	95
Number of Interviews	501	502

F. DETAILED METHODOLOGY

QUANTITATIVE DATA COLLECTION OVERVIEW

Results are based on a Gallup telephone study completed with small business owners, aged 18 and older, conducted August 1-18, 2014, among 526 small business owners and an additional 477 small business owners conducted November 10-21, 2014.

Gallup Daily tracking completed interview sample was used to create a nationally representative sample frame of small business owners. Every day Gallup completes 1,000 nationally representative interviews of adults age 18 and older living in all 50 states and the District of Columbia, via landline and cellular telephones. At the end of each interview, respondents are asked if they would be willing to be re-contacted to participate in a future Gallup survey. Respondents who indicated they were either a business owner or self-employed and agreed to be re-contacted on the Gallup Daily tracking study were eligible for inclusion in the current study.

WEIGHTING

Sample was weighted to account for unequal selection probability and nonresponse. The data were weighted to match national Small Business Owner demographics

of gender, age, and race/Hispanic ethnicity. These demographic weighting and targets are based on the weighted demographic distribution of Gallup's Daily Tracking Survey respondents identified as Small Business Owners.

SAMPLE SIZE AND MARGIN OF ERROR

The total sample of small business owners consisted of 1,003 owners. The range of margin of error differs based on size of sample. For the general population, the margin of error is ± 4 percentage points and among the samples of men and women, the margin of error would be ± 6 percentage points each at the 95% confidence level. Margins of error are higher for subsamples. In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error and bias into the findings of public opinion polls.

SURVEY LENGTH

The survey length averaged 15 minutes and included both closed-ended and open-ended questions. Prior to conducting the survey, Gallup completed an in-depth briefing with the interviewing team.

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