

## **We've Got the Power**

## The Rise of Women Entrepreneurs

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and Jessica Reardon*

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*The authors address women's recent entrepreneurial successes in local, national, and international settings, offering, as a case study, one nonprofit organization whose mission is to support women entrepreneurs and help them grow: The Commonwealth Institute. In examining The Commonwealth Institute, the authors provide insight into the challenges facing some of the women entrepreneurs they work with in Massachusetts. They also offer some strategies to make sure women continue to make a significant contribution to New England's economy.*

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**F**ollowing are some top-level statistics about woman-led businesses in the United States from the Center for Women's Business Research:<sup>1</sup> Nearly half (48 percent) of all privately held U.S. firms are 50 percent or more women-owned. This means that *10.6 million firms are at least half owned by a woman or women.*

- These firms *employ 19.1 million people and generate nearly \$2.5 trillion* in sales.
- Between 1997 and 2004, privately held 50 percent or more women-owned firms *diversified into all industries* with the fastest growth in construction (30 percent growth), transportation, communications, and public utilities (20 percent growth), and agricultural services (24 percent growth).
- The estimated *growth rate in the number of women-owned firms was nearly twice that of all firms* (17 percent vs. 9 percent), employment expanded at twice the rate of all firms (24 percent vs. 12 percent), and estimated revenues kept pace with all firms (39 percent vs. 34 percent).

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On an international scale, the Global Entrepreneurship Monitor's "2004 Report on Women and Entrepreneurship" finds a wide range of female entrepreneurial activity around the world, from 39.1 percent of women involved in entrepreneurship in Peru to only 1.2 percent in Japan.<sup>2</sup> But, in every country covered by the report, "men are more active in entrepreneurship than women."<sup>3</sup> The U.S. ranks in the top 25 percent, with 11 percent of women engaged in entrepreneurial activity (U.S. men are slightly more active, with about 12.5 percent).<sup>4</sup>

It is interesting to note that, even at the international level, "A strong positive and significant correlation exists between knowing other entrepreneurs and a woman's involvement with starting a new business. . . . Mentoring and network support . . . are crucial in boosting women's attitudes with respect to business leadership and new venture creation."<sup>5</sup> This global trend is most certainly true in Massachusetts as well. In fact, it is for these exact reasons that The Commonwealth Institute was formed.

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**THE COMMONWEALTH INSTITUTE:  
UNLEASHING THE POTENTIAL OF WOMEN LEADERS**

The entrepreneurial bug bit Lois Silverman, a registered nurse, when she was working for an insurance company and managing the medical care of injured workers. While she enjoyed the sense of accomplishment she received from helping people, "I had begun to feel left out, isolated," she says. "I was working in a male-dominated environment, and I no longer felt as if I was a part of the company. I began to feel that there was something here I could do better," she recalls. In 1978, Silverman founded CRA Managed Care with a business partner, Donald Larson. By 1994, Silverman (as CEO) and Larson (as President) had built CRA from a \$20,000 operation to a company with more than \$120 million in revenue, 2,000 employees, and offices in nearly every state. In 1995, Silverman became one of the first women in Massachusetts to have founded a business and taken it public. Silverman netted more than \$28 million in the deal. Today, the company she built (now called Concentra) posts more than \$1 billion in revenues annually.

When she came to the end of her first entrepreneurial journey, Silverman almost immediately launched into a second one — this time, in the not-for-profit sector as the founding Chair of The Commonwealth Institute. "When I looked back at my time as the CEO of a growing company," Silverman says, "I realized how helpful it would have been to have other women at my level to talk to. It's lonely at the top for any CEO, and women have it that much harder because they can't tap into the same business support networks that men already have." In 1997, she founded The Commonwealth Institute,

an organization whose goal is to support women CEOs and entrepreneurs to help them grow their businesses. Her co-founders included a group of about ten female friends — all successful entrepreneurs and senior corporate executives in their own right. These women felt fortunate to have been successful at a time when many other women were struggling without much support, and they enthusiastically embraced Silverman's vision to help bring other women along.

Since then, The Commonwealth Institute (TCI) has focused on helping women CEOs and business owners make a significant impact on the Massachusetts economy. A membership organization, TCI works with women who run established businesses, not start-ups. Members must be the senior-most decision-maker in the company, have at least \$250,000 in revenue per year, have been open for at least a year, and employ at least two people. About 60 percent of TCI's members run companies in the \$1-10 million revenue range per year. Most importantly, TCI members have a passion to grow their businesses. "Women are opening businesses at almost twice the rate of men in this country,"<sup>6</sup> says Grace Fey, Chair of TCI. "Our goal is to help those women's companies grow in a smart and sustainable way." While woman-owned firms are still a minority in the Massachusetts economy (albeit a significant minority: 41.3 percent of all privately held firms in Massachusetts are woman-owned),<sup>7</sup> TCI believes that the more diversity our economy supports, the stronger it is.

Leaders in the business community believe it, too. TCI is funded in part through corporate sponsorships, including contributions from most of the major banks, law firms, and insurance companies in Boston. "We support TCI because we strongly believe that companies owned and run by women have an undeniably positive impact on the health and well being of our communities," says Fredi Shonkoff, SVP of Corporate Relations for Blue Cross Blue Shield of Massachusetts and TCI sponsor. Many sponsors of TCI appreciate the access to markets that TCI members represent, in addition to the chance to support the growing women's business community. "The Commonwealth Institute has consistently attracted the highest quality businesses to its membership," says Martha Sloan Felch, SVP of Business Banking at Sovereign Bank. "These women CEOs are an untapped market that Sovereign is able to reach through its affiliation with TCI. Besides being good for the community, it just makes good business sense." TCI fosters reciprocal relationships between its members and sponsors that help keep the Massachusetts economy moving.

TCI's vision to unleash the economic power of women entrepreneurs extends beyond Massachusetts. We have opened an office in the Miami area; we are in the very early stages of building a program in the Atlanta area, and we plan to continue expanding nationally. We also consider

ourselves part of an extended network of nonprofit organizations that serve corporate and entrepreneurial businesswomen in a variety of ways, including The Boston Club, Center for Women's Business Research, Center for Women and Enterprise, and a number of others. While we collaborate frequently with these organizations, TCI is careful not to duplicate their efforts — our programs are tailored to meet the needs of entrepreneurs in a way that is unique among other organizations.

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**TCI's Focus:**

**WOMAN-LED BUSINESSES POISED FOR GROWTH**

The Commonwealth Institute's entrepreneurial programs focus on a very specific audience: women who lead growth-oriented companies. We focus on women because they have historically been underserved and under-recognized in the business community. Due in part to TCI's efforts, the women's business community in Boston is now very strong. TCI members run businesses in all sectors of the economy, including marketing, technology, employment, financial services, healthcare, and more. Women in this tight-knit network support each other through business referrals, strategic alliances, networking introductions, and more. While women entrepreneurs certainly include men in their networks as well, TCI's programs encourage women to support other women as a way to diversify and strengthen their company's growth efforts. "There is nothing quite like knowledge sharing with talented, successful, and vibrant women entrepreneurs," says TCI Member Helene Solomon, President & CEO of Solomon McCown & Company. "Each time I think I am experiencing something that no one else has, my TCI colleagues prove me wrong, and help me chart the course."

As TCI has grown, we have recognized a need to conduct specialized outreach to women in Massachusetts' many ethnic communities, including the African-American, Latina, Asian, and Indus communities. Many women from these groups are isolated from other women entrepreneurs, sometimes even from those in their own ethnic group. Since TCI believes that the best business learning comes from peers, we created the Women of Ethnic Diversity Initiative (WEDI) to bring together women entrepreneurs from all ethnic backgrounds. WEDI seeks to build trust and community among women who might not otherwise meet, resulting in powerful business connections and expanded networking opportunities for all.

Every woman who joins TCI, regardless of her ethnic background, shares at least one passion: a burning desire to grow her business. TCI's programs are geared toward helping established businesses push to the next level of success, whether it's expanding to a new geographic market, developing an additional product line, passing the \$5 million revenue mark, or countless

other goals. In addition to educational programs, TCI has also built a large community of advisors and volunteers who can be called upon as expert resources for members when needed. Through our advisory network, TCI members have received business advice at every level, from a one-time meeting about a specific challenge to a life-long mentoring relationship.

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**TCI'S PROGRAMS:**

**MANY WAYS TO CONNECT AND GROW**

The cornerstone of TCI's approach to support women entrepreneurs is the Commonwealth Forum. In a Commonwealth Forum, eight to ten women with companies of a similar size and sophistication level meet once a month for a half-day session. In professionally facilitated, confidential meetings (often led by former women entrepreneurs who are eager to "give back," including Lois Silverman herself), these women CEOs cover topics that only other business owners can understand. Together, they explore issues such as how to handle sticky situations with senior employees, how to reposition a product in light of declining market trends, and much more. This strong peer-mentoring aspect of the Forums creates a powerful, enduring support network for our members. "I joined my Commonwealth Forum to learn how to work smart . . . not just hard," says TCI member Linda Moraski, President and CEO of PeopleSERVE. "It's like a personal board of advisors, and they DO hold me accountable."

The Forums offer an intensely personal, customized way to connect with other women CEOs and entrepreneurs. In addition, through the organization's monthly educational programs, the entrepreneurs have the opportunity to delve deeply into specific topics and connect with other entrepreneurs and with experts in various industries. Programs feature such business topics as strategic marketing, exit strategies, negotiation skills, leadership development, and more. TCI also brings together over 1,000 business and community leaders for its large fundraising events, including the "A Conversation With . . ." series, which recently featured former Secretary of State Madeleine Albright and the annual Breakfast for Champions, which celebrates women's entrepreneurial spirit.

But TCI does more than celebrate women's entrepreneurial spirit — we have quantified it. In collaboration with the Center for Women's Leadership at Babson College, TCI has developed the annual "Top Woman-Led Businesses in Massachusetts" research study, which benchmarks women's success in business and honors that Top 100 Woman-Led Businesses in the state, as ranked by revenue. Over the past five years, the study has shown that woman-led businesses in Massachusetts have "built strong engines of revenue generation and employment, placing the highest value on customer

satisfaction. Their organizations thrive on employee satisfaction and attention to company culture. The women executives at the helms of these firms bring strong prior work experience, high-level education, and a personal desire for achievement and challenge to their leadership roles.”<sup>8</sup> Participants in the 2004 survey reported generating more than \$7.8 billion in revenue, and the average Top 100 firm employed 227 people.

With results like these, Lois Silverman is pleased with the impact of the organization she founded: “When we founded The Commonwealth Institute, we had a dream: to help other women succeed,” she says. “We’ve been much more successful than that. We’ve helped the economy, we’ve helped families, we’ve touched the entire business community. It’s bigger than any of us ever imagined.”

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**THE CHALLENGE FOR MASSACHUSETTS:  
CONTINUED GROWTH**

Despite the successes mentioned above, women entrepreneurs face a challenge in Massachusetts. While Massachusetts is ranked twenty-first of fifty states for the size and economic power of our woman-led businesses, we are ranked forty-second of fifty for the *growth* in woman-led businesses over the past seven years. Women in other states are growing their businesses faster than those in Massachusetts are, and we will need to do more to remain competitive in this climate.

This situation is a reflection of the broader issues that are facing all Massachusetts businesses. Challenges include difficulties in attracting and retaining high-quality employees, high housing costs, and legislation that hurts small businesses’ ability to compete. Woman-led businesses share the same need to operate in a positive business climate as any other business. Many organizations in the state are taking action on issues, but they are not necessarily as focused on the unique needs of women as TCI is. In the same way TCI supports the growth of woman-led businesses, we also urge the Massachusetts business community as a whole to share in the responsibility to strengthen woman-led businesses to help create a strong business economy for our state. There are many concrete actions that can be taken to accomplish this, including:

- Consciously and purposefully buy goods and services from local woman-owned businesses in your personal life. Tell your friends that you do this, and how purchasing from local diverse businesses gives our economy staying power.
- Do the same with any business purchases you have authority for at work, and be sure to include at least one woman-led business in the

mix when you send a project out for bid. If you have trouble finding a woman-led business that provides a particular good or service, contact an organization like The Commonwealth Institute, Center for Women and Enterprise, or New England Women Business Owners for recommendations.

- Encourage your company's purchasing department to track its spending with local woman-led businesses. Although 60 percent of the Fortune 1000 spend \$1 billion or more with outside suppliers each year, as of 2003, women business enterprises captured only 4 percent of this market share on average. Make sure your Community Relations department is aware of your company's efforts to diversify its spending.
- Support the organizations mentioned in this article by volunteering, organizing a table for a fundraising event, or opening the door to a corporate sponsorship with your company.
- Help expose young women to entrepreneurship by supporting organizations like the National Foundation for Teaching Entrepreneurship (NFTE) and the Patriots' Trail Girl Scout Council's Camp CEO. In a 2003 study by The Committee of 200 and Simmons School of Management, "only 9 percent of girls surveyed spontaneously listed any kind of business career as their first choice."<sup>9</sup>
- Become a mentor to a young woman through an organization like the Big Sister Association, and talk with your protégé about the rewards of working in business and becoming an entrepreneur.

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**MOVING FORWARD:  
WOMEN CHANGING THE FACE OF BUSINESS**

The Commonwealth Institute is proud of its efforts to help woman-led businesses succeed. The CEOs in TCI's membership represent over \$600 million in revenue each year. In addition, when *Fast Company* magazine named its Top 25 Women Business Builders for 2005, four of the honorees were from Massachusetts and all of them were members of TCI.<sup>10</sup>

Two years ago, we expanded our support for women in business by offering programs for women who are senior executives in large corporations as well. The Commonwealth Forums for Senior Executive Women offer female executives the opportunity to develop an advisory group of her peers to gain the insight and acumen necessary for building leadership skills that enhance her value to the company. Each forum is led by former executives who are committed to helping other women executives reach the

highest levels of their professions and their companies. These women have represented some of the largest companies in the area, including John Hancock, Raytheon, Microsoft, CVS, TJX, and more. At a time when so many corporate headquarters are leaving our region, our goal is to develop programs that will help women navigate the complex working environments at their corporations and continue to make positive contributions to our economy.

Between our programs and the continuing efforts underway to strengthen our business community, The Commonwealth Institute looks forward to continued success in achieving our vision: “to unleash the potential of women leaders to change the face of business.”

## **Notes**

1. Center for Women’s Business Research. [www.womensbusinessresearch.org/topfacts.html](http://www.womensbusinessresearch.org/topfacts.html).
2. Maria Minniti, Pia Arenius, and Nan Langowitz, Global Enterprise Monitor’s “2004 Report on Women and Entrepreneurship,” 12. <http://cspot01.babson.edu/CWL/upload/GEM%20Womens%20Report.pdf>.
3. *Ibid.*, 12.
4. *Ibid.*, 16.
5. *Ibid.*, 12–13.
6. Center for Women’s Business Research.
7. Center for Women’s Business Research. <http://www.womensbusinessresearch.org/USStateFacts/Massachusetts.pdf>.
8. Nan S. Langowitz and I. Elaine Allen, “The Top Woman-Led Businesses in Massachusetts: Lessons from 2000 to 2004,” 18.
9. Deborah Marlino and Fiona Wilson, “Teen Girls and Business: Are They Being Empowered?” April 2003, 4. [http://www.simmons.edu/som/docs/centers/TGOB\\_report\\_full.pdf](http://www.simmons.edu/som/docs/centers/TGOB_report_full.pdf)
10. Alison Overholt, “Top 25 Women Business Builders,” *Fast Company*, May 2005, 67. [www.fastcompany.com/magazine/94/open\\_women-index.html](http://www.fastcompany.com/magazine/94/open_women-index.html)