

Women-Owned Business Outlook 2015

with

Lori Ioannou (Moderator), Senior Editor, CNBC.com

Anita Campbell, Founder and CEO, Small Business Trends

Rohit Arora, CEO & co-founder, Biz2Credit

Frank Fiorille, Senior Director of Risk Management, Paychex

John Meyer, Director of Education, The Company Corporation

Wed, Mar. 11, 2015

from 3-4 PM (EST)



Helping Small Businesses Grow...



Today's Presenter



Moderator: Lori Ioannou, Senior Editor, CNBC.com



Anita Campbell, Entrepreneur, founder of SmallBizTrends.com

- Importance of women-owned businesses in the economy
- How entrepreneurship has changed for women
- Tips for growth of women-owned businesses



Rohit Arora, CEO of Biz2Credit

- Results of Biz2Credit's 2015 Women's Small Business Finance Survey
- Top sources of funding in the ever changing credit marketplace
- Ways to improve your creditworthiness



John Meyer, Director of Education, The Company Corporation

- Choosing the right business structure
- Differences between forming a corporation (C-Corp or S-Corp) and an LLC
- Compliance issues



Frank Fiorille, Senior Director of Risk Management, Paychex

- Common payroll issues and tax legislation
- Employee retirement programs
- Employment-related legislation

Today's Presenter



Lori Ioannou

Senior Editor, CNBC.com

Senior Editor of Special Reports at CNBC

- Specializes in small business, entrepreneurship, technology and finance

Former Executive Editor at Time Inc.

- A founding editor of Fortune Small Business magazine

Frequent commentator on national news networks

- The Nightly Business Report
 - CNN
 - Fox News

Recipient of many journalism awards for excellence

- American Society of Business Editors
- 40 American In-house Design Awards for Sections Created

Today's Presenter



Anita Campbell

Founder, CEO and Publisher of Small Business Trends

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- Frequent guest speaker and panelist at small business seminars and conferences
 - Widely regarded as an authoritative voice on small business issues, Anita publishes several successful online media properties reaching more than 10 million small biz owners each year
 - She shares her voice on the OpenForum.com and is an invited contributor at the SBA.gov Community site, among others

Today's Presenter



Rohit Arora

Biz2Credit

Chief Executive Officer of Biz2Credit (www.biz2credit.com)

- Arranged more than \$1.2 billion in funding to small businesses since 2007
- Biz2Credit's network consists of more than 1.6 million users and over 1,300 lenders
- One of the country's leading experts in small business finance; frequently quoted by CNBC, Wall St. Journal, Inc., American Banker, and others
- Named "2011 Entrepreneur of the Year" and "2014 Fast Fifty" by Crain's New York Business.

Today's Presenter



John Meyer

The Company Corporation

Director of Education, The Company Corporation (www.incorporate.com)

- Incorporates tens of thousands of new businesses annually
- Provides ongoing compliance services to 200,000 companies located throughout the U.S.

Leads organization's educational programs

- Author of several informative eBooks including How to Start a Business After Age 60 and 12 Businesses You Can Start in Your College Dorm

Small business start-up expert

Today's Presenter



Frank Fiorille

Paychex

Senior Director of Risk Management, Paychex, Inc.,

- Leading provider of payroll, human resource, insurance, and benefits outsourcing solutions to small- to medium-sized businesses.
- Joined Paychex in 2002 to lead the company's initiative to build an enterprise-wide risk apparatus.

20+ years' experience in risk management and credit

Named one of the "100 Most Influential People in Finance" by Treasury & Risk magazine

Led successful projects to build first risk and retention models in both the educational lending and payroll outsourcing industries.

Discussion Topics

- Growth of women-owned businesses in 2014
 - Projections for 2015
- Gender gap in small business financing
 - Funding available for women small business owners
 - Improving business credit scores
- Choosing the right business format (corporation vs. LLC)
- Why should I incorporate?
- Payroll issues and tax legislation
 - Setting up employee retirement plans
- Banking developments
- Other topics related to entrepreneurship and small biz growth

Realities for Women Business Owners

- Women now graduating college in higher numbers than men
- Women-owned businesses are an important source of job-creation in the U.S. economy
 - The Guardian Small Business Research Institute projects women-owned businesses will create 5 million new jobs by 2018
 - One-third of the 15.3 million total new jobs anticipated by the Department of Labor.
- Access to capital has been a challenge, but situation has improved significantly
- Startup costs of all types of businesses have gone down

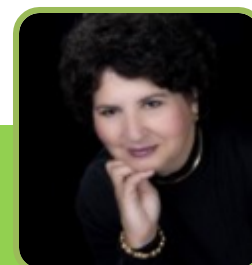
Anita Campbell, Entrepreneur & Founder of Small Business Trends



- There are nearly 9.1 million women-owned enterprises that employ nearly 7.9 million workers and generate over \$1.4 trillion in revenues.
- Between 1997 and 2014, the number of women-owned firms grew at 1½ times the national average.
- Revenue and employment growth among companies owned by women top that of all other firms—except the largest, publicly traded corporations.
- On average over the 1997–2014 period, there has been a net increase of 591 women-owned firms each day with an average of 1,288 per day during the past year.
- Since 1997, the growth in the number and economic contributions of firms owned by women of color is remarkable. Comprising just 17% of women-owned firms 17 years ago, firms owned by women of color now account for one in three (32%) women-owned firms in the U.S.

—American Express OPEN Women-Owned Businesses Report 2014

(Click [here](#) to view the report)



Anita Campbell, Entrepreneur & Founder of Small Business Trends



- The states with the fastest growth in the number, employment and revenues of women-owned firms since 1997 are: North Dakota, the District of Columbia, Nevada, Arizona, Georgia, Wyoming, Virginia, Maryland, Texas, and Utah
- The metropolitan areas with the greatest growth in the number, employment and revenues of women-owned firms since 2002 are: San Antonio, TX; Atlanta, GA; Baltimore, MD; Houston, TX; Portland, OR; Washington, DC; Tampa/St. Petersburg, FL; Seattle, WA; Dallas, TX and Riverside, CA

– American Express OPEN Women-Owned Businesses Report 2014



Biz2Credit's Annual Women Business Study

- Average annual revenues increased to nearly 40% in 2014
 - Revenues jumped to \$127,222 in 2014, up from \$91,488 in 2013
- Average earnings increased more than 25% in 2014
 - Earnings rose to \$67,950 in 2014, up from \$54,114 in 2013.
- 36% more women-owned businesses applied for credit
 - More than 4,000 women entrepreneurs requested funding on Biz2Credit platform in 2014
- Retail trade businesses represented 19.85% of women-owned companies

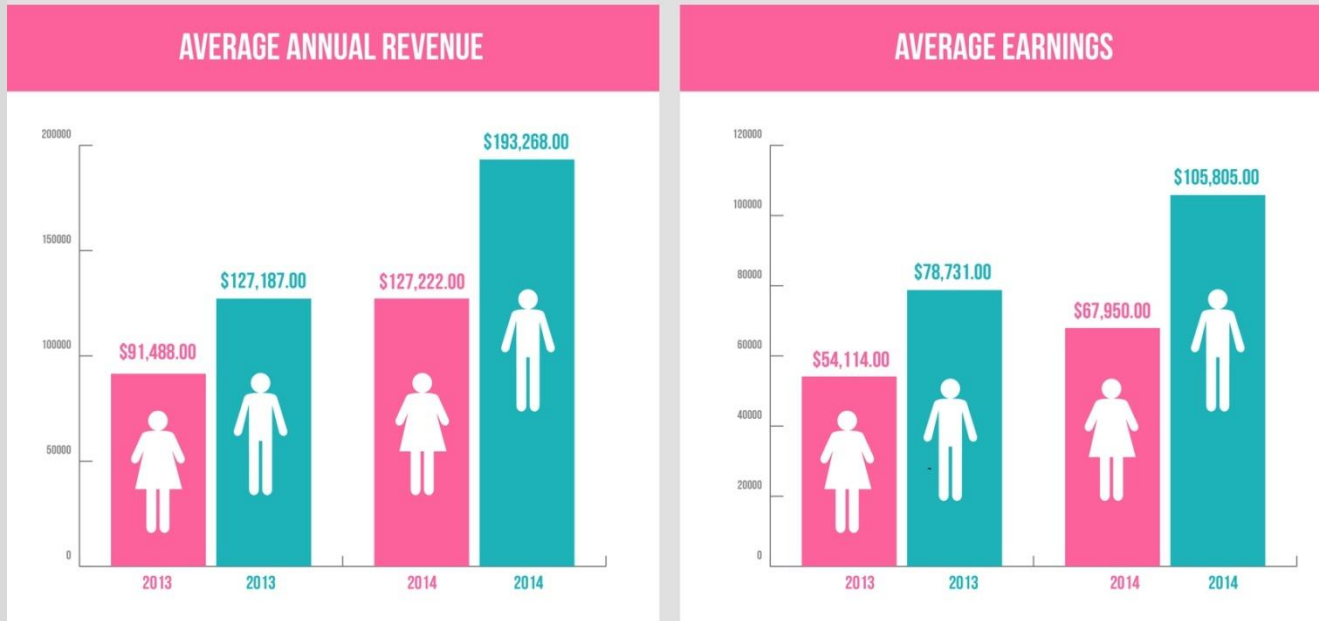
WOMEN OWNED BUSINESSES GAINED IN 2014

ANNUAL REVENUES, PROFITS, AND CREDIT SCORES OF WOMEN-OWNED BUSINESSES IMPROVED IN 2014

Study of 15,000 Companies Finds Average Revenues of Women-Owned Businesses Increased nearly 40% in a Year-to-Year Comparison



Average annual revenues and loan approval percentages of women-owned companies increased significantly in 2014, according to Biz2Credit.com, the leading online credit marketplace, which analyzed more than 15,000 applications from business owners on its platform during the last year.



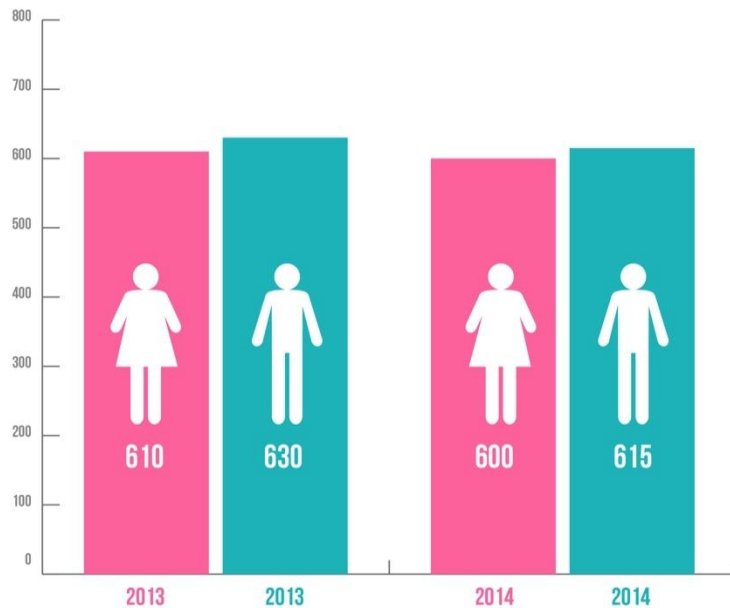
Average annual revenues of women-owned business jumped to \$127,222 in 2014, up from \$91,488 in 2013 and nearly 40% higher in a year-to-year comparison. Meanwhile, average earnings rose to \$67,950 in 2014, up from \$54,114 in 2013.

In comparison, businesses owned by men generated about 50% more revenue (\$193,268) on average than women-owned businesses. Further, average earnings for male-owned businesses were 55% higher (\$105,805) than for companies owned by females.

"Our analysis shows that a gender gap still exists, despite the increased profitability that we are seeing with women-owned businesses, in recent years. However, women entrepreneurs should feel a sense of optimism, as the numbers indicate that the gap is narrowing."

- Biz2Credit CEO Rohit Arora

AVERAGE CREDIT SCORE

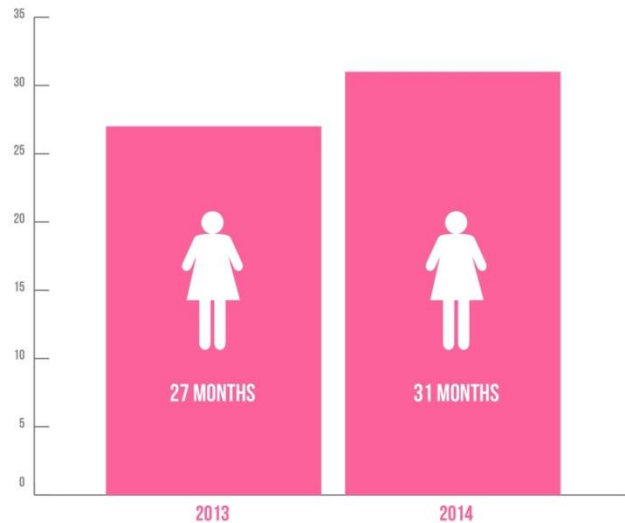


Meanwhile, average credit scores for women-owned companies dropped slightly below 600 in 2014, down from 610 in 2013.

Meanwhile, average credit scores were 15 points higher for businesses owned by men (615) in 2014. However, average credit scores for male-owned businesses also dropped from 630 to 615.

"More and more business owners are seeking credit because of improved economic conditions, although realistically not everyone is creditworthy. During the good times, more people are involved in the lending mix, many banks will not even consider granting a small business loan to companies that have credit scores under 600, so these types of business owners are forced to resort to higher-cost alternatives to funding." - Biz2Credit CEO Rohit Arora

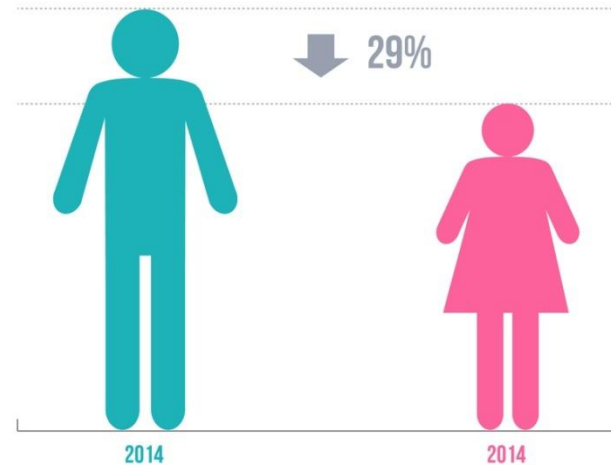
AGE OF BUSINESSES



The Biz2Credit report showed that 36% more women-owned companies sought funding on the Biz2Credit platform in 2014 than in 2013. The average age of women-owned businesses applying for funding in 2014 was 31 months, up from the average age of businesses owned by women 27 months in 2013.

"These are great signs of the growth in small business confidence. Small businesses do not apply for funding unless they believe they can repay their debts." - Biz2Credit CEO Rohit Arora

APPROVAL RATES FOR BUSINESSES



Approval rates for women-owned businesses were 29% lower than for male-owned businesses.

"In 2014, we saw male entrepreneurs return to the credit market after sitting out for a while. Generally, they owned longer established, more creditworthy businesses. This accounts for much of the difference in approval rates." - Biz2Credit CEO Rohit Arora

KEY FINDINGS

- Average earnings for women-owned businesses rose to \$67,950 in 2014 from \$54,114 in 2013, an improvement of more than 25%.



- 36% more women-owned businesses applied for credit in 2014 than in 2013.
- The average credit score for women-owned companies dropped from 610 in 2013 to 600 in 2014.
- Retail trade businesses represented 19.85% of the women-owned companies in the study, the largest category of businesses.

STATISTICS

WOMEN-OWNED VS. MALE-OWNED BUSINESSES

- Women to Men Ratio: 26% (4,061) vs. 74% (11,480) registrations on Biz2Credit.com in 2014.
- Average Annual Revenue for women-owned businesses (\$127,222) was \$66,045 lower than the annual revenue of male-owned companies (\$193,267) in 2014.
- Average Operating Expenses: Women-owned businesses tended to have slightly higher average operating expenses. Expenses were 47% of earnings for women-owned businesses; 45% for male-owned companies.
- Average Credit Score: On an average, the credit scores for women-owned businesses (600) were 15 points lower than male-owned companies (615). The difference was 20 points in 2013.
- Average Age of Business (in months): 31 vs. 37 for male-owned companies (the age of businesses applying for loans was lower for women-owned businesses).

BIZ2CREDIT CITED THE FOLLOWING REASONS FOR THE IMPROVEMENT OF THE FORTUNES OF WOMEN ENTREPRENEURS

- The overall improved economy has made it easier for women-owned businesses to get loans.
- Peer-to-Peer or "Marketplace Lending" by institutional investors in the small business credit marketplace is changing the industry. While big bank lending is up, they tend to focus on larger amounts. Marketplace lenders are charging attractive interest rates and offering longer terms, thereby taking market share from factors and cash advance companies.
- With experience, women-owned businesses have become more competitive, more efficient, and more cost effective than ever before.
- Online lending portals have made it easier for borrowers to reach banks, marketplace lenders, micro lenders and other types of financial institutions.
- Startup costs of all types of businesses have gone down. Companies don't need big offices, and many of them are hiring part-time employees who can work virtually from home on their laptops or tablets and smart phones.



Male-owned vs. Female-owned Companies

- Male-owned companies generated more than 50% revenue, earnings
 - Average male business revenue in 2014 was \$193,267
 - Average earnings for businesses owned by men were \$105,805
- Average credit scores of women entrepreneurs dropped from 610 to 600 in 2014
 - Study found business credit scores were 15 points higher for men
- Approval rates 29% lower for women-owned companies
- Average Age of Business (in months): 31 for female-owned companies vs. 37 for male-owned companies

"Our analysis shows that a gender-gap still exists, despite the increased profitability that we are seeing with women-owned business in recent years."



Choosing the Right Business Structure

- **Sole Proprietorships**

- Owner remains personally liable for lawsuits filed against the business
- No state filing required to form a sole proprietorship
- Easy to form and operate
- Owner reports business profit and loss on their personal tax return

- **Limited Liability Companies (LLCs) & Corporations (C-Corps)**

- Independent legal structures separate from their owners
- Help separate your personal assets from your business debts
- There are certain tax advantages of incorporation that your CPA can detail for you.



Why Incorporate?

- **Personal asset protection**
 - Allows owners to separate and protect their personal assets
- **Credibility and name protection**
 - Adding "Inc." or "LLC" after your business name adds legitimacy
- **Perpetual existence**
 - Corporations and LLCs continue to exist even if ownership or management changes.
- **Tax flexibility**
 - Owners of LLCs can be elected to be taxed as a corporation.
 - Corporations can avoid double taxation of corporate profits and dividends by electing Subchapter S tax status
- **Deductible expenses**
 - Both corporations and LLCs may deduct normal business expenses, including salaries, before they allocate income to owners



- **Banking Developments**

- Businesses trending towards increased payment security and mobile payment acceptance
- More payroll cards will be introduced

- **Employee Retirement Packages**

- U.S. Treasury to introduce new optional workplace savings programs
- Incentives for small businesses to open retirement plans

- **Taxation Issues**

- Tax Increase Prevention Act of 2014 signed into law
- Bonus depreciation and accelerated expensing of asset purchases



Q&A

For any other queries, you can reach out to us at 800-200-5678 or write to us at info@biz2credit.com.
You can also tweet your questions to us, [@biz2credit](https://twitter.com/biz2credit)

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