



## business philosophy

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# The Case For Women Business Owners

**T**he **U.S. Small Business Administration** recently released proposed regulation that would establish the framework for a new program intended to augment the amount of business the federal government awards to women business owners. The Women-Owned Small Business Federal Contract Assistance Program would establish restricted competition, in which specific requests for proposals that meet certain criteria can be designated for competition among women-owned businesses. The following is an enumeration of how we got to this point and why the time is right for such a program.

**The current situation.** The proposal mentioned has come about in response to legal pressure from women business owners concerned and frustrated about the lack of accountability from the federal government in meeting purchasing goals. For the last 12 years the government has failed to reach the five percent procurement goal for women-owned businesses, established by the Federal Acquisition Streamlining Act of 1994. Only 2-3 percent of federal contract dollars have been awarded to women-owned firms. Yet, women are majority owners in about one-third of all privately held businesses. This represents 6.9 million companies with annual revenues exceeding \$1.8 trillion. There is no question women business owners are under-represented in the federal procurement process.

**Business size is not the issue.** To put government contracting into perspective, a company does not need to be a multimillion-dollar entity to be able to provide goods and services to the government—federal, state, or local. Woman-owned firms, like all small firms, perform both as prime contractors and subcontractors to the government. Approximately 25 percent of all federal procurement dollars is spent with small business, which exceeds the 23 percent goal for utilizing small business vendors.

**Statistics show that women-owned companies are prepared and able but under utilized.** When considering why procurement dollars spent with women business owners is

such a small percentage, it is reasonable that some might question the capacity of women-owned businesses to perform at the levels required to be a vendor to the government. An analysis of data from a study by the **Federal Reserve Board** gives insight into this query. The study concluded that when comparing the relative capacity of women-owned firms to all small firms, between 14 and 24 percent of the overall business capacity in the U.S. is contributed by women-owned firms. Clearly these figures are far above the current 2-3 percent awarded to women owners by the federal government.

**Public money is different from private money.** There are no easy answers, but one perspective that adds clarity is to make a distinction between public- and private-sector dollars. Public money is tax dollars and women business owners pay significantly into this pool. It is only fair that as business owners, they should expect to share in the allocation of tax dollars spent with private industry.

**Women business owners are not asking for a handout.** “I would much rather be getting business because people are pleased with our performance, than because we are woman-owned,” is a pervasive sentiment. Women business owners are asking for the opportunity to prove they can provide quality products and services with pricing equal to or less than the current vendors used by the federal government. A proactive, yet limited program that provides women business owners with better access to the government procurement process is needed.

**Local update.** Missouri has had a women business enterprise procurement goals program for several years. It was interrupted and relaunched last year due to a lawsuit. Kansas City has a program in place, but it is currently lacking basic data gathering and reporting tools to measure its effectiveness. Kansas currently has no program to track women-owned vendor procurement.

Data quoted from the **National Women Business Owners Corporation** ([nwboc.org](http://nwboc.org)), the **Small Business Administration** ([sba.gov](http://sba.gov)) and the **Center for Women Business Research** ([cfwbr.org](http://cfwbr.org)). **KCB**



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