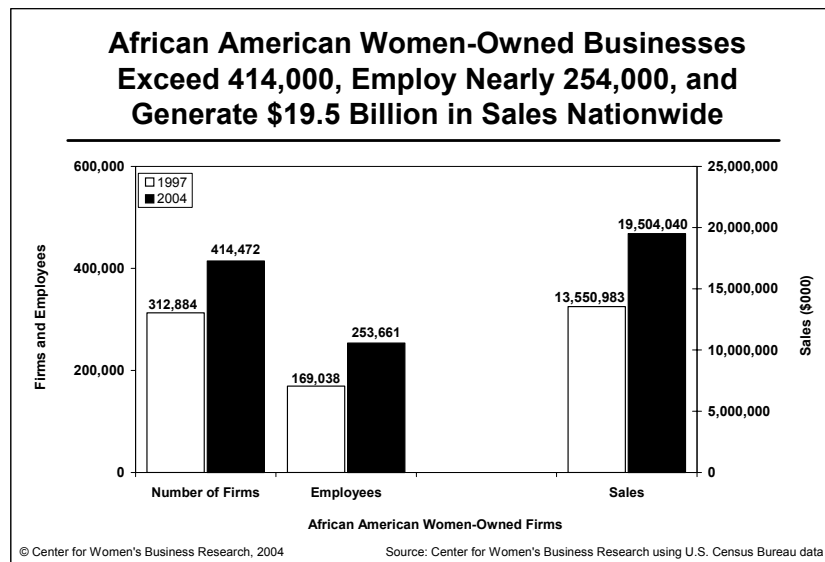




African American Women-Owned Businesses in the United States, 2004: A Fact Sheet

In this fact sheet, the Center for Women's Business Research presents the most up-to-date information currently available on privately-held,¹ majority-owned (51% or more)² African American women-owned businesses in the United States. Analyzing data provided by the U.S. Bureau of the Census, the Center projects (for a complete explanation, see *Methodology*) the following statistical portrait of majority-owned, privately-held African American women-owned businesses in 2004.

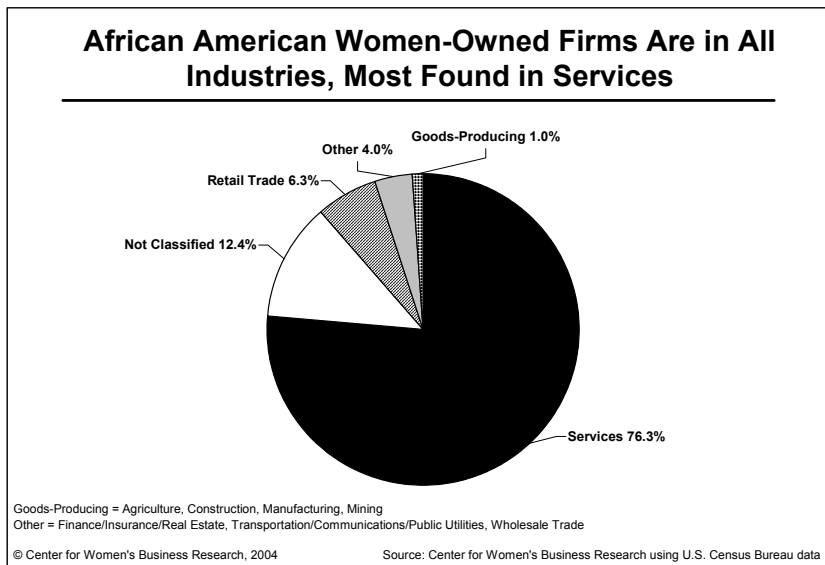
- As of 2004 there are an estimated 414,472 majority-owned, privately-held firms owned by African American women in the U.S., employing nearly 254,000 people and generating \$19.5 billion in sales.
- Between 1997 and 2004, the number of African American women-owned firms has increased by 32.5%, employment has grown by 50.1%, and sales have risen by 43.9%.



¹ Privately-held firms include firms with and without paid employees. These exclude publicly-held, foreign-owned and nonprofit businesses.

² In other publications the Center also describes 50% or more women-owned firms and equally (50-50) men- and women-owned firms, but due to limitations in the underlying Census data, estimates for women of color are provided only for firms that are majority (51% or more) women-owned.

- Over one-quarter (29.0%) of firms majority-owned by women of color are owned by African Americans. Firms owned by African American women now represent 6.2% of all majority women-owned firms in the U.S.
- Two in five (39.1%) of all African American owned firms are owned by women. African American women-owned firms employ 31.5% of the workers in African American owned firms and generate 20.4% of the sales.
- Over three-quarters (76.3%) of African American women-owned firms are in the service sector; 6.3% are in retail trade; and 2.3% are in finance/insurance/real estate. A substantial portion are in unclassified industries (12.4%).
- The greatest growth by industry in the number of African American women-owned firms from 1997 to 2004 was in services (42.6%). There was also substantial growth in unclassified industries (32.5%).



**Majority-Owned, Privately-Held African American
Women-Owned Firms in the U.S., 2004**

	African American Owned Firms		African American Women-Owned Firms	
	Women-Owned Firms	All Firms	% Change 1997-2004	% Share of All African American Owned Firms
Number of Firms	414,472	1,059,548	32.5	39.1
Employment	253,661	806,465	50.1	31.5
Sales (\$000)	19,504,040	95,685,876	43.9	20.4

Source: Center for Women's Business Research using U.S. Bureau of the Census data.



Majority-Owned, Privately-Held African American Women-Owned Firms by Industry: 1997–2004			
	1997	2004	% Change 1997–2004
Total U.S.			
Number of Firms	312,884	414,472	32.5
Employment	169,038	253,661	50.1
Sales (\$000)	13,550,983	19,504,040	43.9
Industry			
Agriculture Services			
Number of Firms	1,139	652	-42.8
Employment ^a	750	1,209	61.3
Sales (\$000)	56,103	NA	-
Mining			
Number of Firms ^c	44	-	-
Employment	60	NA	-
Sales (\$000)	6,068	NA	-
Construction			
Number of Firms	3,294	1,594	-51.6
Employment	4,971	3,764	-24.3
Sales (\$000)	509,604	415,887	-18.4
Manufacturing			
Number of Firms	2,567	1,713	-33.3
Employment	2,975	1,384	-53.5
Sales (\$000)	289,881	225,691	-22.1
Transportation, Communications and Public Utilities			
Number of Firms	7,810	6,762	-13.4
Employment ^a	10,011	18,177	81.6
Sales (\$000)	493,113	NA	-
Wholesale Trade			
Number of Firms	1,840	213	-88.4
Employment ^c	1,974	-	-
Sales (\$000)	1,002,928	734,099	-26.8
Retail Trade			
Number of Firms	35,366	24,918	-29.5
Employment	17,607	9,490	-46.1
Sales (\$000)	1,961,236	2,196,113	12.0

Majority-Owned, Privately-Held African American Women-Owned Firms by Industry: 1997–2004			
	1997	2004	% Change 1997–2004
Finance, Insurance and Real Estate			
Number of Firms	12,671	8,884	-29.9
Employment	3,873	3,285	-15.2
Sales (\$000)	632,227	583,216	-7.8
Services			
Number of Firms	211,353	301,369	42.6
Employment	124,258	207,711	67.2
Sales (\$000)	7,869,760	13,079,826	66.2
Industries Not Classified			
Number of Firms ^b	36,813	48,766	32.5
Employment ^{ab}	2,462	3,695	50.1
Sales (\$000) ^b	730,060	1,050,781	43.9

Source: U.S. Bureau of the Census and the Center for Women's Business Research.

NA - Not available. For sales, data for C corporations were withheld by the Census for 1997 and thus a growth rate from 1992 to 1997 could not be established or extended to 2004. For employment, data from the Census for C corporations were published as a range where the midpoint exceeded the number of all firms. A 2004 projection could not be made from the data available from the Census.

^a Midpoint of range used for finding number of C corporations.

^b Growth rate was assumed to be the same as for all firms.

^c Projections and growth rates omitted due to negative estimates.



Methodology

This fact sheet provides 2004 estimates for the number, employment, and sales of majority-owned (51% or more), privately-held businesses owned by women of color in the United States. The estimates are projections based on the most recent available data from the Census Bureau's *1997 Survey of Minority-Owned Business Enterprises*.

The process of obtaining these estimates involved two main steps, as detailed below. Due to changes in the way the Census Bureau defined a woman-owned business in 1997, the available data from 1992—which were used to calculate the relevant growth rates between 1992 and 1997—were not strictly comparable. Thus, as a first step, the Center for Women's Business Research adjusted the data for comparability. The second step involved projecting the 1997 published Census data forward to 2004.

Data Adjustments

In their 1997 reports on minority- and women-owned businesses, the Census Bureau counted only privately-held firms in which women or minorities owned at least 51% of the business. These data were not directly comparable to data gathered in 1992, when publicly traded firms and 50% ownership had been included. The Census provided the Center with reconfigured 1992 data for greater compatibility with 1997.

In this reconfiguration, the Census excluded C corporations from the 1992 data in order to approximate the effect of excluding publicly-traded firms in 1997. The Center adjusted the 1997 data to exclude C corporations as well in order to obtain comparable growth rates, but then included C corporations in the final projections.

In order to adjust for the 1997 definition of ownership, the Center excluded firms from 1992 that were only 50% woman- or minority-owned, so that all firms in these analyses were owned at least 51% by women or minorities.

In 1992, for all racial or ethnic minorities except African Americans, the Census Bureau took a supplemental sample in order to estimate the number of minorities not captured in the original sample. The Census considered

this undercount sample to be too small to include in their detailed analyses, but for the purposes of this update the Center applied the "undercount boost" to 1992 firms and sales data where applicable in order to approximate the effects of including the undercount sample.

Finally, the 1997 reports separated Asian & Pacific Islander firms and Native American & Alaska Native firms, when previously these two groups had been combined. The Center combined the two groups' 1997 data to estimate growth rates, but then applied the growth rates to the two groups separately in order to make separate projections. In cases where the Census was unable to report data for one of the groups (due to numbers not meeting publication standards), data for one group were used to calculate growth rates for both.

Projections 1997–2004

Based on the adjustments detailed above, the Center for Women's Business Research projected the 1997 published Census data forward to 2004 following some general assumptions. The first assumption was that growth rates between 1992 and 1997 would continue at linear rates through 2004; (2) the growth rates in the number, employment and sales of C corporations would be proportional to the growth rates of other firms; (3) the percentage of women-owned C corporations within each minority group would equal the percentage of women-owned C corporations within all minority firms; (4) the percentage of women- or minority-owned C corporations at the state level would equal the percentage of women- or minority-owned C corporations at the national level.

There were some instances in which the Census Bureau could not report a 1992 to 1997 growth rate for women-owned firms in general, since the confidence interval for the rate included 0 and could have been slightly positive or slightly negative. In these cases, as noted, the assumption was made that the growth rate was 0 for all firms owned by women of color as well.

In some instances the Census Bureau reported a range rather than an exact number; in these cases, as noted, the midpoint of the range was used. In cases where the midpoint of a range was higher than the maximum possible value, or where data were withheld by the Census Bureau, the data were omitted and no projections were calculated.

This method did not take into account changes in economic conditions between the 1992–1997 period and the 1997–2004 period. While the assumption of a consistent growth rate between the two time frames has its limitations, there is no clearly superior alternative based on available data. Available data on business growth for the 1997–2004 period are heavily influenced by large, publicly-traded firms, and thus are not necessarily a superior indicator of growth among privately-held, women-owned businesses.

The 2004 projections in this report were produced using a methodology that differs in several respects from the methodology used for the 2002 projections, and therefore the estimates in the two reports are not directly comparable. In addition, the term "minority" has been replaced by "women/persons of color" due to the Center's usage of the word "majority" to indicate 51% or greater ownership of a firm.

For further information about this fact sheet or other publications highlighting trends among women-owned businesses, please contact the Center for Women's Business Research at: 1411 K Street, NW, Suite 1350, Washington, DC 20005-3407; phone: 202-638-3060; fax: 202-638-3064; e-mail: info@womensbusinessresearch.org. Visit our Web site at: <http://www.womensbusinessresearch.org>.

