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## Outlook of Female Business Owners and Ethnic Minority-Owned Small Businesses

### 2004 Small Business Monitor by OPEN from American Express<sup>SM</sup>

	Small Businesses Overall	Among Female Business Owners	Among Ethnic Minority-Owned Businesses
Increase investments in business	60%	58%	70%
Willingness to take financial risk	63%	58%	69%
Do Not Anticipate cash flow issues	48%	38%	31%
Hiring in the next six months	35%	36%	57%
Making capital investments	61%	55%	71%

### Highlights of Female Owned Businesses

#### Capital Investments

- More than half, 55%, of female business owners (vs. 61% of men) will make capital investments over the next six months, including technology, 60%; office equipment, 20%; office furnishings, 12%; manufacturing/production equipment and real estate investments, 9% each.

#### Technology Investments

- Eighty-two percent of female business owners (87% of men) anticipate technology purchases in the next six months. Purchases will include PCs, 53%; software, 30%; printers, 25%; PDAs, 8%; servers, 7%; or peripherals, 6%.

#### Financial Risk

- Among the 58% of female business owners who are willing to take financial risks (63% of men) to help grow their business, 48% will only take moderate risks, 7% will take above average risks, and 4% will take significant financial risks.

#### Cash Flow

- Thirty-eight percent of female business owners do not anticipate cash flow issues in the next six months.

Among the 60% of female business owners who anticipate having cash flow issues in the next six months, 22% (vs. 21% of men) will obtain and use a line of credit to address these issues, 20% will either use a charge card or put off purchases (vs. 16% and 33% of men respectively), 12% will take out a short term loan (vs. 9% of men), and 9% lease business equipment (vs. 4% of men).

#### Advice from Outside Sources

- Over one-quarter, 27%, of female business owners turn to their accountant for business advice (vs. 15% of men). Others consult other business people, 18% (24% of men), family members, 17% on how to grow your business (17% for men), business consultant/planner, 9% (5% for men).

#### Hiring Plans

Thirty-six percent of female business owners (32% of men) are planning to hire in the next six months. Most need to hire to handle their growing business, 81%, and to increase business volume, 68%. Others are hiring due to a new business venture, 48%; need seasonal help for the summer, 31%; or they have finally found the right candidate for the position, 21%.

#### Challenges to Growth

- One-quarter of female business owners say the biggest challenge they face in growing their business is that they are too busy satisfying existing business to find new customers (vs. 16% of men). Other challenges include uncertain economic conditions, 17% (19% for men), budgetary limitations, finding the right staff and the rising costs of doing business, 11% each (7%, 11%, 11% for men respectively). They also mention financing, 9% (12% for men) and government regulations, 5% (14% for men).

### **Highlights of Ethnic Minority Owned Businesses**

#### Capital Investments

- Seventy-one percent of ethnic minority-owned businesses will make capital investments over the next six months, including technology, 94%; office equipment, 33%; office furnishings, 19%; manufacturing/production equipment, 15%; and real estate investments, 14%.

#### Technology Investments

- Eighty-five percent of ethnic minority-owned businesses anticipate technology purchases in the next six months. Purchases will include PCs, 58%; software, 30%; printers, 21%; servers, 16%; PDAs, 13%; or peripherals, 10%.

#### Financial Risk

- Among the 69% of ethnic minority-owned businesses who are willing to take financial risks to help grow their business, 46% will only take moderate risks, 14% will take above average risks, and 10% will take significant financial risks.

#### Cash Flow

- Thirty-one percent of ethnic minority-owned businesses do not anticipate cash flow issues in the next six months, down from 37% in October 2003, but up from 27% in October 2002.
- Among the 67% of ethnic minority-owned businesses anticipate having cash flow issues in the next six months. One quarter will put off purchases in order to address these issues, 22% will obtain and use a line of credit, 17% will use a charge card, 13% will take out a loan, and 4% will lease, rather than

purchase, business equipment.

#### Advice from Outside Sources

- Twenty-two percent of ethnic minority-owned businesses turn to other business people and counterparts in other companies for business advice on how to grow your business. They also consult their accountant, 18%, business consultants/planners, 16%, family members, 9%, or their attorneys, 5%.

#### Hiring Plans

- Over half, 57%, of ethnic minority-owned businesses plan to hire in the next six months, up from 40% in October 2003 and 2002. Most need to hire to handle their growing business, 94%; to increase business volume, 87%; are hiring due to a new business venture, 60%; they have finally found the right candidate for the position, 24%; or they need seasonal help for the summer, 23%.

#### Challenges to Growth

- Sixteen percent of ethnic minority-owned businesses view both, the uncertain economy and finding the right staff, as the biggest challenges they face in growing their business. Other challenges include being too busy satisfying existing business to find new customers, 15%, government regulations, 14%, financing and the rising costs of doing business, 13% each, and budgetary limitations, 5%.

#### **Survey Methodology**

The OPEN Small Business Network Semi-Annual Monitor, released each April and October, is based on a nationally representative sample of 773 small business owners/managers of companies with fewer than 100 employees. The survey was conducted via telephone by International Communications Research (ICR) from September 13- September 27, 2004. The poll has a margin of error of  $\pm 3.5\%$ .

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