



Annual Women- Owned Business Study 2022



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Executive Summary

Biz2Credit's 2022 Women-Owned Business Study is an annual review of the financial performance of women-owned small to mid-sized companies in the United States. The Study reviews tens of thousands of credit inquiries and applications from small and mid-sized businesses across the country for the full prior year (2021).

Results from The Study are a trusted source of insight on the performance of women-owned private companies over the past 12 months. The Study is frequently cited in major publications covering finance and the American economy.

Introduction

Analysis of 100,000 Firms Finds Revenues and Earnings Down; Texas and Georgia are the Top States for Loan Requests from Women-Owned Firms.

The annual Biz2Credit Women-Owned Business Study found that revenues and earnings dropped for women-owned firms in 2021

Women-owned business earnings averaged \$88,895, lower than in 2020, and \$47,152 less than the average for male-owned firms (\$136,147) in 2021. The analysis also revealed that the average credit score (580) for a female business owner decreased from 588 last year, and was 14 points lower than the average score of a male business owner (594) in the study.

The Biz2Credit study reviews 100,000 credit inquiries from across the country for the full prior year (2021) and examined the financial performance of women-owned small to mid-sized companies in the United States. Despite austerity imposed by the COVID-19 pandemic many women-owned businesses continue to find growth opportunities.

During 2021, the effects of the pandemic were especially notable for women-owned companies, many of whom have been historically less well-financed compared to men-owned firms.

“The cost of doing business rose significantly in 2021, particularly labor costs, fuel costs, and raw materials and inventory prices, which skyrocketed because of supply chain disruption. These economic pressures hurt women-owned firms especially hard. Supply chain shortages negatively impacted the earning potential of small businesses.

Further, the emergence of the Omicron variant at a time when the first wave of COVID began to wane and the persistence of restrictions hurt small businesses. This resulted in the reluctance of consumers to patronize restaurants, Broadway theaters and other entertainment venues, and travel and tourism-related businesses.

Rohit Arora CEO, Biz2Credit

”

Overall Growth of Women-Owned Businesses

There are an estimated **13 million women-owned businesses** in the U.S. employing nearly 10 million people making.

From 2014-2019, the number of firms owned by women of color increased by 43%, according to American Express's State of Women-Owned Businesses Report.

Women-owned businesses generated nearly \$1.9 trillion in annual revenue according to the Census Bureau.



KEY FINDINGS

Key Findings:

Business Performance Measures

Average annual revenue for women-owned businesses dropped from \$493,401 in 2020 to \$475,707 in 2021, a 4% decline.

Average earnings (Annual Revenue - Operating Expenses) of women-owned businesses has decreased by 26% i.e., \$88,895 in 2021 from \$119,654 in 2020.

- > This is largely due to a 4% decline in overall annual revenue and a 3% increase in operating expenses.

Average credit score for women decreased from 588 in 2020 to 580 in 2021

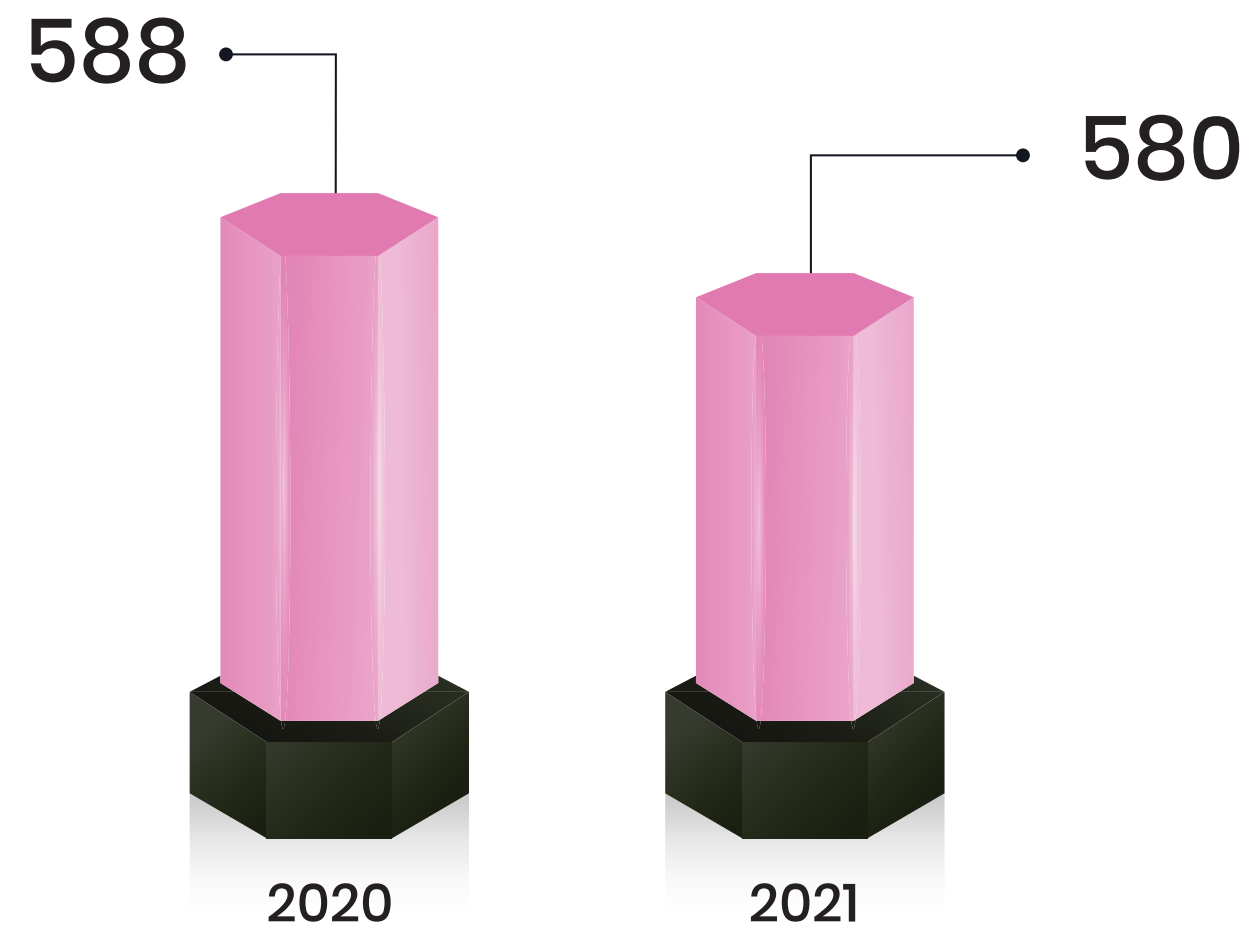
Texas was the state where the most business loan applications originated (10.84%).

The funding acceptance rate was quite consistent for men-owned businesses (41%) and women-owned businesses (40%).

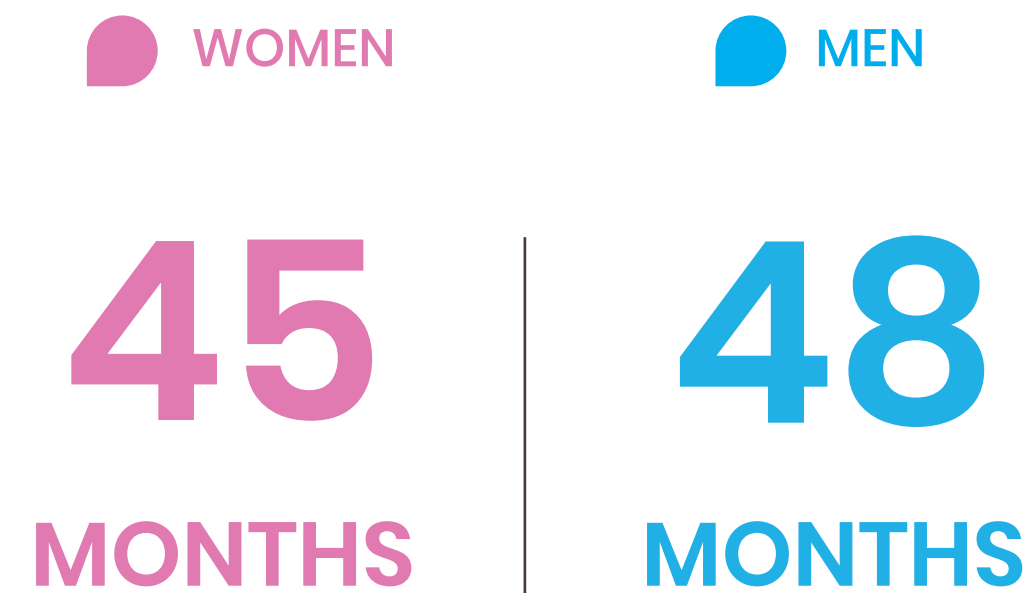


Comparison: Women-Owned Businesses & Men-Owned Businesses

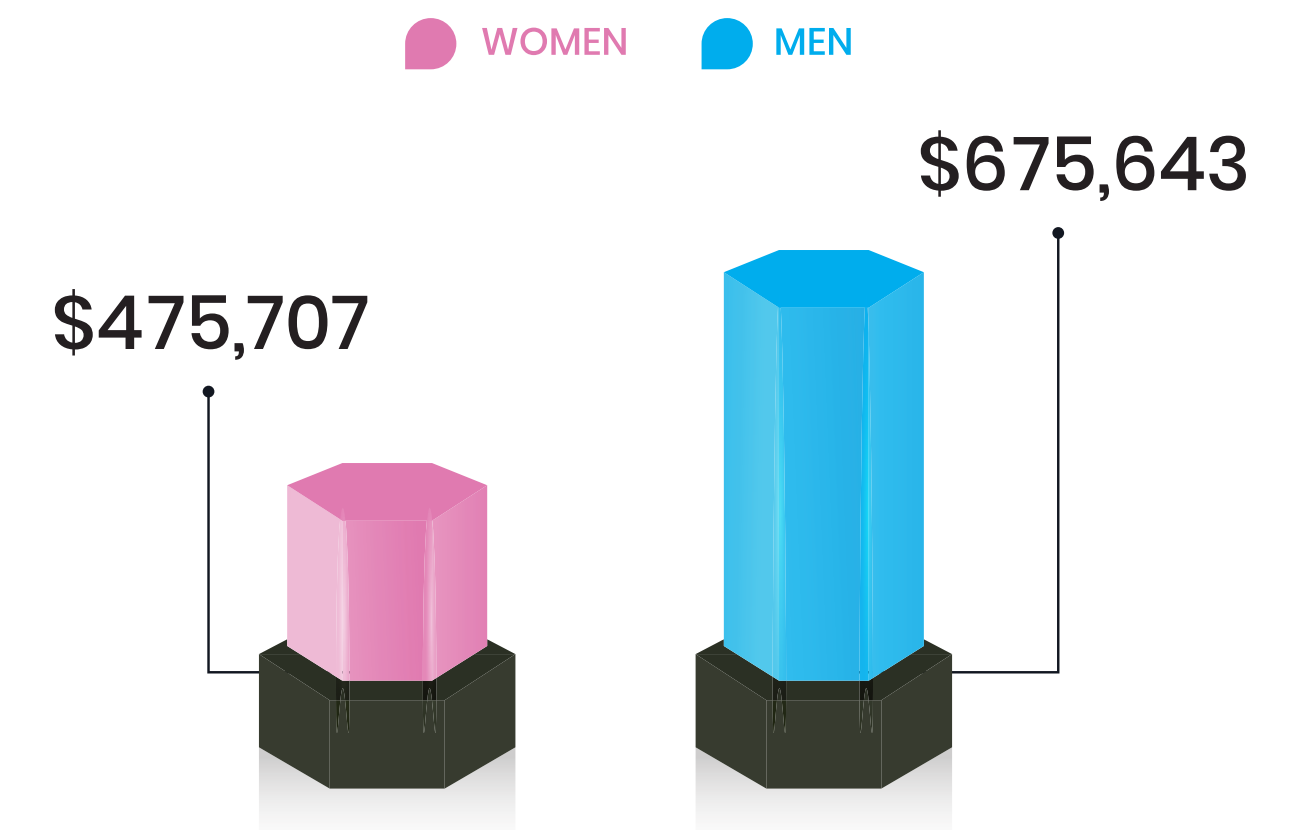
Average credit score for women decreased from 588 in 2020 to 580 in 2021



Average age of business (in months) for women-owned businesses decreased from 56 in 2020 to 45 in 2021.



Women-owned businesses (\$475,707) earned \$199,936 less on average than male-owned businesses (\$675,643) in 2021.



Men-owned businesses outperformed women-owned across all 3 categories but followed the same downward trend compared to 2020.

Women-Owned vs. Men-Owned Businesses Average Earnings

Average earnings (annual revenue - operating expenses) of women-owned business has declined by 26% i.e, \$88,895 in 2021 from \$119,654 in 2020-outpaced by men-owned businesses which had a decline of 12%.

Average annual revenue declined by 4%, i.e, \$475,707 in 2021 from \$493,401 in 2020-outpaced by men-owned businesses which had a decline of 2%.

Average operating expenses increased by 3%, i.e. \$373,748 in 2020 to \$386,712 in 2021-outpaced by men-owned businesses with an increase of 1%.

Average Earnings of Woman-Owned Businesses 2020 vs. 2021



Women-Owned Business vs. Men-Owned Firms

(Year-over-Year Comparisons)

During the pandemic, businesses all over the world fell in key categories. However, on average women-owned businesses dropped more than its men-owned business counterpart for revenue and earnings.

Year over year for women-owned business shows a decline in overall annual revenue by 4% and an increase in operating expenses by 3%.

Key Categories	Women YoY % Difference	Non-women YoY % Difference
Avg Annual Revenue	-4%	-2%
Avg Operating Expenses	+3%	+1%
Avg Earnings	-26%	-12%
Avg Credit Score	-1%	-3%
Avg Age of Business (in Months)	-19%	-26%

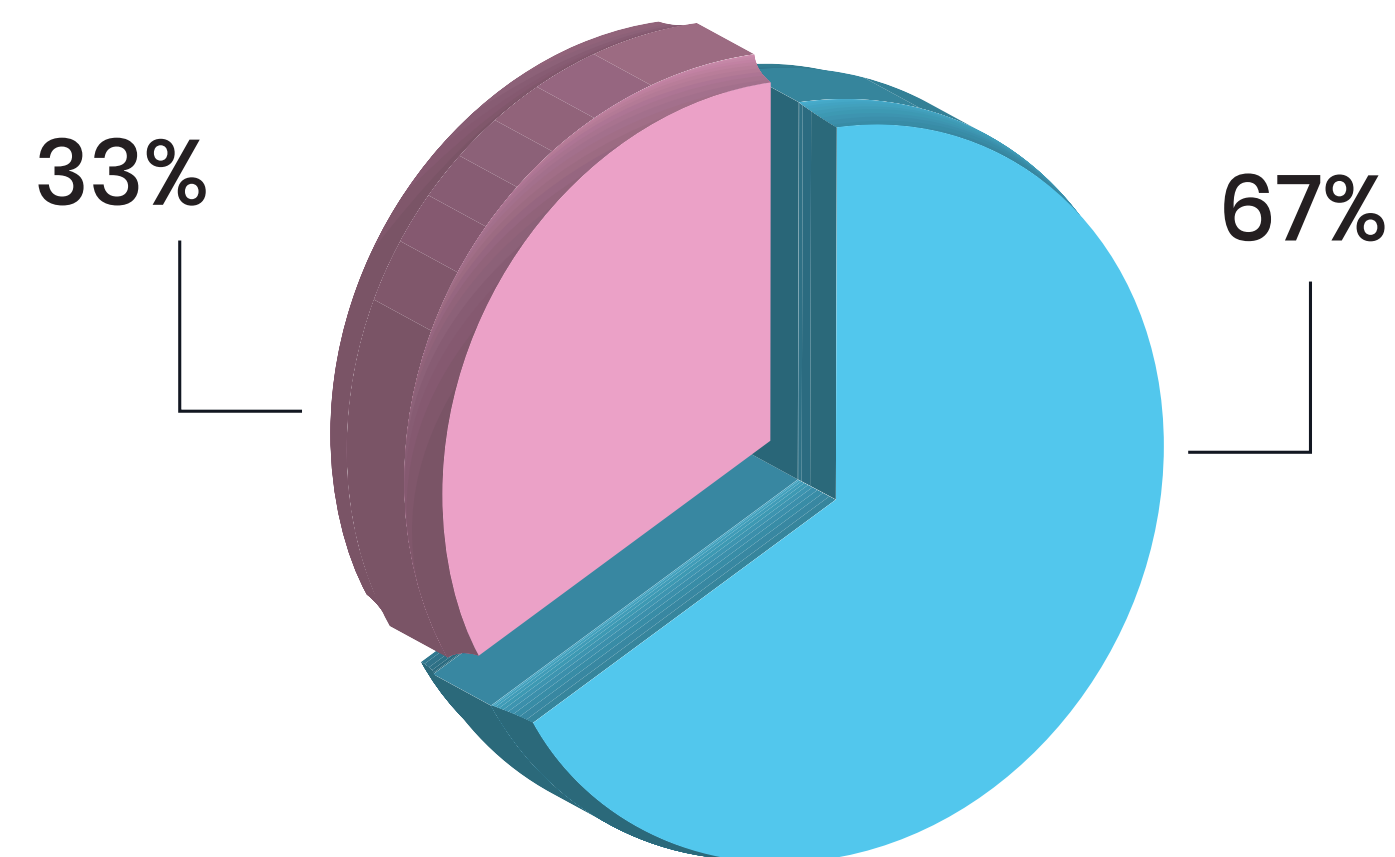
Women-Owned vs Men-Owned Financing Applications in 2021

Completed applications for credit from women-owned businesses increased by 5% in 2021 (33%*) as compared to 2020 (28%).

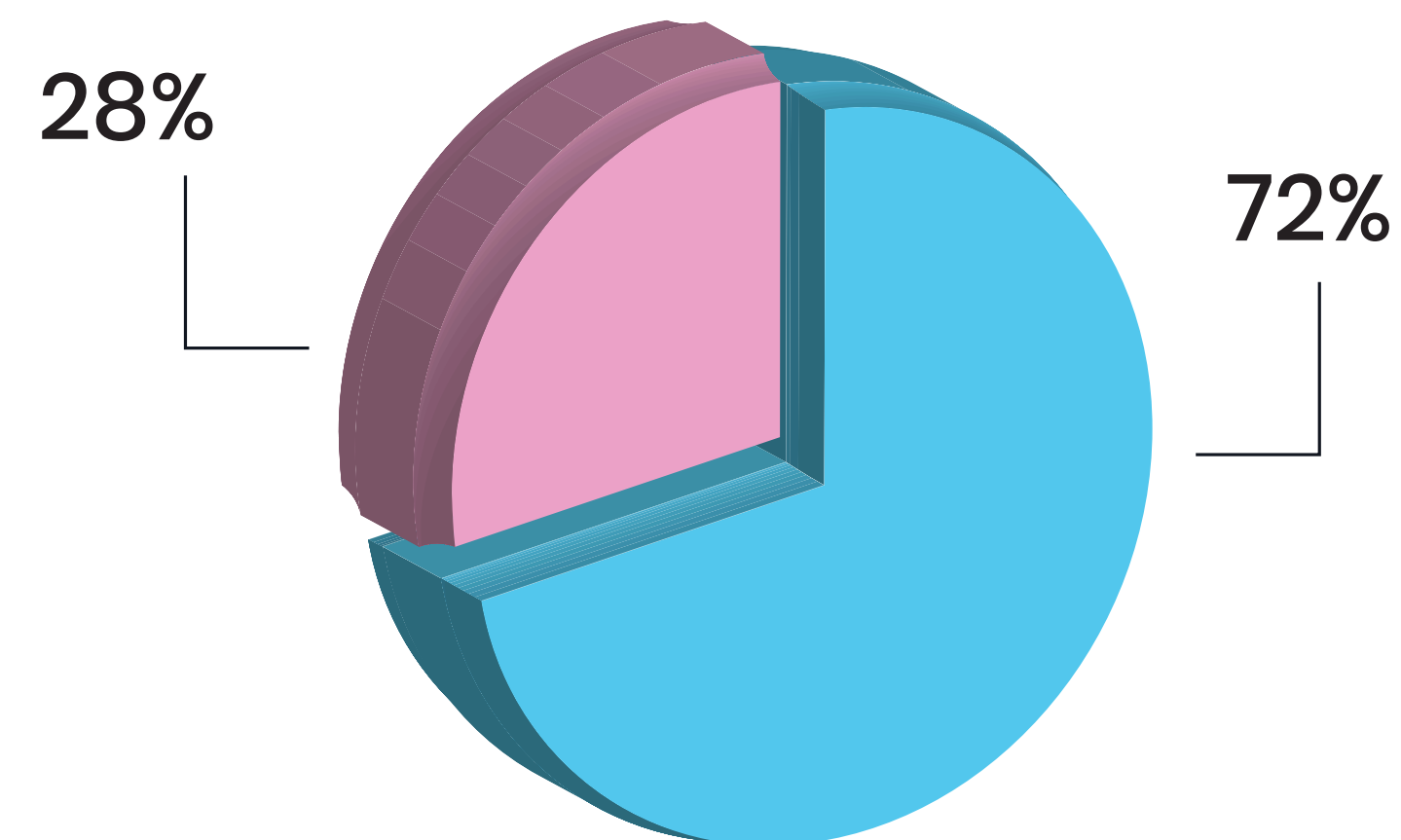
WOMEN

MEN

2021 Completed Apps



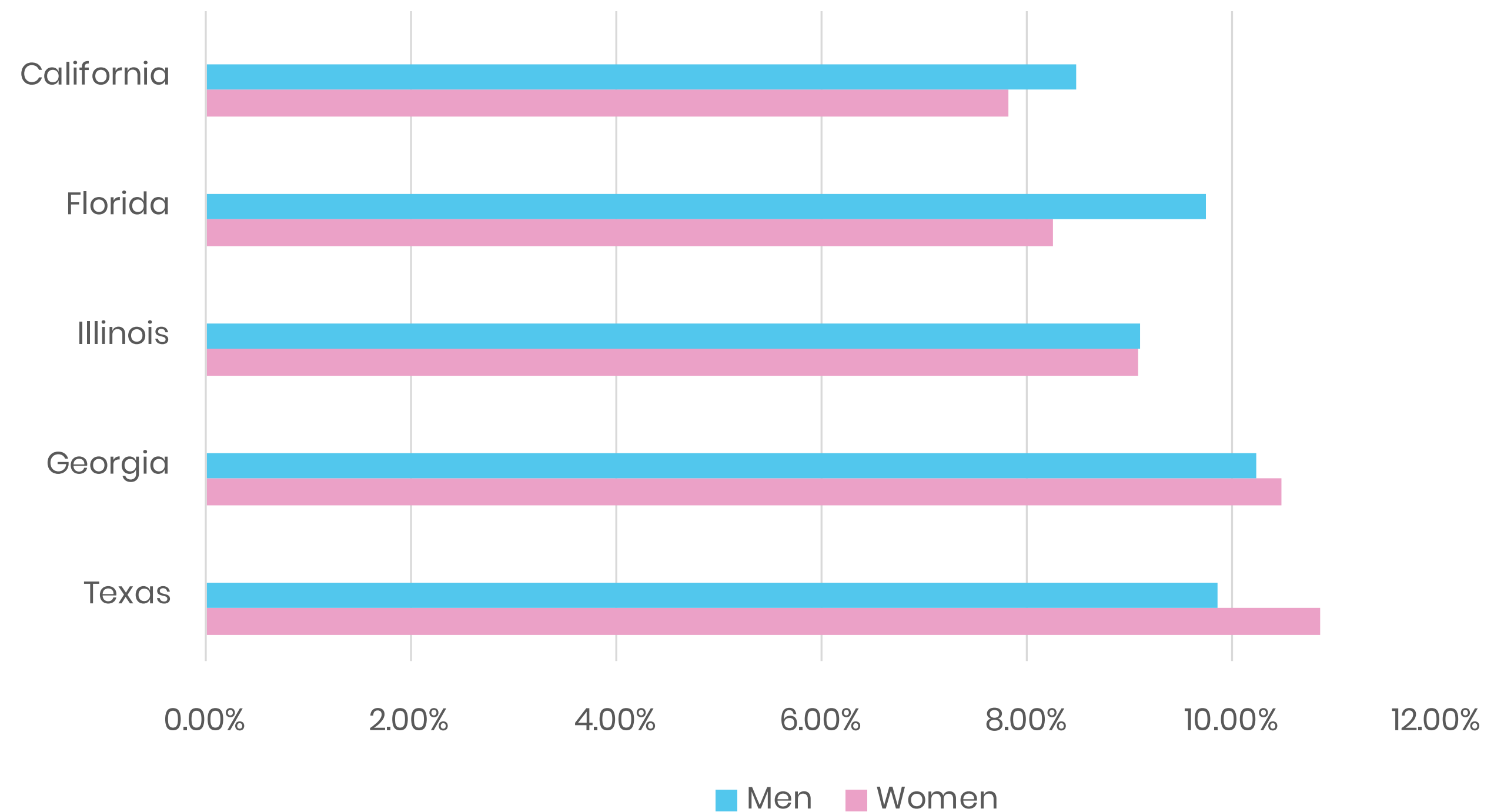
2020 Completed Apps



*% out of all completed applications with business owners that self-identified gender that year

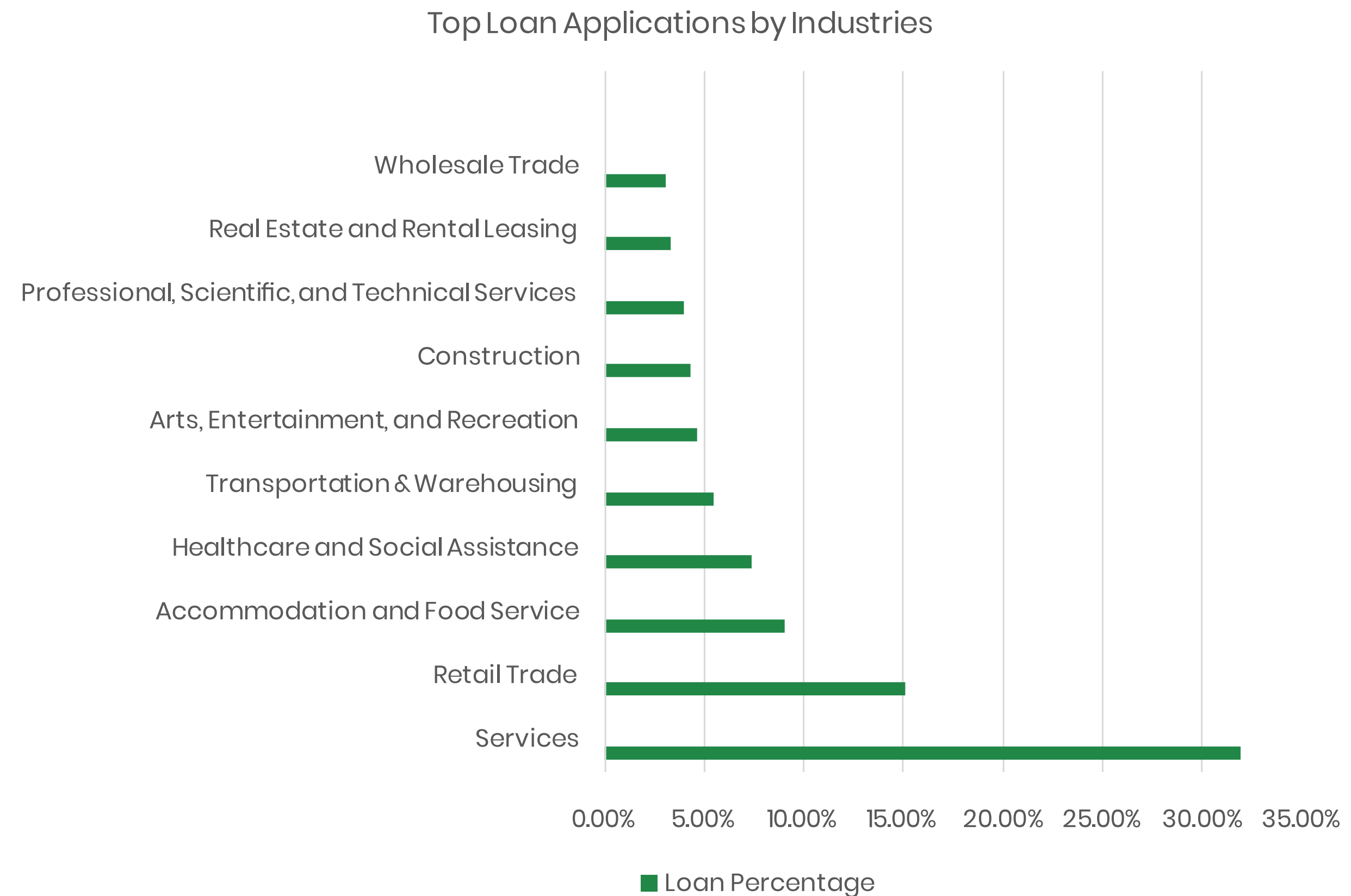
Top 5 States for Loan Originations for Women (and Men) Owned Businesses

Texas was the state where the most business loan applications originated (10.84%) for women-owned businesses, followed by Georgia (10.47%), Illinois (9.08%), Florida (8.24%), and California (7.81%) in 2021.



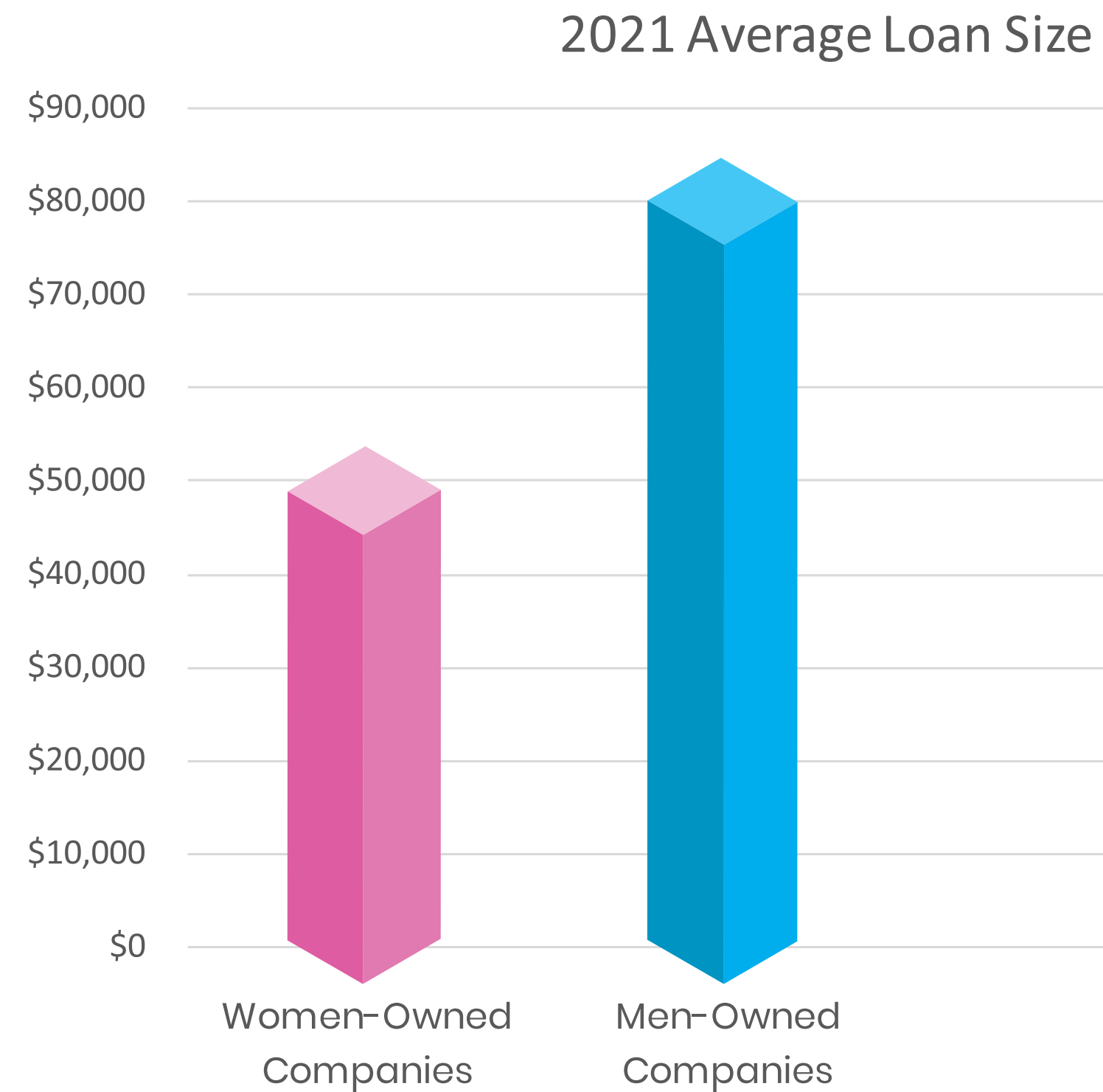
Loan Origination by Industries

Services (except Public Administration), the largest category of businesses represented nearly 31.93% of the women-owned companies in the Biz2Credit study. The industries that followed were Retail Trade (15.07%), Accommodation and Food Services (9.07%), Healthcare and Social Assistance (7.41%), Transportation and Warehousing (5.44%), Arts, Entertainment and Recreation (4.66%), Construction (4.33%), Professional, Scientific, and Technical Services (3.98%), Real Estate and Rental Leasing (3.35%) and Wholesale Trade (3.09%) in 2021.



Funding Rate for Women-Owned Companies vs. Men-Owned Companies

The funding rate for women-owned companies was 40% lower than the funding rate for men-owned companies in 2021.



Average loan size for women-owned companies was \$49,712, compared to \$83,198 for men-owned companies in 2021.



ASSOCIATION OF
WOMEN'S
BUSINESS
CENTERS

WBC FINDINGS

Association of Women's Business Centers (WBC)

Biz2Credit is proud to collaborate with The AWBC for the 2022 Annual Women-Owned Business Study. Findings from WBCs are key indicators of the growth of women-owned businesses.

The AWBC works to secure economic justice and entrepreneurial opportunities for women by supporting and sustaining a national network of more than 140 Women's Business Centers (WBC). WBCs help women succeed in business by providing training, mentoring, business development, and financing opportunities to over 150,000 women entrepreneurs each year.

Biz2Credit recognizes and applauds the work of WBCs. This partnership aims to support women-owned, small businesses through funding and educational resources.



WBC's FY21 Results Overview

WBCs saw growth in clients served, starting businesses, and job support. Despite the pandemic, they were able to assist and support clients while helping new businesses get off the ground.

Category	Totals	YoY % Difference 2020-2021
Unique Clients Served	88,000	+7%
New Businesses Started	33,000	+4%
Jobs Supported (Owners and Others)	89,697	+29%

WBC Client Counseling and Training

With an increase in new clients and clients seeking counseling, WBCs rose to the occasion, offering thousands of training sessions and counseling hours.

Category	Totals	YoY % Difference 2020-2021
Clients Counseled	41,042	+32%
Hours of Counseling	169,303	+18%
Training Sessions	27,234	+67%

Loan Figures

Clients of WBCs received a higher total funded from SBA loans (\$262,455,406) in 2021 than 2020 (up 31%), showing more government support for WBC members.

Clients of WBCs received a lower total funded from Non-SBA loans (\$73,458,887) in 2021 than 2020 (down 34%)

Category	Totals	YoY % Difference 2020-2021
SBA Loans	\$262,455,406	+7%
Non-SBA Loans	\$73, 458, 887	-34%

Infusions

Capital Infusions saw a thought-provoking change in 2021. Equity Infusion saw a substantial increase from 2020-2021 (up 20%).

Category	Totals	YoY % Difference 2020-2021
Capital Infusion	\$396,312,133	+9%
Equity Infusion	\$60,397,840	+20%

“ Perreault and her team offered guidance on staffing, payroll, distribution, supply chains, marketing, e-commerce and business model pivots along with much-needed support for funding, PPP or otherwise. As a center that serves a client base that consists of many individuals who are “unbankable” by traditional standards, the Washington Women’s Business Center became a center for sustainability and hope for the community it serves. It could be said that Perreault and her staff were triaging the economic frontline of the pandemic, offering aid to navigate the effects and keep communities financially afloat. ”

Susan Perreault

Staff member at Washington’s Women Business Center in Seattle

“ Women’s Business Centers have grown tremendously in number of locations and clients served. As economic first responders to the pandemic, Women’s Business Centers assisted a record number of clients to access a record level of funding for their businesses, compared to prior years. The national network of 140 Women’s Business Centers provides free counseling, training, networking opportunities and perhaps most importantly, access to much needed funding (or capital) for businesses to get started and/or grow. ”

Corinne Hodges

CEO of the Association of Women’s Business Centers

Susan Perreault is a staff member at Washington’s Women Business Center in Seattle. Her team has adapted to face the challenge of supporting businesses through the pandemic.

WOMEN-OWNED BUSINESSES AND THE COVID-19 PANDEMIC

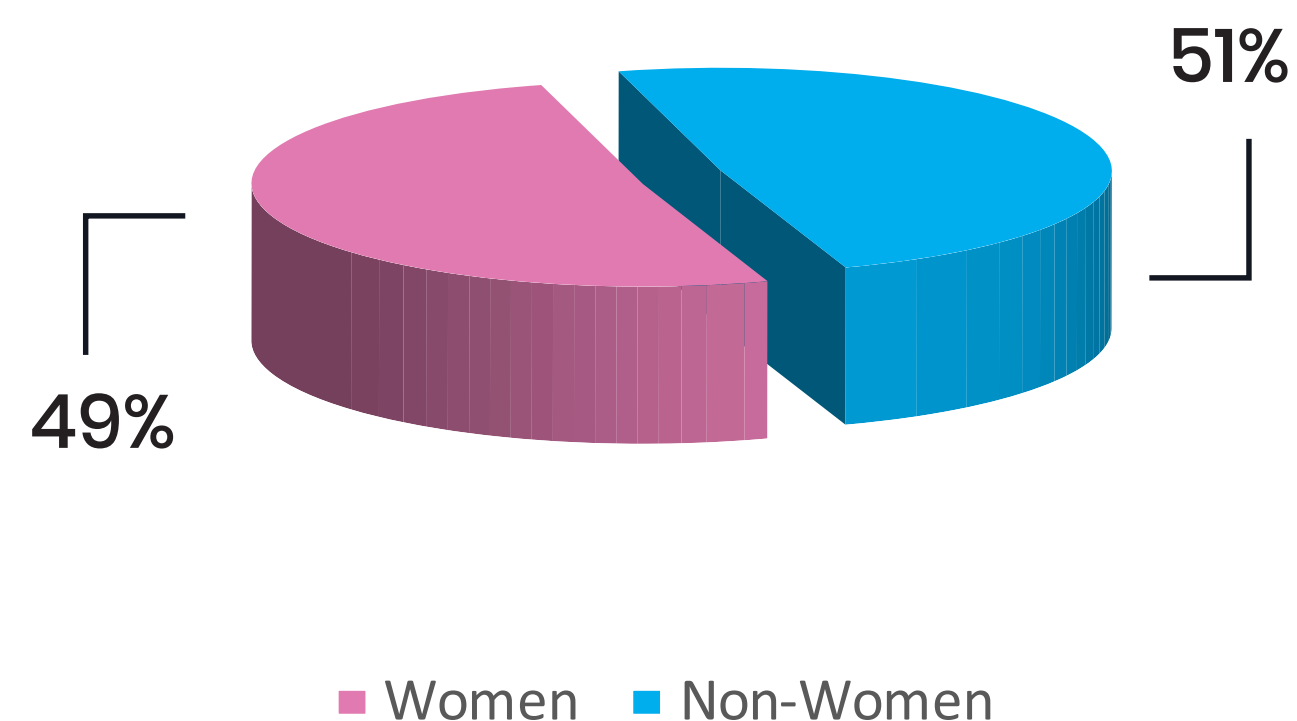
Paycheck Protection Program 2021: Women-owned vs. Men-owned Businesses

In December 2020, Congress appropriated **\$284 Billion** for small business COVID-19 relief, known as PPP Round 2. Biz2Credit's funding subsidiary is one of the largest providers of approved PPP loans among the more than 5,000 SBA approved lenders, with **585,958** reported by the SBA as of February 21, 2022.

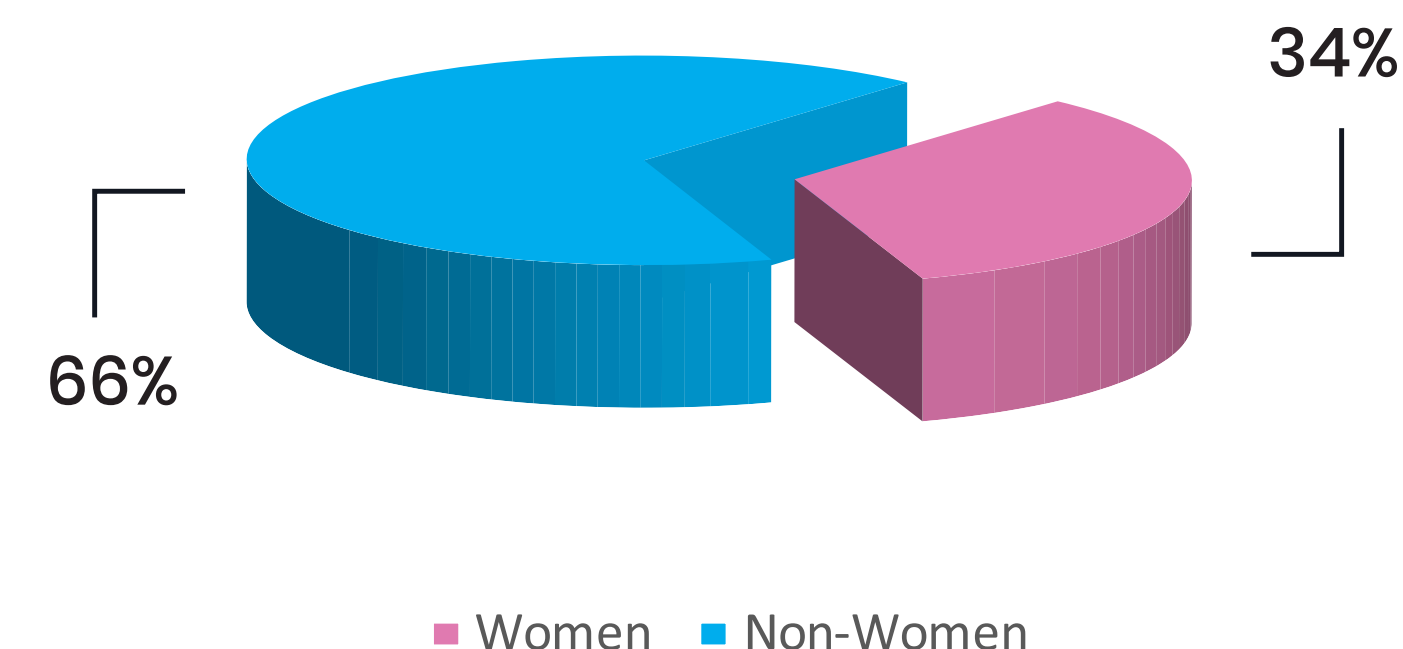
The proportion of women business owners was significantly higher in the Biz2Credit PPP2 platform at **49%** compared to all SBA lenders at **34%**.

The weighted average approved amount for women-owned business (**\$21,843**) for PPP2 on the Biz2Credit platform was 24% less than the same for men-owned (**\$28,908**)

Biz2Credit PPP2



SBA PPP2



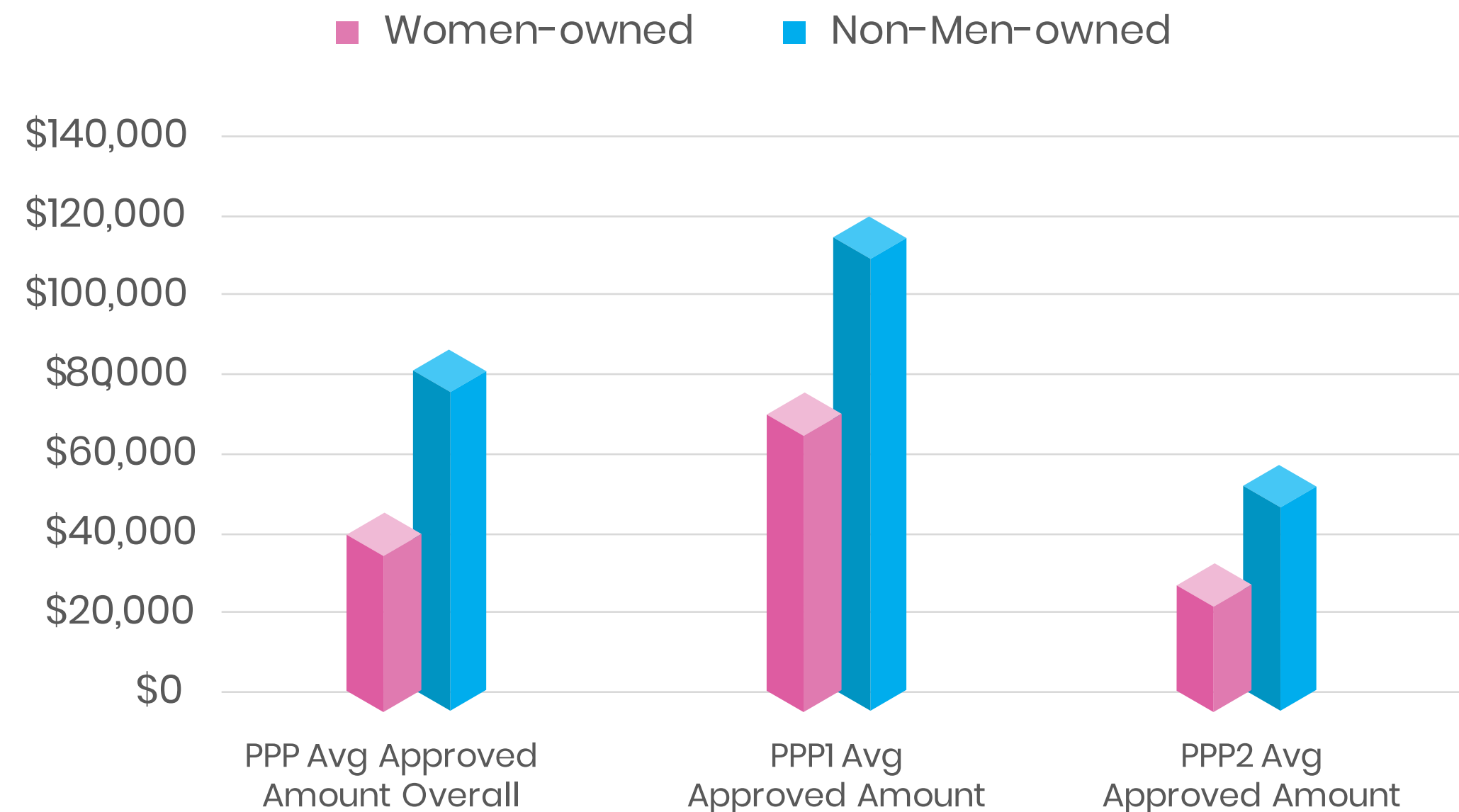
Women-owned businesses received lower approved loan amounts compared to Men-owned businesses in PPP

The weighted average approved amount of women-owned business (\$41,304) for PPP (including PPP1 and PPP2) applicants across all SBA lending platforms was **47% less** than the same for men-owned business (\$78,229)

For PPP1, the weighted average approved amount for women-owned business (\$70,017) was **39% less** than the same for men-owned business (\$114,970)

For PPP2, the weighted average approved amount for women-owned business (\$29,560) was **44% less** than the same for men-owned business (\$52,508). This is also **57% less** than the weighted average approved amount for women-owned business in PPP Round 1 (\$70,017).

PPP: Women-owned vs. Men-owned



“ The PPP loan I received from Biz2Credit helped me very much.
When I received the funds, the first thing I did was pay any past-due bills
that I had with my pharmaceutical vendors. ”

Marie Bibum, Pharm D. is the owner of State Pharmacy

Marie Bibum, Pharm D. is the owner of State Pharmacy, a Washington, D.C. pharmacy with a robust and loyal clientele. When the COVID-19 pandemic hit in 2020, Bibum called on Biz2Credit to help her secure the PPP loan that would allow her business to continue to prosper.

APPENDIX

Methodology

The dataset for the 2022 Women-Owned Business Study-PPP Analysis is comprised of both data on cases approved by SBA collected on the Biz2Credit PPP Round 2 platform as of February 21, 2022, and data reported by SBA as of November 21, 2021.

Read more small business research at **Biz2Credit.com/Research-Reports**

About Biz2Credit

Founded in 2007, Biz2Credit has arranged more than \$7 billion in small business financing. The company is expanding its industry-leading technology in custom digital platform solutions for banks and other financial institutions, investors, and service providers. Visit www.biz2credit.com or Twitter [@Biz2Credit](https://twitter.com/Biz2Credit), Facebook, and LinkedIn.