

Roadmap to a Million Dollar Business **By Dr Marsha Firestone (USA)**

Sixteen years ago when I first became involved with the women's business community, I met two women who owned small businesses. One of these companies grew into a fifty million dollar organization and the other never grew and continues to be extremely small to this day. In my presentation, I will address some of the differences that account for the two distinct outcomes. I will differentiate between the characteristics of high growth businesses and those that are not.

There are four categories which illuminate the *Roadmap to a Million Dollar Business*. The first delineates the statistics on the status of women owned businesses today as well the research that differentiates those businesses that have the "leading edge". The second addresses specific success strategies of fast growth businesses that members of the **Women Presidents' Organization** attribute to the success of their companies. The **Women Presidents' Organization** is a peer advisory group which I founded nine years ago for women owned and women led companies that exceed one million dollars in revenues. I will talk more about that later. The third category is what I have observed to be the personal characteristics of the CEO's of these successful companies. And finally, I will recommend ten steps to incorporate into your fast growth business plan.

Where are women business owners in the United States today? Let's take a quick look at the statistics. Knowing the statistics about women led and women owned businesses has been essential to accelerating their growth in the U.S. Luckily, the Center for Women's Business Research has done an extraordinary job in providing the research and statistics for the U.S. They are the best source of data on the numbers and sizes of women owned and women led companies. They have found the following in their research:

1. Women own at least 50% of 48% of the privately owned companies in the U.S. today.
2. That accounts for 10.6 million women owned firms of which there are actually 15 million women who are entrepreneurs. Therefore, one out of every 11 adult women owns their own business.
3. Women owned businesses employ 19.1 million people, which in the last seven years has grown by two times that of all privately held firms. This means that 19.1 million people have employment, food to eat, homes to live in, and families they can provide for.
4. These firms generate 2.5 trillion dollars in revenue and contribute significantly to the economic well-being of the country.
5. Amazingly in 1972 when the census first counted the number of women owned businesses, only 4.5% of the privately held firms were women owned. At that time, those businesses consisted mostly of enterprises in fashion, fitness, and beauty. Today women owned companies are represented in every industry from manufacturing to marketing, from travel to transportation, from retail to real estate, and from communications to construction. In fact, the fastest growing sector of women owned businesses are in the non-traditional industries.
6. Corporations are finally recognizing that women owned businesses and women in general are the key decision makers in all purchasing. 83% of all consumer purchasing decisions are made by women, in everything from travel to banking, from healthcare to furniture. Annual expenditures by women owned firms in salaries and benefits are 546 billion dollars. In information technology, telecommunications, human resources, and shipping, the annual expenditures are 103 billion dollars.
7. The media used to call us "mom and pop" operations but that, in fact, is no longer true. 75% of the women owned companies have ten or more employees and 3% generate a million dollars plus. 6% of our male counterparts generate over a million dollars.

With these statistics indicating the extraordinary growth of these companies, we have to ask the question, which start-up businesses are going to grow fast and which will remain small? A study by the Center for

Women's Business Research completed in 2003 identified the characteristics of the fastest growing companies. The leading points resulting from this study indicate the following:

1. These companies almost always use professional advisors. They are willing to pay for accountants, attorneys, and consultants, even in the early stages of the company. Very frequently they use the advice of an advisory board to help them make key decisions.
2. These faster growing companies more frequently use sophisticated management practices, especially as they relate to financial information. They study financial reports, understand them, and use them to help manage the company. Regularly, they apply these practices.
3. They are more likely to utilize today's innovative technology through creation of websites, engaging in e-commerce, utilizing electronic marketing, and surveying their customers through electronic questionnaires.
4. Very importantly, these companies find ways to fund the start up of the company and the ongoing operations. They use innovative strategies to reduce costs, by paying invoices early to secure discounts, leasing equipment instead of buying it, and providing incentives to their customers for early payment. They use multiple funding sources to grow the company including borrowing from credit cards, bank loans, and securing vendor credit.
5. Most of these companies offer business to business products and services. Their customers are often from corporations and/or government contracts. Because corporations and government are concerned about securing delivery, they seek out larger companies which tend to be non-traditional types of businesses.
6. These fast growth companies were found to be very involved in business and professional organizations such as industry and trade organizations and women's associations. They utilize the networking for business development opportunities and to learn about operating their companies successfully. For example, our **Women Presidents' Organization**, which is a peer to peer advisory group, meets monthly and provides an opportunity to reach farther through new ideas and solutions to business problems.

The research indicates that these women don't walk; they run through these steps often accelerating their growth to million dollar companies in less than five years. They were found to use all of the strategies identified above, resulting in their "leading edge".

Now let's talk about best practices or best strategies to get to the "leading edge" from the perspective of members of the **Women Presidents' Organization** (WPO). WPO has 61 chapters in North America with over 1,000 members whose average revenues are 11 million, whose average number of employees is 94, and have an average of 20 years of business experience. WPO provides chapter meetings as well as a Platinum group for women who gross over 10 million, a Zenith group for women who gross over 50 million, and a Member at Large option for cities and countries where there is not a chapter. Before writing my comments I checked with some successful business owners from our Platinum group and asked them to describe the one strategy that they believe accounts for their success. Each suggested a different reason to explain why their company is a leading edge company. Let's describe what some of these strategies are:

1. **Innovation** – Coming up with a creative solution to a business problem or need in the market seems to guarantee accelerated growth. Of course often innovations are copied and it's important for a successful company to constantly update their creative approach, and not to become complacent.
2. **Strategic Alliances** – When two or three smaller companies ban together to provide increased services or products they become a larger entity. Most corporations in the US only want to do business with companies that they know will be able to deliver. Small companies are often at a disadvantage. By creating a strategic alliance with other women owned

companies and offering additional products and services, suddenly three small companies can become one large entity.

3. **International Expansion** – Every American today is very aware of the growth in business opportunities especially in Asia and India. I came to APEC with an assignment from a small business that manufactures children's bedding to look for a Vietnamese manufacturer to produce their products. The fastest growing companies are very much aware that opportunity must include international relationships and growth.
4. **Offering the same customer multiple products** – It is much easier to sell a good customer multiple products than to bring in new customers. Successful companies develop new products and services that they can offer to their current customer base. They save their resources and expand their revenue base with this approach.
5. **Niche Marketing** – The fastest growing companies have created very specific niche markets for their company. They are very much aware of what is unique about what they sell. They are able to differentiate themselves from everyone else in the same market and accelerate the company's growth by doing so.

There are a few other suggestions which I will not explain but which I would like to point out to you. Knowing the competition, hiring the right employees, using performance evaluations, motivating staff, and utilizing cost saving processes are additional useful strategies identified by WPO members. These examples, from members, and their own evaluation of how they grew, provide a strong basis from which to proceed. From my experience attending WPO meetings, the main focus of the participants is learning new business strategies that will result in faster growth. *Reaching Farther Together*, the tagline of the WPO, is a very clear statement about the impact of peer learning on women business owners.

As I mentioned earlier, I have been in women's economic development, for some sixteen years and I have become quite familiar with those business owners who have what it takes to succeed. Here are some of the personal characteristics that I have observed. They are smart, focused, hard-driving, and confident. They usually have a hundred ideas a minutes, not all of which will be successful, yet certainly some will be. Perhaps the two most important characteristics are that they are willing to dream the big dream and they do not have small goals. When I was managing a training program for women entrepreneurs, I would go around the room and ask what each person's goal was. Out of a group of 25 women there would only be one or two who said they wanted to dream the big dream. Those women I believe are the ones who have become the most successful. The stronger the personal motivation, the more likely they are to succeed.

Often I am asked for my advice on the top ways to grow a company. Quickly here is summary of my counsel. Of course this is my personal opinion but one that I think can be helpful.

1. Know where you want to go and what your objectives are. Clearly state your vision and mission for the company.
2. Clarify what is unique about your product and be able to communicate it to your customers. Frequently survey your customers for their feedback on the company performance.
3. Use professional advisors to guide you as you grow your company.
4. Focus, focus, focus. Don't over-expand too quickly.
5. Know your competition and differentiate your products and services from them.
6. Hire carefully, train thoroughly, and retain competent employees.

7. Understand financials and use them to manage the company.
8. Be a leader both inside and outside of the company.
9. Know when to let go of your control.
10. Keep the fire in your heart burning!

Just to summarize, I have covered four topics—current statistics about women owned businesses in the U.S., strategies that have led to business success, personal characteristics of successful entrepreneurs, and advice in accelerating the growth of a company. So now I will go back to the story where I began with the two women I met sixteen years ago. Here's why the small firm stayed where it was, while the fifty million dollar company galloped ahead. The larger company had many of the characteristics that I have used to describe in the roadmap above. The smaller company did not have these; neither the personal attributes or the successful strategies. If you are considering growing a company yourself, or helping someone else to do so, you should consider using these strategies as a guide. This roadmap to a million dollar business will be of help to you as you deal with the economic development of woman owned companies when you return home. The more involved women are in the economy of their country, the greater economic strength results for all citizens.