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Women entrepreneurs are willing to take financial risks, study shows

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A study released this week shows women entrepreneurs are more willing to take financial risks in making business decisions than women and men in general.

The study by the Center for Women's Business Research in Washington, D.C., focuses on the attitudes of women business owners toward risk-taking and included 386 women business owners.

Of the women who participated in the online survey, 58 percent were seeking capital, preparing to seek capital or had sought capital to expand their business. The remainder -- 42 percent -- had not or was not involved in seeking capital for their businesses. The study classified these women as non-expanders.

The study showed that 66 percent of those surveyed are willing to take above average or substantial financial risks when saving or investing for their businesses. About two-thirds -- 67 percent -- of women business owners seeking expansion capital were successful.

"I really think women are feeling more empowered to take risks today," said Lisa Gladstone, president and founder of Priority One Financial Services Inc. in St. Petersburg. "We know about the resources available, and we feel we can make our own game and our own rules."

Priority One, which had 2003 revenue of \$4.7 million, provides financing and insurance outsourcing for hundreds of boat dealers across the country. The company employs 54.

Gladstone started the business in 1989 with one employee and a \$13,000 loan from her parents. She knew it was a financial risk -- especially because she is a woman in a male-dominated industry.

"The environment today is rich with women business owners helping each other," she said. "Women want to help other women succeed."

Priority One is currently investing about \$300,000 in new software and hardware. It is a big step for the company since financing luxury items such as boats is inherently a risky business, Gladstone said.

"For us, that's a huge investment," Gladstone said. "We're paying for it out of cash flow. We have to be sure our infrastructure is sound."

The study showed that expansion goals were achieved or exceeded by 72 percent of those who expanded their businesses. The majority of women business owners currently seeking capital want to hire staff.

Market expansion, adding a new product or service and improving the quality of a product or service were other goals cited by study respondents.

The study showed that the most important reason for wanting to expand was to increase revenues and profits.

Nearly half -- 47 percent -- of those business owners who are expanders used commercial loans secured with business assets. Thirty-seven percent used commercial loans secured with personal assets.

Based on her company's experience with women seeking loans for boats, Gladstone believes the loan landscape for women in general has changed over the years. Loan applications by women -- with no male involvement -- are no longer considered unusual.

The study showed that other sources of growth capital used by women business owners included equity -- 19 percent used money from family or friends, 21 percent received capital from angel investors and 17 percent used investment companies.

Experience and education played roles in risk-taking, according to the study. Sixty-two percent of the respondents have some form of business finance training. Nineteen percent have an MBA, and 50 percent have some previous entrepreneurial experience.

These findings fit Dawna Stone, president and publisher of Her Sports magazine in St. Petersburg. She drew on her education and experience to create the publication.

Stone has a major in finance from the University of California at Berkeley and an MBA from UCLA.

Her work experience includes two years as a financial analyst for Morgan Stanley and the chief marketing officer post for Marine Max Inc., a recreational boat dealer in Clearwater with annual revenue of \$607 million.

The magazine, which focuses on women with active lifestyles and those who participate in sports, debuted in February. Stone financed the startup and now is actively looking for angel investors.

"We're doing better than we expected," she said. "There are a lot of things we can do to grow it quicker."

Stone believes women business owners often are more willing to take risks and expand because they tend to do more research first. She conducted a focus group to find out what readers wanted before quitting her job and starting the magazine.

"I felt comfortable doing that because we did a lot of research," Stone said.

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