

IN THIS TOGETHER: THE BENEFITS OF FRANCHISING FOR WOMEN & MINORITIES

The numbers don't lie: Women and minorities are rapidly changing the complexion of the American business landscape. Their involvement grows with their numbers, and smart businesses are turning to them not just as a way to fill quotas or to appear politically correct, but as a way to expand their reach, their knowledge base, and their customer appeal. Between this wider appreciation of their potential and a very favorable atmosphere for obtaining financing, now—more than ever—is the right time for women and minorities to consider franchising.

Let's take a look at those numbers. According to the U.S. Census Bureau, the U.S. will be a "majority-minority society, one without a clear majority of any one racial or ethnic group by 2050."¹ A study by The Center for Public Education projects that that year the total U.S. population will be approximately 24% Hispanic, 14% Black and 4% Asian/Pacific Islander [a Pew Center study puts the Asian percentage at 29%].² The franchise world doesn't seem to be waiting until then; in 2000, minorities accounted for only 5–6% of total franchisees, but as of 2010, that number was more than 15%.³ Women have also been following an upward trend in business and franchising. The Center for Women's Business Research reports that Hispanic and African American women are the fastest growing entrepreneurial segments in the country, growing at rates of 133.3% and 191.4% respectively from 1997 to 2007.⁴ A survey by the Small Business Association, covering the years 1985 to 2000, showed that during that time, female-owned sole proprietorships grew almost twice as fast as those owned by men. Furthermore, a 2005 International Franchise Association report stated that women owned approximately 25% of all franchises—up from just 8.5% a decade earlier.⁵

IS IT ANY WONDER BUSINESSES ARE INTERESTED IN THESE SEGMENTS OF THE POPULATION?

“The sheer number of minorities in the U.S. and the tremendous influence they have on the economy has led everyone from marketers to political candidates to develop campaigns that reach them,” notes business writer Jocelyn Chavez. “Franchisors also recognize that the pool of franchisee candidates is largely comprised of women and minorities who will be integral to growth and expansion of their networks. Many organizations in the franchising community have developed programs that help women and minorities achieve business ownership.”⁶

That growth and outreach can be attributed in part to government programs designed to give assistance to women and minorities attempting to begin their own businesses. With the cost of franchising typically being considerably lower than that of trying to start a new business from scratch purely out of one's own pocket, that financing becomes even easier to obtain. There are plenty of options.

The SBA promotes the growth and development of women-owned businesses and franchises through the Office of Women's Business Ownership (OWBO), a comprehensive network of training, education, and counseling services that provides technical and management assistance programs for women. The OWBO also provides female franchisees with access to credit and capital, federal contracts, and international trade opportunities.⁷ The SBA has signed partnership agreements with many leading professional women's organizations in order to more effectively reach women entrepreneurs, including The National Association of Women Business Owners, The National Federation of Black Women Business Owners, Business and Professional Women/USA, National Association of Female Executives, and many others.⁸ The SBA has more than tripled the number of loans to women business owners since 1992 and is a popular source of revenue for women franchisee start-ups.⁹

Not all funding comes from the government, however. In recent years there has been an upsurge in “angel” investors looking to back women and minorities interested in starting a business. The website for women's investing concern 37 Angels [37angels.com] notes that, at present, 13% of angel investors are

women--and they believe that number can be higher. With a greater investment base comes...greater investment. Minorities are able to take advantage of angel investing as well, but historically have not done so. Patricia Tomczyszyn of the Minority Business Development Agency notes that, "Minorities represent on average less than 7% of all entrepreneurs seeking funding from angel investors. However, they succeed in acquiring angel funding as often as their non-minority counterparts."¹⁰ The potential is there, as is the desire to fund these businesses.

But why all the interest, if it's not just for show? Fact is, infusing any existing business concern is a superb way to enrich and enliven it through a boost of new ideas and perspectives.

Franchising.com writer Eddy Goldberg notes: "It's not out of being PC or for altruistic reasons--unless you consider providing business ownership opportunities, job creation, and bringing new businesses to underserved communities altruism. It's good business and they know it."¹¹

Stephen P. Joyce, president and CEO of Choice Hotels International, Inc. and secretary to the International Franchise Association's Board of Directors, says, "The level of impact that diversity can have in the franchising world... let alone across industries, has been seriously underestimated. A more diverse community of business owners can drive a more successful business environment [overall]. Forward-thinking corporations have realized that their work forces need to reflect their desired customer bases so that they know how to better appeal to that base."¹²

"Today, the franchise industry is really starting to represent the real world," says Linda Burzynski, President and CEO of Computer Moms. "More and more, culture and gender within the franchise community is balancing out and looking more like real society. Women and minorities are becoming more involved as both franchisees and franchisors."¹³

It's perhaps best summed up by Miriam Brewer, the IFA's director of education and diversity, who notes that brands with diverse leadership and franchisees will be more innovative--and thus, more successful. "When you surround yourself with individuals that come from diverse backgrounds, you get the best of everything. The idea that great minds think alike is so old."

The time is right. The conditions are favorable. The opportunities are here.

**ARE YOU READY TO TAKE THE NEXT STEP
INTO FRANCHISING YOUR OWN BUSINESS?**

RESOURCES

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