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'An Explosion' in Women-Owned Companies?

Despite daunting statistics, resources and opportunities for female entrepreneurs are better now than ever, say experts

By [Damian Joseph](#)



Seven years ago, Nicole Loftus was entrenched in an \$19 billion-a-year industry she felt was following an outmoded model. As a distributor of branded products, she served as an intermediary between companies that wanted products imprinted with their logos and the manufacturers that made them. Remarkably, neither side ever interacted. Loftus struck out on her own—against the advice of her family and then-husband—and began building what is now a multimillion-dollar company, [Zorch International](#). The Chicago company offered an innovation to the branded-products industry's supply chain and changed how many corporations procure such products.

As a successful businesswoman, Loftus is defying statistics. According to Catalyst, a global nonprofit organization that tracks women in the workplace, only 28 of the 1,000 largest U.S. corporations have female CEOs. And women still earn 77¢ for each dollar made by a man, the Census Bureau reports. To that point, the first legislation President Barack Obama signed into law was the Lilly Ledbetter Fair Pay Act, a salvo against wage discrimination against working women that was meant to counter a 2007 Supreme Court ruling.

It can be especially challenging for women to establish companies seeking a broad reach, such as those that provide services for corporations—and securing financial backing can be nearly impossible. In 2008 only 6.8% of venture capital went to companies founded by women, according to Dow Jones VentureSource ([NWS](#)), a database that covers the venture-capital industry. Just one of five U.S. companies with annual revenue of \$1 million or more is owned by a woman, according to the Center for Women's Business Research. Just 3% of women-owned companies ever reach the \$1 million mark, compared with 6% owned by men, the center says. "It was an absolute, 100% shock to me that there was still disparity between men and women in the business world," Loftus says.

That's not to say there's been no progress. Amy Millman, president and founder of [Springboard Enterprises](#), has been connecting entrepreneurial women and investors since the early 1980s. Millman predicts that in the next four to five years there will be "an explosion" of women founding companies in science-based sectors such as pharmaceuticals, medical devices, software, and clean energy. "Things that are cutting-edge—there are a lot more women in these fields now," she says.

Loftus finds it unnerving that so many people still think in terms of companies being "women-owned." Often, she says, corporations focus too much on who owns Zorch. They assume it's a tiny outfit, unable to provide a high volume of services, even though Zorch expects sales to leap to \$36 million this year and top \$100 million by 2011.

Fastest-growing company in Chicago

Loftus started the company herself with the aid of angel investors, bank loans, and the Chicagoland Entrepreneurial Center. In 2008, *Crain's Chicago Business* ranked Zorch the fastest-growing company in Chicago, and *Inc.* magazine ranked it the eighth-fastest-growing in America. *Inc.* also ranked Zorch the country's No.1 company owned by a woman for its astounding 10,822% growth rate from 2005-2007. Loftus says the best advice she can give to aspiring women entrepreneurs is, don't take money from investors until you really need to. "Don't be afraid to not have money," she says. "You don't need money to serve a customer."

Before Zorch, if a company wanted, say, [Bic](#) ballpoint pens with its logo printed on them for advertising or promotional purposes, it would do business with a distributor such as [Corporate Express](#) or Adco Marketing. The distributor would contact Bic, negotiate the deal, assist in the design details, charge a fee—and the two parties doing business would never speak. Loftus erased the middle man. Essentially, Zorch brought manufacturers to the table to speak directly with the corporations seeking their products. Zorch is essentially a portal that handles all sales and resulting transactions. Loftus says distributors weren't eliminated earlier because "when they got wind that one manufacturer was selling directly, they'd get together and blackball it—there are a lot of distributors, but it's a small world."

Zorch found a niche serving extremely large corporations that smaller distributors don't like dealing with. Loftus is fine with smaller profit margins if the volume's high. The company has worked with heavyweights such as AT&T ([T](#)), BP ([BP](#)), and Citigroup ([C](#)) in 120 different countries. Loftus says Zorch is thriving despite the recession, because it saves companies money.

The biggest challenge for women in starting successful companies, Millman says, is they need to become more aggressive and less risk-averse. This would include women more confidently marketing their expertise and forging ahead with potentially valuable business ideas despite market conditions. "The resources are actually more plentiful and it's much cheaper to start a business now than a decade ago," she says.

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