

*Meet Harriet Alger, Horatio's great-granddaughter.
Timidly at first, but with increasing boldness,
she's making it not just as a corporate bureaucrat
but as the boss of her own business.*

"Now they're not laughing"

By Jill Bettner
and Christine Donahue

WHILE POLITICIANS AND INTELLECTUALS talk endlessly about women's rights, female entrepreneurs have been busy making an impression in business. Today women own nearly a quarter of the 13 million small businesses in the country and are adding more, at a growth rate at least three times as fast as men.

Ah, yes, the cynics say, but 45% of the businesses owned by women are in services. It's the same old story: women serving. How have women gained in the economic world if another desperate divorcee opens another doughnut shop or nursery school or boutique? What does it add up to? After all, those 3.5 million female-owned businesses account for as little as 3% of the economy.

But not so fast. There is more here than meets the eye. The nation itself is evolving from a smokestack to a service-based economy. In a sense it is changing from a muscle economy to a brain economy. With that metamorphosis comes a subtle shift in what is required for leadership. In such a situation, service businesses are not to be sneered at, nor are the sensitivity and creativity that women, perhaps more than men, can bring to business.

New situation. New opportunities. Charlotte Taylor, a Washington, D.C. consultant, called female entrepreneurs "the new immigrants" in her book *Women in the Business Game*, published three years ago. Meaning? Explains Taylor: "Just as European immigrants found that starting a business was the fastest route into the economic mainstream, women, starting a decade ago, were following the same route."

With the old immigrants it was candy stores, fruit stands, shoe repair shops and restaurants. Jews, three score and ten years ago, shut out of many established businesses, looked at the nickelodeon, and Italians looked to the shovel. In time they became powerful factors in entertainment and construction. The Irish turned to politics and law. With women, the "new" immigrants, it was, at first, beauty parlors and dress shops.

Why are so many women starting businesses? Probably for the same reasons others have. Because they do not have

the training to get a good job. Because they think they can do a better job than the people already in the field. Because they feel blocked in their corporate jobs—because they say to themselves, "No woman will ever make it to the top." Or simply because they need the money.

"Women have the economic stimulus," says author Taylor. "Only 4% of American women earn more than \$25,000 a year. Their downside risk in starting a business is still much less than it is for a man. They figure they might as well try it."

"It's been my conclusion that corporate women are becoming increasingly unhappy in the male-dominated corporate arena," says Jeannette Reddish Scollard, 39, who once worked for Chesebrough-Pond's and now runs a New York consulting firm with her husband, writes and is preparing a book on women entrepreneurs. "They're closet females who have to use war words and sports words and playact the whole male-defined executive role."

"I wanted to work harder, push harder, accept more responsibility," says Dianne Sullivan, an aerospace contract negotiator who quit NASA's Jet Propulsion Laboratory in Pasadena, Calif. to form Miraflores Designs, Inc. with a partner. The company had \$3 million in sales last year, manufacturing and packaging toiletries for hotel chains. "Like a lot of male entrepreneurs, I'm not very good at being an employee," Sullivan says.

For some, their own business is insulation against an uncertain future. Joan Boyle, 43, says she and her husband, an IBM executive, bought Cone Bearing Co. of Denver four years ago as insurance against his having to accept a transfer they might not want. The insurance soon turned into an obsession. Boyle found herself putting in 18-hour days. But sales hit \$300,000 the first year. "They thought I got me into this business to get me off the tennis courts. Now they're not laughing."

Entrepreneurs, male and female, often owe their success to following their noses. Chicagoan Tricia Fox, 36, couldn't find good day care for her three children. So she left her sales job with Datapoint Corp., turning down a promotion, and founded The Fox Day Schools, Inc. "I couldn't go to work and do a professional job while worrying about the well-being and security of my children," she says. Fox expects her schools—which took in \$1 million

last year and are licensed to franchise in 38 states—to be generating \$12 million in five years.

In today's fast-changing service economy, small companies can become big companies, for women bosses as well as men bosses. Wunderkind Debrah Charatan-Berger, 26, started her New York-based commercial real estate firm, Bach Realty, in 1980. She sold \$50 million worth last year. This year she expects to sell double that.

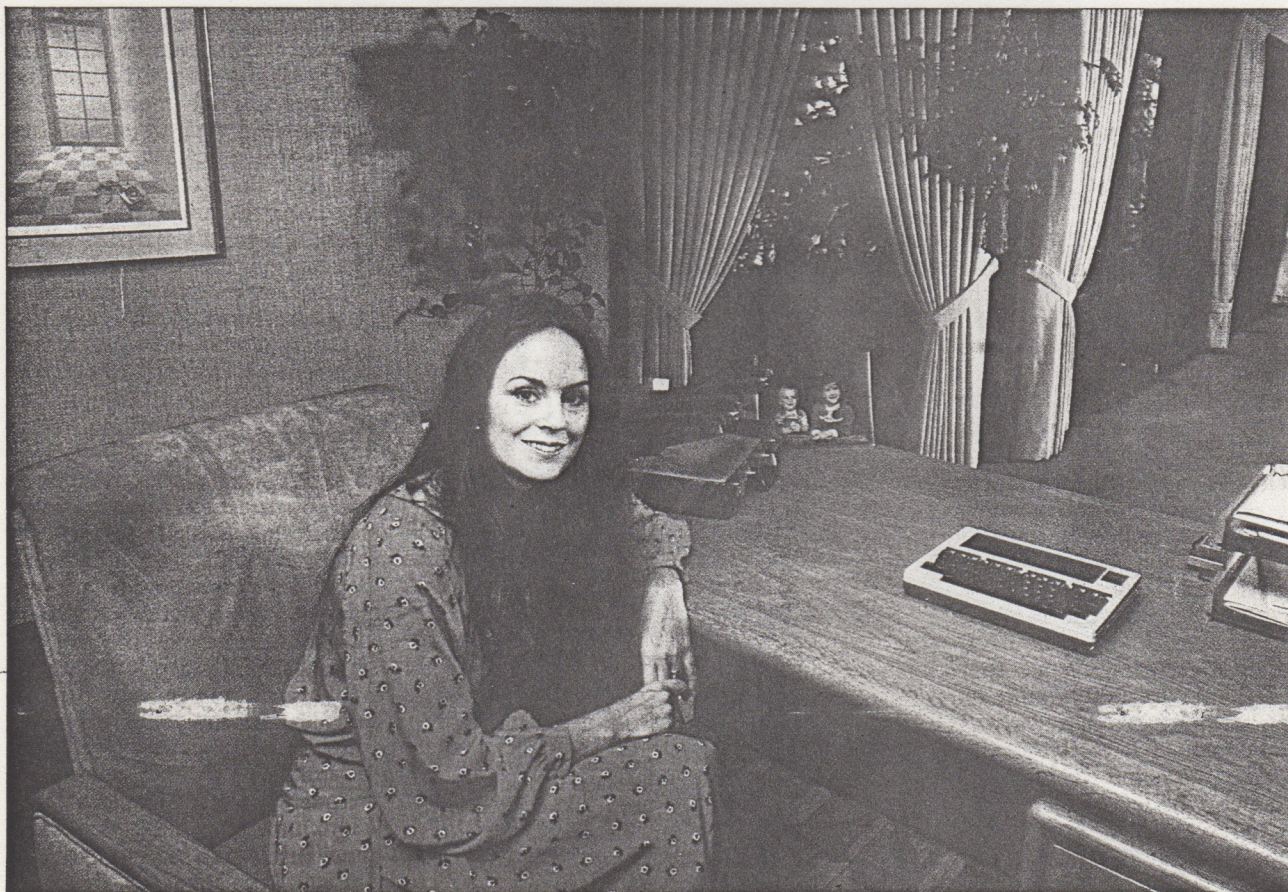
Lorraine Mecca, 34, former English teacher, invested \$25,000 from her divorce settlement 4½ years ago in her fledgling Micro D, Inc. of Fountain Valley, Calif., a wholesaler of computer software. Micro D had nine-month sales this year of \$50 million and a net of \$859,000. Mecca sold 30% of the company to the public in July, raising \$25 million for more warehouses.

Other women entrepreneurs running biggish companies include: Elisabeth Claiborne Ortenberg of Liz Claiborne, Inc., the fashion-clothes design firm; Sandra Kurtzig, president of ASK Computer Systems, Inc., a Los Altos, Calif. software design firm, whose stake in her privately owned company may be worth \$65 million; Lore Harp of troubled-but-possibly-recovering Vector Graphic, a Thousand Oaks, Calif. microcomputer manufacturer; and Muriel Siebert, who in 1967 was the first woman to buy a seat on the New York Stock Exchange and who now, after serving a term as New York State superintendent of banking, owns a sizable discount brokerage firm.

Are talented women sometimes blocked in big corporations? The answer is probably yes. But being stuck on the corporate ladder, can, for women as for men, serve as a goad for getting out and starting one's own business. "I had

Janice Jones, founder, Chartwell & Co.

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I need a daughter to take over someday."**

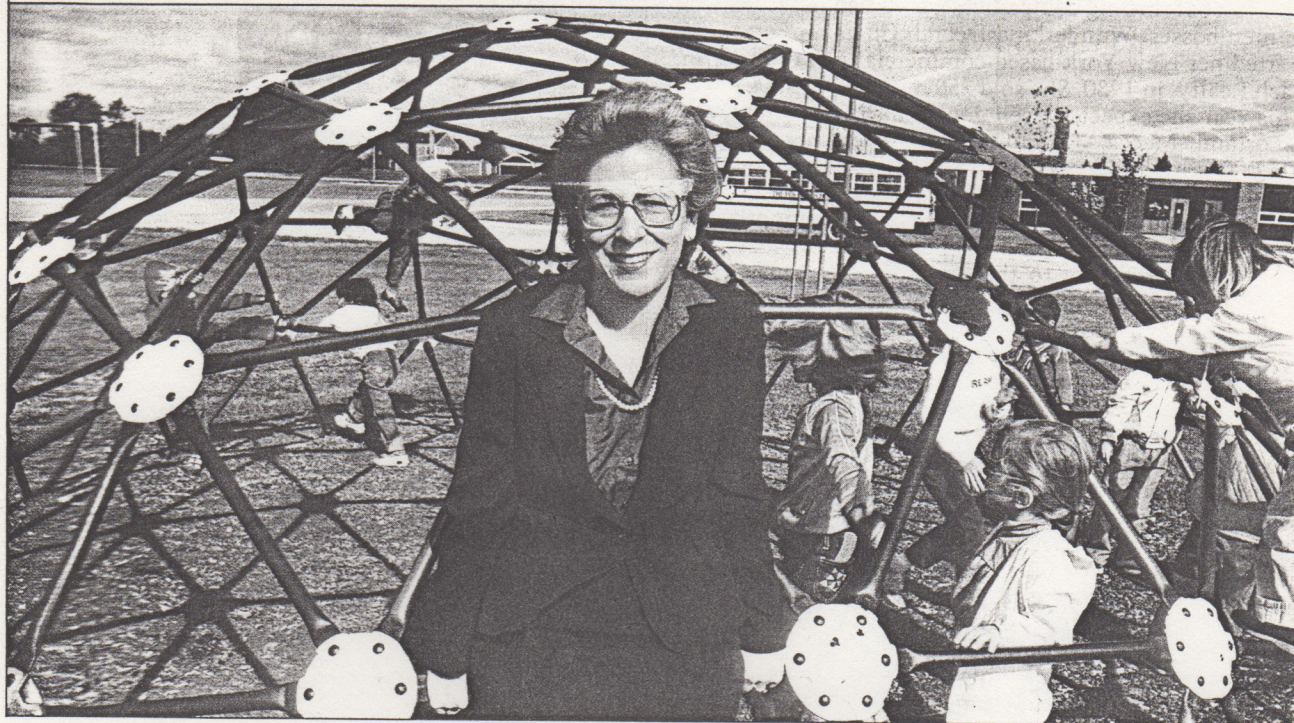


Lorraine Mecca, CEO of her Micro D, Inc.

"I had worked at RCA, in schools and in small businesses. I knew I was good, but no one else seemed to know it."

Tricia Fox, founder, The Fox Day Schools, Inc.

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worked at RCA in New Jersey, in schools and in small businesses. I knew I was good, but no one else seemed to know it," says Micro D's Mecca. Says Janice Jones, 35, founder three years ago of Chartwell & Co. in Los Angeles: "I had worked on Wall Street for a small firm. The fellows played poker in the back room all day, traded for their own accounts and I did all the work. A boss once told me 'women are honest, they're loyal, give 'em \$20,000 a year and they're happy.'" But Jones was far from happy. She quit and started her own investing and financial consulting firm which now has assets of \$2 million, and she wants to raise another \$6 million with a public offering.

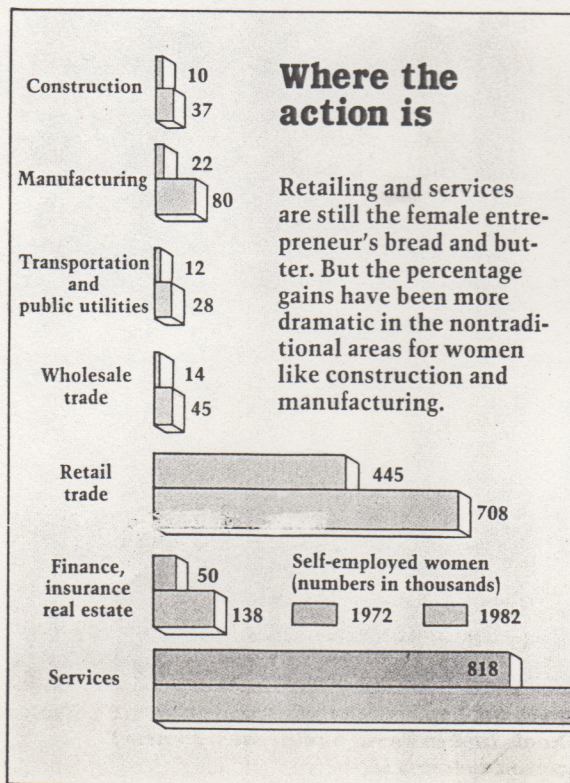
Going into business is a means of seeking independence as well as the possibility of wealth and power. For some, this independence is the primary goal, and such people often remain satisfied with a modest degree of success. Daniela Kouper, 33, has a Boulder, Colo. advertising agency that has about \$200,000 in billings, and she likes it that way. "I want to hold it to five or six people. It's comfortable," says Kouper, who left a larger agency to run her own show. "I got so sick of that phrase 'be a team player.'"

Nurit Amdur, 31, born and raised in Israel, left a big Wall Street law firm—Davis Polk & Wardwell—for the same rea-

son. With \$15,000 in savings she started NBA Trading, Inc., selling plastic briefcases and housewares she imports from Israel. Revenues last year: \$2 million. Amdur earns enough to live comfortably in New York City, and her business isn't so big that it dominates her whole life. "The social habits of Waspy law firms didn't appeal to me. They were too stuffy and narrow-minded, and 16-hour days and 7-day weeks lacked appeal, too," she says.

Does this mean that women are more easily satisfied with a relatively modest level of success than men? Philadelphia management consultant Joel Lawson, who watches startups for his newsletter *Going Public: The IPO Reporter*, thinks this may be so. He notes that women launched only 4 of 544 companies that had gone public through August of this year: Lorraine Mecca's Micro D; Quest Public, which plans to publish torch romance and mystery magazines; Network, an electronic mail service; and Long Island Video Time, which plans to put more video arcades in New York shopping malls.

"There's a difference in attitude," Lawson thinks. "Men go into business to create wealth. Women go into business to create income." He figures that helps explain why women have trouble attracting backing from



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venture capital firms, which need huge payoffs to compensate for their frequent losers. "Investors aren't interested in a 12% return on their money," he says.

The situation Lawson is describing may exist chiefly because women entrepreneurs on a large scale are such a recent phenomenon. They haven't yet had time to create IBMs. It is also quite possible that the new economy that is evolving around knowledge and communications may be more hospitable to smallish businesses than to giants.

Are some businesses easier for women to enter than others? Naturally. Following your instincts is one of the best ways of getting into business, and for many women following your instincts means getting into things that relate reasonably closely to their traditional role. "Woman's task has traditionally been homemaking," says Susan Hirsch, who heads the Program on Women at Northwestern University. "Traditionally, women-owned businesses were in service areas that were extensions of the home: small bakeries, laundries, child care."

But again: Don't sneer. Today 54% of all women are workers, and that could push past 60% by 1990. This flood of women into the labor force creates a need for still more of the kinds of service businesses that have always appealed to women themselves: child care, housecleaning, ready-made food and neighborhood clothing stores, today's boutiques. In short, tradition is pushing women into areas that promise great growth.

Women have at least an equal start in the new and growing electronic and information fields for completely different reasons. First, because these fields are new, they haven't been sex-typed by any tradition. Second, women quickly pushed from secretarial work into computer use and programming. And finally, growing numbers of women are going through engineering schools. In 1972 Johns Hopkins, for example, had exactly one female engineering student. Now, 19% of its engineering students are female. The percentages are twice that at technical schools. At the top business schools, a quarter to a third are women.

Daniela Kouper, owner of Boulder, Colo. ad agency
"I got so sick of that phrase 'be a team player.'"



Even women who want to work at home can participate directly in what Alvin Toffler, in his new book, *Previews and Premises*, calls "the exchange economy." Women already run as many as 350,000 businesses from their homes, mostly services. They range from the traditional day care and catering to computer programming or management consulting. They constitute "a little undiscovered island in the economy accounting for literally billions of dollars," says Toffler.

Like other newcomers to business, women have plenty of hurdles to face, some of them psychological, some not. Last summer Susan Stevens, 40, and David Strachan, 50, both former school teachers, started Computer Instruction in Buffalo, N.Y. Their students are adults who want to learn computers, maybe for their own small businesses. The pair wanted to allow students to use bank credit cards to pay. The banker Stevens talked to automatically assumed she was applying for credit cards for herself. "When he finally understood I was in business, he was so relieved to hear that my partner was a man. He said, 'That's good, women have no head for business.' I hate to tell you what I said. I called him a bastard and walked out."

A generation ago a woman might have been put down by this bit of male smugness. Like Stevens, today's woman is more likely to regard the banker as a pitiful ignoramus.

Make no mistake: The world is changing fast. "I'm not sure men perceive the issues. They may see services as innocuous businesses. I don't know if they're that sensitive to what's going on," says Lionel Tiger, who is research director of the Harry Frank Guggenheim Foundation in New York.

Janice Jones of Chartwell knows what is going on. Says she: "I think I'll probably get married in a year or so. I've been asked a few times, and it's an increasingly attractive idea. After all, I need a daughter to take over the company someday."

Beginning on page 122 are word portraits of nine successful women entrepreneurs.