

October 2025

# Eight Years to Build, Nine Months to Destroy:

The Women- and Minority-Owned Business Crisis





# A COMMUNITY OF BUSINESSES IN CRISIS



110

women- and minority-  
owned firms surveyed



48%

of those disclosing  
financial data reported  
revenue decreases



54.5%

experienced decreased  
support in the past 6  
months



65.5%

view the political climate  
as unsupportive



“After 8 years of building  
my business, I am now  
facing dissolution.”



# THE ECONOMIC IMPACT

## Women-Owned Businesses

**14 million**

women-owned businesses in the U.S. (39.1% of all companies)

**\$2.1 trillion**

in annual receipts from women-owned employer businesses

## Minority-Owned Businesses

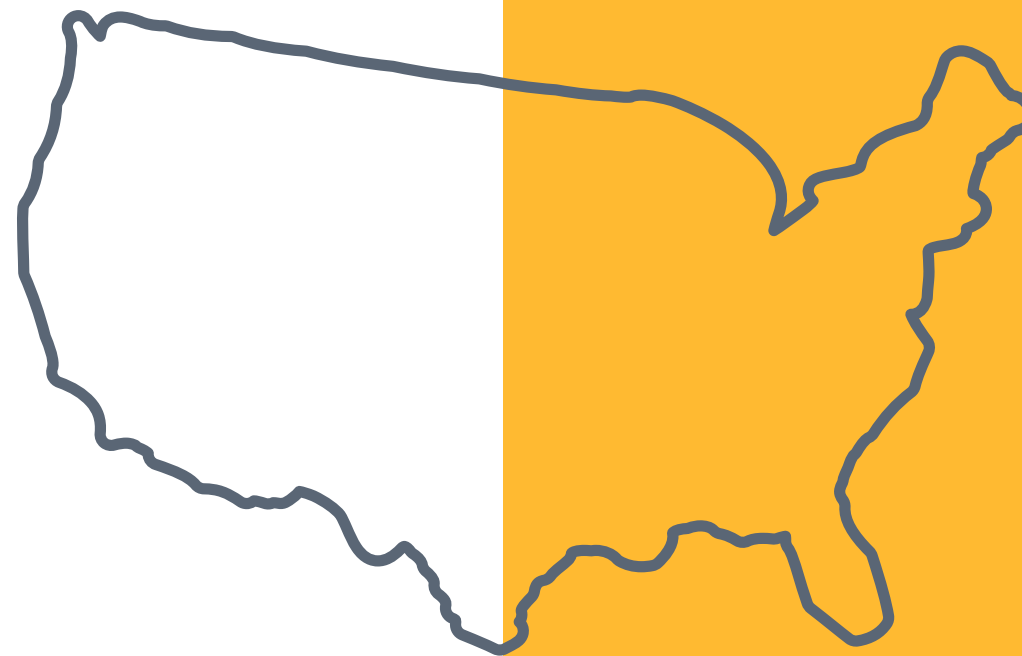
**9.7 million**

minority-owned businesses (~33% of all companies)

**~\$2 trillion**

in annual receipts from minority-owned

Nearly **HALF** of all  
U.S. businesses



# FROM OPTIMISM TO CRISIS IN 18 MONTHS

## Business Outlook Reversal from 2024 to 2025

| Timeframe    | Business Outlook                                   | Source          |
|--------------|--|-----------------|
| Early 2024   | 78% expect revenue growth                          | Bank of America |
| Early 2024   | 66% believe the economy will improve               | Bank of America |
| October 2025 | experiencing revenue decline (of those disclosing) | Our Survey      |
| October 2025 | 65.5% view climate as unsupportive                 | Our Survey      |

**This signals systemic failure, not regular business cycles.**





# THE POLICY ENVIRONMENT HAS SHIFTED DRAMATICALLY

Federal policy shifted from long-standing targeted support to race- and gender-neutral programs, eliminating tools to address disparities where they are greatest.



**15% → 5%**

SBA reduced disadvantaged  
business contracting goal  
(January 2025)



**10,000+**

federal contracts terminated  
worth \$71 billion



**\$1.5 billion**

in capital that MBDA helped  
minority businesses access in  
2024 (now threatened)



# THE BACKBONE OF AMERICAN SMALL BUSINESS



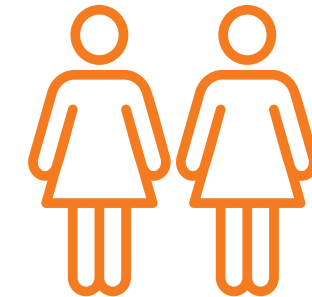
**58%**

have been in business for  
8+ years



**75%**

have five or fewer  
employees



**49%**

are both women- and  
minority-owned



**76%**

earn under \$1M in  
annual revenue



**58%**

operate in professional  
services

**These are established enterprises with deep community roots**





# BUSINESSES OWNED BY BOTH WOMEN AND MINORITIES FACE THE WORST OUTCOMES


Impact by Business Ownership Demographics

| Metric                                 | Women-Only | Minority-Only | Women + Minority |
|--|------------|---------------|------------------|
| View climate as unsupportive           | 69.2%      | 50.0%         | 81.1%            |
| Report procurement decline             | 56.4%      | 37.5%         | 68.0%            |
| Decreased federal contracting interest | 56.8%      | 42.9%         | 67.3%            |
| Revenue decreases                      | 42.1%      | 50.0%         | 53.8%            |

“

The ripple effects of anti-DEI rulings and funding cuts have had a major effect on my clients.

”



# FROM PROMISE TO PERIL: THE FEDERAL CONTRACTING CRISIS

## The Numbers Tell the Story:

- **59.4%** unlikely to pursue federal contracts in the next 12 months
- **61.3%** say the political climate has decreased their federal contracting interest
- **36.4%** experienced a significant procurement decline in the past 6 months

## Why They Won't Pursue Federal Contracts:

- **63.2%** say "process is too complicated or time-consuming"
- **50.9%** "don't believe opportunities are equitable"
- **49.1%** "don't have capacity or resources"

“ We have lost close to 1M in revenue loss. ”

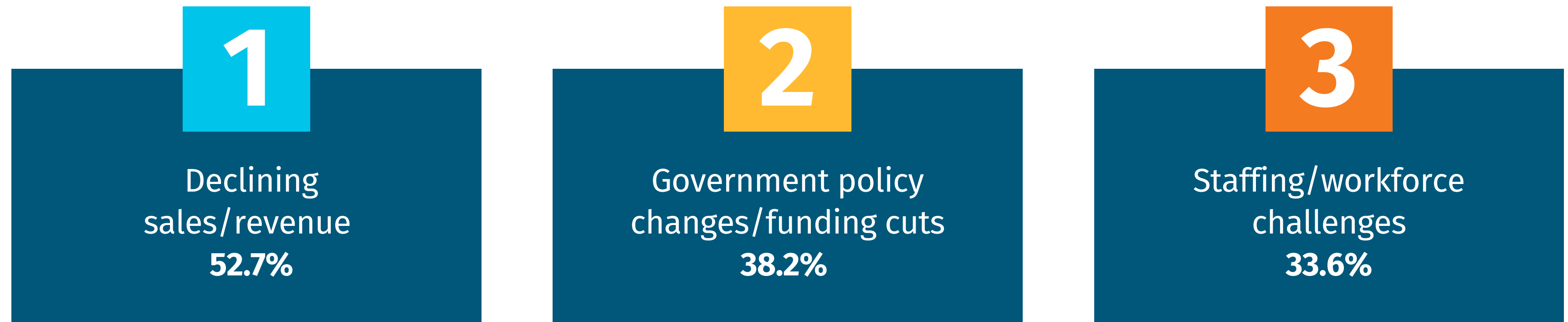
“ All my federal contracts were canceled, so I have no revenue stream. ”

“ The federal contracts are being cancelled; only a handful of agencies...are issuing orders. ”



# BUSINESSES FACE INTERCONNECTED CHALLENGES

## Top 3 Challenges



## The Compounding Effect



# THE CASCADE OF FAILURES

**Client uncertainty**



“My clients are telling me that it is due to the tariffs and uncertainty. They are cutting back on research spending, which affects my company.”

**Buying behavior**



“People don't want to spend...they're holding onto their money or decreasing their spend...putting projects off.”

**Supply chain**



“My client's revenue has decreased, therefore leading to a hiring freeze, which then affects my business.”

**Workforce**



“I am very concerned I'm going to lose talented staff because I cannot provide them the hours that they desire.”





# TRUST HAS BEEN BROKEN

## Corporate Supplier Diversity

**61.9%**

have little to no confidence

**53.6%**

observed declining opportunities

“Most opportunities are just for organizations to say they tried to contract with a minority business.”

## Federal Contracting

**59.4%**

unlikely to pursue contracts

**50.9%**

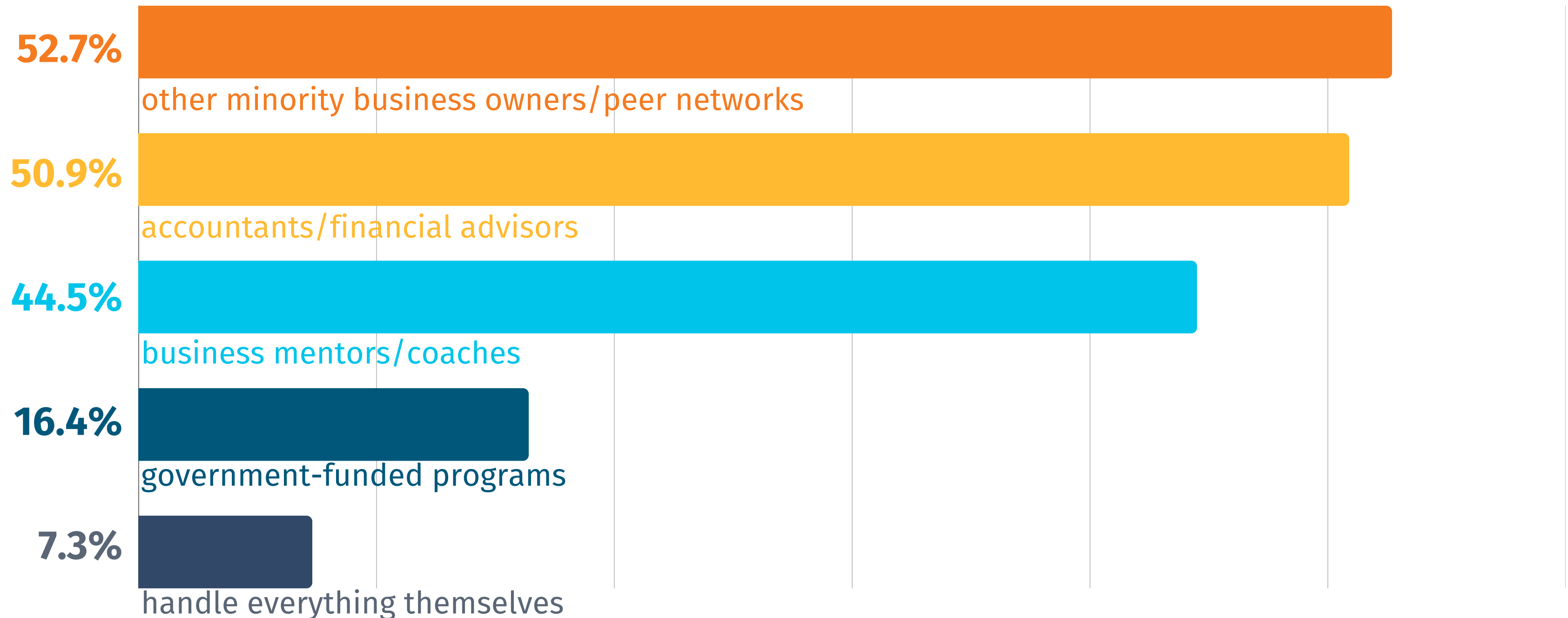
don't believe opportunities are equitable

“This environment makes it feel unlikely that a minority-owned business like mine would be awarded a contract, regardless of qualifications.”



# CREATING THEIR OWN SURVIVAL NETWORKS

## Where Businesses Actually Turn for Support



**Businesses trust peer networks, not formal programs.**

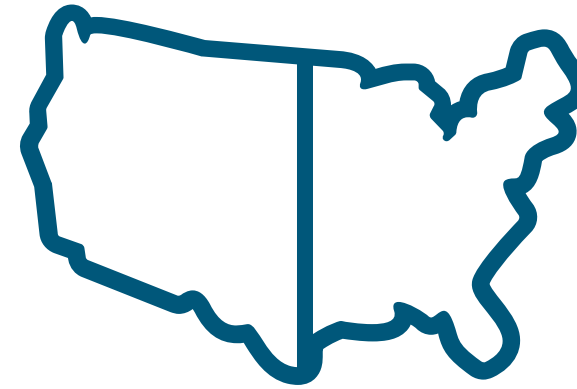




# WHAT'S AT STAKE FOR THE U.S. ECONOMY



**Nearly \$4 trillion in  
annual receipts**



**Nearly HALF of all  
U.S. businesses**



**Communities depend  
on these businesses**

“All my federal  
contracts were  
canceled.”

“We have lost  
close to 1M in  
revenue.”

“I've had to  
reduce hours or  
cut positions.”



# WHEN THESE BUSINESSES FAIL, COMMUNITIES SUFFER



“Completely wiped out.”



# BEYOND THE NUMBERS



**40%**

express frustration/anger



**30%**

report fear/anxiety



**20%**

show resignation/despair



**10%**

maintain determination

“

After 8 years of building my business, I am now facing dissolution. The past 9 months have been the most difficult period of my journey.

”

“

My contracts delayed or cancelled more than 80% loss of income.

”

“

People are scared to work because of ICE.

”



# IMMEDIATE SUPPORT PRIORITIES

## 1 **PROCUREMENT CONNECTIONS** (54.5% OF RESPONDENTS)

- Real opportunities with accountability
- "Stop the checkbox diversity"

## 2 **ACCESS TO CAPITAL AND FUNDING** (29.1% OF RESPONDENTS)

- Emergency bridge funding
- Direct loans, better terms

## 3 **POLICY ADVOCACY & REPRESENTATION** (26.4% OF RESPONDENTS)

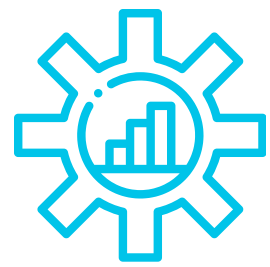
- Protection from devastating policy changes
- "Continue set asides and weighted advantages"

## 4 **PEER AND FOUNDER COMMUNITY** (23.6% OF RESPONDENTS)

- The networks they already trust



# WHAT BUSINESSES WANT FROM STATE/LOCAL GOVERNMENT



**Set-aside procurement (50.0%)**



**Networking that converts (48.2%)**



**Direct bridge funding (38.2%)**



**Tax relief (37.3%)**



**Workforce upskilling (23.6%)**



**“Contract directly with M/WBEs at local and state levels.”**



# WHAT POLICYMAKERS MUST DO NOW

## Stop the contract chaos

- Lift spending freezes
- Enable agencies to post solicitations

## Restore reasonable contracting goals

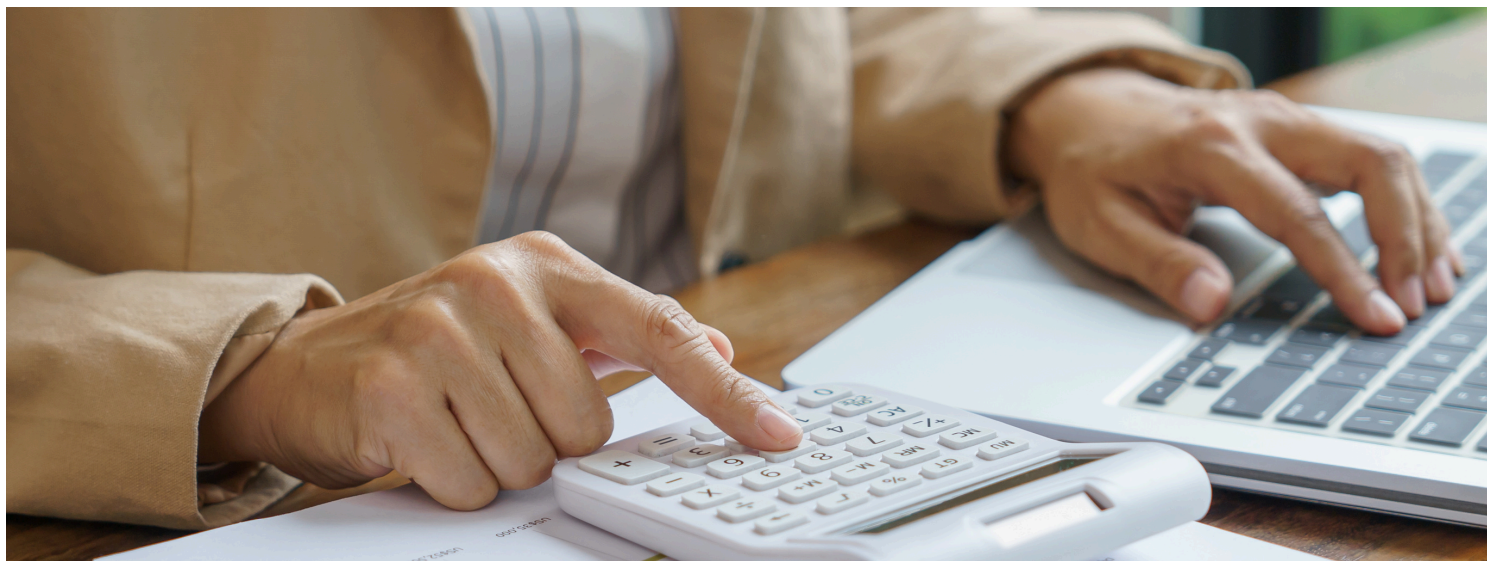
- Support bipartisan restoration efforts

## Protect small business programs

- Prevent dismantling of critical support

## Honor existing commitments

- Stop arbitrary contract cancellations



**This affects economic competitiveness, not just equity.**



# WHAT CORPORATIONS MUST DO

## End "checkbox diversity"

- Move beyond matchmaking to actual contracts

## Stand firm on supplier diversity—because it drives results

- Acknowledge the barriers documented in this report
- Commit not because of federal mandates, but because diverse supplier bases drive competitive advantage

## Take concrete action that increases spend

- Track and increase actual spend with diverse suppliers
- Build procurement systems that reduce barriers
- Measure contracts awarded, not just "engagement"

**61.9% have zero confidence corporations will maintain commitments.**





# STEP UP AS FEDERAL GOVERNMENT STEPS BACK

Main Message to State &  
Local Government



**This is your moment  
to lead.**

## What businesses actually need:

- Procurement opportunities with set-asides (not just posted opportunities)
- Meaningful networking (real connections, not performative events)
- Direct emergency funding (bridge capital to survive)
- Tax incentives and credits
- Workforce development support

**Small businesses are at risk. Their collapse has the potential to devastate communities, tax bases, and local economies.**





# WHY ONLY 16.4% USE GOVERNMENT PROGRAMS

## The problem:

- 58.3% have been in business 8+ years
- These are established enterprises, not startups
- They need strategic guidance for growth, crisis survival, and pivoting—not introductory workshops



## The solution - Build credibility:

- Partner with trusted peer networks
- Tailor support to established business realities
- Deliver immediate, actionable value
- Focus on compounded disadvantages
- Bring in advisors with proven experience





# WHAT'S AT STAKE

**Eight years of success. Nine months to destruction.**

**Not because of competition or capability, but because of policy choices that can be reversed—if there's the will to act**

**Supporting stat: Revenue declining (48%), support disappearing (54.5%), procurement shrinking (53.6%), confidence shattered (65.5%)—failures across federal, corporate, and institutional systems simultaneously**



**The data is clear. The solutions are known. The choice belongs to those who control access.**



# ABOUT CORE STRATEGY PARTNERS

**Core Strategy Partners is a social impact research and strategy firm focused on driving economic growth and development. We help mission-driven leaders across the public and private sectors design evidence-based solutions to workforce development, small business ecosystem, and community development challenges.**

We believe meaningful progress starts with understanding people—not assumptions. Our approach combines human-centered research with rigorous analysis to uncover the insights that inform smarter strategies, stronger programs, and measurable impact. Whether conducting original research, evaluating program effectiveness, or reimagining initiatives, we translate data into actionable strategies that drive confident decision-making and stakeholder engagement.

Our team brings deep, hands-on experience working on economic development issues at the local, state, and national levels. We partner with corporations, government agencies, and nonprofits to turn research into action—because insight without implementation doesn't create change.

Core Strategy Partners is a certified woman- and minority-owned business.

## CONTACT US

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