

WOMEN IN ENTREPRENEURSHIP

HOW WOMEN-LED COMPANIES DRIVE
ECONOMIC GROWTH IN THE UNITED STATES

A REPORT BY:

endeavor
INSIGHT

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ABOUT ENDEAVOR INSIGHT

Endeavor Insight is the research division of Endeavor, a nonprofit organization that supports high-impact entrepreneurs across the world. Its work seeks to answer three questions:

1. How do entrepreneurs reach scale at their companies?
2. How do entrepreneurs reach scale in local networks or ecosystems?
3. What can policymakers, philanthropic leaders, investors, support organizations, and other stakeholders do to empower more entrepreneurs to reach scale in their communities?

The methodology utilized in this study builds on previous Endeavor Insight research supported by the Omidyar Network, the Kauffman Foundation, Knight Foundation, and the William Davidson Foundation.

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Google for Startups partners with over eighty startup organizations to grow diverse and inclusive entrepreneurial ecosystems and help startups succeed in over 150 countries. We offer our partners financial support, exclusive programming, and access to Google and our global partner network. Partners include local tech hubs from Accra to Zurich, as well as accelerators and organizations that provide trainings and resources for underrepresented founders.

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Shani Dowell				

INTRODUCTION

Endeavor Insight and Google for Startups have joined together to study entrepreneurship among women in the United States. This research included interviews and surveys of more than 1,000 women entrepreneurs who lead businesses across the country, conversations with the leaders of organizations that support women founders, a review of existing entrepreneurship studies in this area, and analyses of national data from the U.S. Census Bureau.*

Three primary questions guided this project:

- 1 What is the current state of women's entrepreneurship in the United States?
- 2 What potential benefits could come from increasing the number of women who start companies and the number of women who successfully grow their businesses?
- 3 What lessons can be learned from examples of successful women founders that can help more women in entrepreneurship?

Rather than focusing on what is lacking in the field, the authors provide a look at the positive advancements and current strengths among women in entrepreneurship. Many of the lessons are drawn from a deep analysis of the women founders who have scaled their companies to better understand their pathways to success and strategies for overcoming some of the most common challenges that women entrepreneurs face.

Endeavor Insight collected data for this study between September 2019 and March 2020, prior to the onset of the COVID-19 crisis. The findings are, therefore, based on the status of those companies before they sustained any impacts from the pandemic. Nevertheless, the analyses remain relevant, and are perhaps even more pertinent as women founders navigate new challenges.

This research is intended to offer practical steps for those wishing to support women in entrepreneurship by highlighting the stories of successful women entrepreneurs and providing specific guidance from practitioners at entrepreneurship support programs and investment funds. The report also reveals the potential economic and social benefits that could be gained if women were to achieve gender equality in entrepreneurship. These findings have important implications for practitioners and policymakers in the United States as they make decisions about economic development and women's rights.

KEY THEMES

More women are becoming entrepreneurs each year, but they are less likely to start and scale their own companies compared to men.

If more women founders could grow their companies to 50 or more employees, it would have a tangible effect on closing the wage and wealth gaps that exist between women and men. It would also generate a substantial number of jobs and add a significant amount to the nation's GDP.

Women founders who have scaled their companies to 50 or more employees often gained valuable industry experience early in their careers and achieved high-level positions at other entrepreneurial companies prior to starting their own business.

Women founders tend to have a harder time than men in securing financial capital to grow their businesses, but this challenge may be a symptom of underlying obstacles in building strong networks.

Receiving mentorship from entrepreneurs who have previously scaled companies is one of the clearest differences between women who scaled their businesses and those who did not.

Decision makers who wish to support women in entrepreneurship can take specific steps to reduce bias throughout the investment process and curate high-quality mentorship opportunities.

* Researchers took into account gender identity by asking participants to self-identify their gender through an open field.

Case Study: Courtney Caldwell, ShearShare

THE KNOWLEDGE THAT WOMEN ENTREPRENEURS GAIN EARLIER IN THEIR CAREERS IS IMPORTANT TO SCALING THEIR OWN COMPANY.

COURTNEY CALDWELL had already built a career as a marketing executive before launching her own company. She had gained more than two decades of experience and served as a global director of innovation and digital demand generation for the multinational tech company Oracle. “As a marketer, your goal is simple,” she said, “fill a need and meet consumers where they are.” Those skills proved to be invaluable as she grew her own company, ShearShare, the first B2B app that lets beauty and barbering professionals rent space to work by the day, week, or occasion.¹

She started the company with her husband, a long-time professional stylist and salon owner in the Dallas area. Before that, Caldwell and her husband invested in the expansion

of his award-winning hair salon, which heightened their awareness of trends in the beauty industry. The chairs in a typical salon or barbershop sit empty around 40 percent of the time, leaving owners on the hook for the overhead costs of those unused hours. They also realized that more and more stylists were moving away from the customary arrangement of renting chairs from salon owners on a long-term basis. “The industry had been working in the same exact way since 1916,” noted Caldwell, “but the dynamics were changing. Stylists were demanding freedom and economic mobility.”²

In 2012, the couple started connecting independent stylists and barbers with owners who had available space in their salons. This began informally among acquaintances, but





“Living in McKinney, Texas, we were not aware of the startup ecosystem. Silicon Valley was so foreign to us before starting ShearShare.”³ With no direct connections to investors, Caldwell used her networks and reached out to mentors. “Just by asking questions, we started to find people who were tied back to the startup world.”⁴

Participating in well-known programs such as 500 Startups and Y Combinator Fellowship enabled them to launch a beta version of the app in 2017. Caldwell was selected to pitch to investors on Google Demo Day 2018, where ShearShare won the Judge’s Favorite award. As a result, they secured an investment of \$250,000 from JD Vance/Revolution, which helped them oversubscribe the rest of their \$1.1 million pre-seed round.⁵

“I didn’t realize that my decades in Corporate America would become a framework for our growth and success at ShearShare,” Caldwell reflected. Her extensive knowledge of international sales and digital marketing prepared her to lead a rapid expansion of her business. Her approach to launching in new cities has been targeted and data-driven, taking into account factors like the number of salon openings and closures and the number of beauty schools and barber colleges. As a result of this approach, the company has seen 157 percent year-over-year revenue growth since launching, and ShearShare now operates in 625 cities throughout 11 countries.⁶

demand for their service grew, and they soon needed a way to automate the matchmaking process. At this point, they turned their attention to building the ShearShare business and depleted their savings. By 2016, Caldwell joined the company full-time.

Finding startup capital for a beauty-tech company was not easy, especially in a city whose economy is based on the oil industry.

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The industry had been working in the same exact way since 1916, but the dynamics were changing.

CONTEXT:

MORE WOMEN ARE BECOMING ENTREPRENEURS EACH YEAR, BUT THEY ARE STILL LESS LIKELY TO START AND SCALE THEIR OWN COMPANIES COMPARED TO MEN.

During the last several decades, women have excelled in educational attainment and advanced in a range of high-status fields — surpassing men by many measures. Women now earn more than 57 percent of undergraduate degrees and 59 percent of all master's degrees.⁷ They represent 53 percent of college-educated workers in the United States and make up a majority of all accountants and financial managers.⁸

Women's advancement to top positions in American workplaces creates meaningful benefits for the private sector. In one study, researchers found that companies with the highest representation of women on their top management teams experienced better financial performance than companies with the lowest women's representation.⁹ Another study found that increasing the percentage of women in leadership positions from zero to 30 percent was associated with a 15 percent increase in revenue, on average.¹⁰

The gains in education and workplaces have paved the way for women in entrepreneurship. Between 1997 and 2012, national data shows that women-owned businesses increased by over 80 percent, compared to a 31 percent increase for men-owned companies during the same time period.¹¹ Estimates by other researchers suggest that businesses owned by women of color, in particular, have grown at a rate significantly higher than that of all women.¹² **In 2017, more than 1.1 million women-led businesses generated nearly \$1.5 billion in revenue and created more than 10 million jobs.**^{*13}

Women in entrepreneurship are finding success across the country and in a range of industries. An example of this comes from **SHANI DOWELL**, a Nashville-based founder who was inspired by her years of experience as a teacher and educator to found her tech startup Possip. Her company provides an app to help schools track trends and solve problems by collecting feedback from students' parents. Dowell was among a select group of founders who took part in Google for Startups' annual Black Founders Exchange Program, hosted by their partner organization American Underground, which helps participants scale their businesses through mentorship, workshops, and industry connections. Following the program, Dowell raised a funding round of \$1 million to support the growth of her company.¹⁴



SHANI DOWELL, FOUNDER & CEO, POSSIP

PHOTO COURTESY OF POSSIP

* The figures used are based on the most recent data available, 2018 Annual Business Survey, which includes all nonfarm employer businesses filing the 941, 944, or 1120 tax forms.

Unfortunately, many significant gaps still remain between men and women who start businesses. There are substantially fewer companies in operation that were started by women. As illustrated in the chart below, women owned only 20 percent of all businesses that had at least one employee in 2017, with another 16 percent of companies owned equally by both men and women. Women of color are even more underrepresented, as they

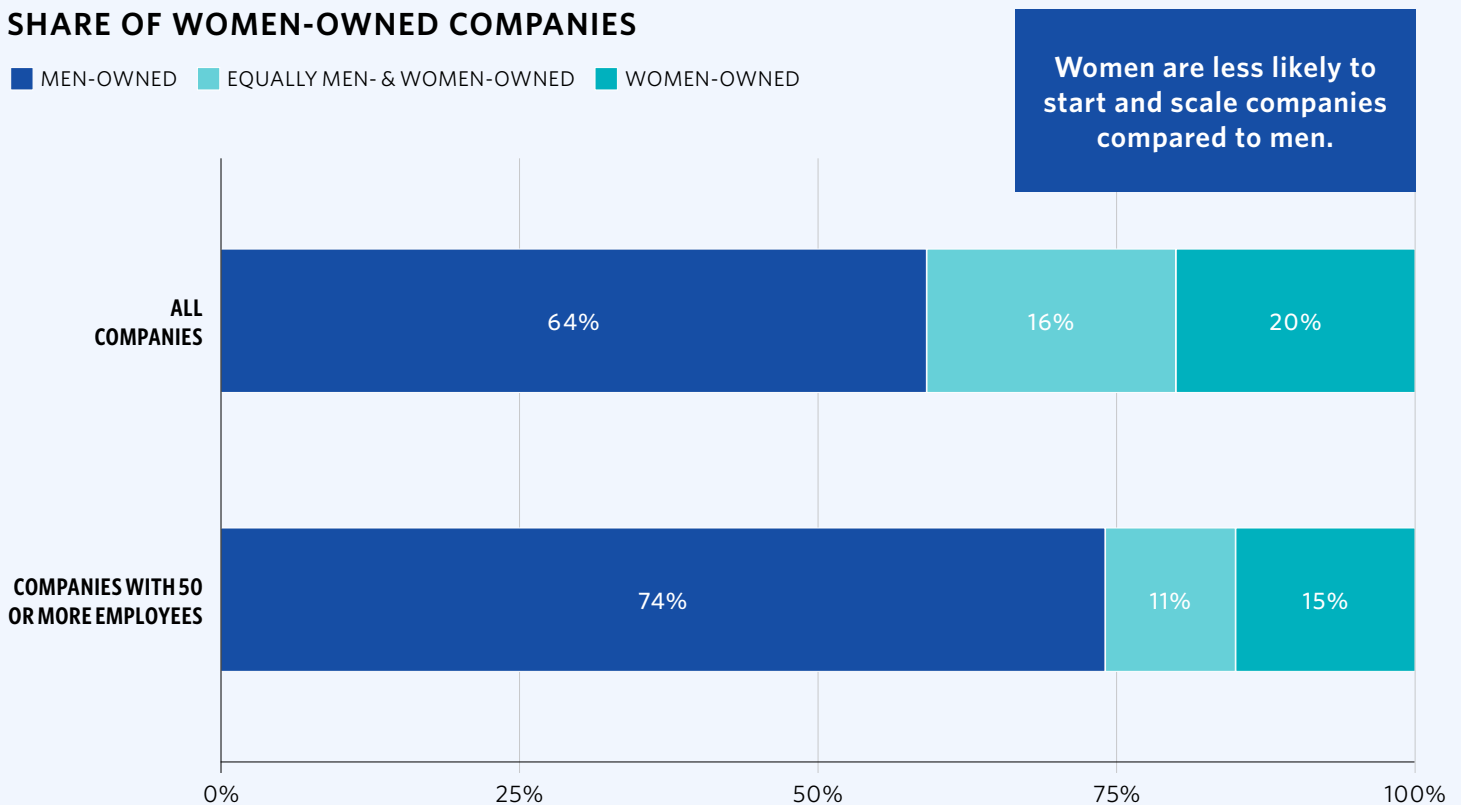
make up only 5 percent of companies owned entirely or equally by both men and women, while comprising 20 percent of the population.¹⁵

The entrepreneurship gap is even more pronounced for businesses that scale — those that have grown to 50 or more employees.* These larger companies are rare, in general, representing only about 5 percent of all companies in the United States.¹⁶ However, growing to this scale is even

more uncommon among women-led businesses. **There are nearly three times more men-owned companies that employ 50 or more people compared to companies that are women-owned or equally men-and-women-owned.**¹⁷ Among the small group of women-owned businesses that do reach this size, the founders are disproportionately white women.¹⁸

SHARE OF WOMEN-OWNED COMPANIES

■ MEN-OWNED ■ EQUALLY MEN- & WOMEN-OWNED ■ WOMEN-OWNED



Note: Based on data for companies with one or more paid employees. Men-owned and women-owned businesses are defined as having 51 percent or more of the stock or equity in the business. Excludes companies not categorizable by gender.

Source: Endeavor Insight analysis; U.S. Census Bureau, 2018 Annual Business Survey (ABS), released in 2020.

* The vast majority of companies do not grow past the size of 10 employees. These microbusinesses have limited impact on local economies. Previous Endeavor Insight research has found that companies that grow to the size 50 or more employees offer much more significant economic benefits and tend to keep growing.

Case Study: Sandeep Ahuja, cove.tool

GROWING A COMPANY INVOLVES IDENTIFYING A SPECIFIC CUSTOMER NEED AND BUILDING A SCALABLE SOLUTION, OFTEN UTILIZING TECHNOLOGY TO AUTOMATE PROCESSES.

SANDEEP AHUJA'S first job out of graduate school involved providing in-house consultation on sustainability practices at Perkins and Will — a large architecture firm known for its focus on “green” design. Along with her co-worker Patrick Chopson, Ahuja consulted with principal architects across hundreds of designs. “We were getting so many projects that we were growing a consulting company inside the firm. It taught me that everyone wants the data if they can get their hands on it, and many times they need additional insight on the right questions to ask.” Ahuja and Chopson quickly learned the specific cost-saving and value-add services that architects were willing to pay for and saw an opportunity to start their own consulting firm.

In 2015, the two gave notice and devoted their time to helping architects in their area incorporate sustainability into their work. The response from their first clients was immediate and enthusiastic. “When I left the firm I took zero customers with me. My cofounder and I started calling every single architect in Atlanta and asked them if they needed sustainability consulting services. It grew really fast. Within three months of quitting my job, I was earning the same amount.”

Demand for their sustainability consulting services continued to grow and revenue was soon doubling every few months. After starting to automate parts of their practice to save time, the cofounders realized they could turn the business into a fully automated solution with a machine



PHOTO COURTESY OF COVE.TOOL



learning optimization algorithm. Through this significant change, Ahuja remained focused on the customer. She would call each new customer and ask them why they bought the product and was careful about adding features to address their specific needs.

By 2017, the team launched cove.tool as its own company. The data-driven software acts as a “Turbotax for energy modeling,”

helping architecture achieve energy, daylight, comfort, water, and carbon targets while reducing construction cost.¹⁹

They sold the first product license in May 2018 and soon after raised a sizable seed round. “I hadn’t done fundraising before. We applied to the Atlanta Startup Battle, where you don’t have to know anyone, unlike typical venture capital where you need a warm introduction. This was an open forum where we could just submit pitch decks. When we won, it opened doors to Atlanta-based investors and they connected us to more investors.” In addition to investment, the cofounders received access to mentorship and resources through the Google for Startups network.

The company now serves some of the country’s largest architecture, engineering and construction firms including EYP, Skanska, and Cooper Carry and has saved clients over \$1.2 billion through cost-optimization. The total impact of Ahuja’s company extends beyond this economic value — their services have offset more than 2.4 million metric tons of carbon.²⁰

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It grew really fast. Within three months of quitting my job, I was earning the same amount.

OPPORTUNITY:

ACCELERATING THE GROWTH OF WOMEN-OWNED BUSINESSES WOULD OFFER TREMENDOUS BENEFITS TO WOMEN AND THE U.S. ECONOMY.

Creating a business, especially one that grows, holds important meaning not just for a woman's own livelihood, but for gender equality in the United States overall. Based on the most recent data available from the U.S. Census Bureau, women earn only 74 cents for every dollar men make, among workers with a bachelor's degree.²¹ In terms of wealth, women in the United States own just 32 cents for every dollar owned by men, a measurement

that is much more telling about the financial disparity because it takes into account accumulated savings, investing activities, and access to retirement programs.²²

There is an opportunity to address the heavily publicized gender wage gap and the even more significant wealth gap through entrepreneurship. Evidence suggests the median net worth of a business owner is almost nine

times greater than that of someone who does not own a business. The average woman business owner in the United States has a significantly higher net worth than typical women full-time workers.²³

The success of women in entrepreneurship can also have a powerful impact on the U.S. economy as a whole, particularly as more women scale their companies.



If women scaled businesses to employ 50 or more people at the same rate as men, it has the potential to generate over 4 million new jobs and add over \$500 billion in additional productivity each year to national GDP.

A disproportionate number of jobs created by women-owned companies are generated by the small percentage that grow to employ 50 people or more.*²⁴ The jobs that these larger companies create also tend to pay higher wages, on average.²⁵ If women scaled businesses to this size at the same rate as men, it has the potential to generate over 4 million new jobs and add over \$500 billion in additional productivity each year to national GDP.²⁶

How can more women in entrepreneurship scale their companies and maximize their economic impact? One answer to this question is revealed by looking at some of the most successful examples of women founders and what they did before launching their companies. Many women founders achieved high-level positions at other entrepreneurial companies prior to starting their own business.

PRIYA JAKATDAR, for example, first advanced her career to CIO at iPay Technologies, an online bill payment firm founded by another woman entrepreneur before cofounding Fair Square Financial in 2016.²⁷ The company grew quickly and now employs more than 70 people.²⁸

Women who advance early in their careers gain specialized industry knowledge and build a robust network — two elements that are key for founders who later scale their companies. The story above reflects the current reality that women-owned companies hire more women and that companies with

a woman CEO and board chairs have more women in executive positions.²⁹ American corporations as a whole have come a long way since 1964, when professional discrimination on the basis of gender was first made illegal.³⁰ Workplaces have become more merit-based, and studies have shown that women are more likely to be on the fast-track in companies that are held accountable for gender diversity.³¹ If more companies prioritize career advancement opportunities for women, regardless of the gender of those in charge, it would help pave the way for the next generation of female founders.

* This is true for companies founded by people of any gender in the United States, based on U.S. Census Bureau data.

Case Study: Anabel Perez, NovoPayment

CAREER ADVANCEMENT IS A KEY WAY THAT WOMEN GAIN THE CONTACTS AND MENTORS THEY NEED FOR LAUNCHING THEIR OWN COMPANIES.

ANABEL PEREZ had a very successful career before starting her own company. She climbed the ranks at Venezolano de Credito, a prominent bank in Venezuela, eventually becoming Senior Vice President — a position in which she led a team of over 1,000 employees — and eventually serving as the only woman on the executive board. Perez faced bias as a female leader, but persisted in advancing her career:

“Who I am today is because I never stopped fighting for my place in the world,” she said.³²

As a Senior Vice President, she developed a valuable network that later helped her as she launched her own company in 2004. “I was fortunate that the bank CEO was a

great sponsor who also helped me to create NovoPayment,” she reported.³³ When Perez started NovoPayment as an independent entity, she had also won the support of the bank’s shareholders, who provided seed capital for the startup.

During her tenure, she became familiar with the day-to-day struggles of retailers, the role of payment companies, and the needs of consumers. The early concept of her company came out of a problem that her customers faced in handling cash payments. Her solution, a payment technology company that replaced cash processes with electronic alternatives, took off quickly. “The reality is that we were pretty successful in our initial stage,” said Perez.³⁴



PHOTO CREDIT: KIERAN KESNER FOR ENDEAVOR



entrepreneurs that have guided her through the company's rapid growth and evolution to banking as a service (BaaS). "Being part of Endeavor has been one of the most positive acts that I have made in my professional career," she related.³⁵

NovoPayment is now a leader within the fintech industry, and the company has expanded far beyond its initial payment solutions to offer an end-to-end digital banking platform for financial and payment services providers across the Americas. The company has contributed to the development of the BaaS sector through the creation of an open and agnostic API portal that allows developers to easily integrate their services and create new ones. NovoPayment is currently working with Apigee, Google's cloud-based API management service, to make its interface even more accessible across platforms.

Perez is a committed advocate for other entrepreneurs and women. She supports other emerging entrepreneurs and strives to create an equitable work environment. NovoPayment's workforce is 45 percent female, above the 37 percent industry average, with plans to increase the proportion of women as the company continues to grow.³⁶

To expand her business to the United States, Perez decided to move NovoPayment's headquarters to Miami in 2007. Networking became even more critical after the move. Perez joined professional associations and built strong relationships with local multinationals before being invited to join the Endeavor network in 2014 — a turning point for the company. Endeavor helped her build an advisory board made up of experienced

I was fortunate that the CEO was a great sponsor who also helped me to create NovoPayment.

ANALYSIS:

NEW DATA ON SUCCESSFUL WOMEN ENTREPRENEURS CONFIRMS THAT ACCESS TO FINANCE IS A CHALLENGE, BUT ACCESS TO NETWORKS MAY BE AN EVEN GREATER ISSUE.

Endeavor Insight examined women-owned companies that operate in three industry groups to better understand the factors that influence the success of women in entrepreneurship. The three groups are software and e-commerce, advanced manufacturing, and tech-related professional services companies. The groups were chosen because businesses in these industries tend to have higher productivity per worker and provide substantial economic benefits for the founders and their communities.*

Access to financial capital was a significant barrier preventing these women from growing their companies. This is often the case with entrepreneurs, but women founders tend to have a harder time. In 2019, companies founded solely

by women raised only 2.7 percent of the total capital invested in venture-backed startups in the United States, and this proportion has remained essentially flat over the last decade.³⁷ Venture capitalists have also been found to use more negative, failure-focused language when speaking with women entrepreneurs. One study found that venture capitalists tended to ask men questions about the potential for gains and women about the potential for losses.³⁸

Challenges with access to finance were confirmed by the women founders surveyed and interviewed for this report. **Women who eventually scaled their companies were much more likely than men to consider access to capital the biggest challenge in their first year.**

When asked whether access to finance was a *current* challenge, women who had successfully grown their companies answered yes at rates much more similar to men (36 percent of women compared to 30 percent of men).³⁹ This suggests that once women achieve scale with their companies, the challenges they face in securing financial capital may have more to do with the industry in which they operate than differences in gender. Indeed, the responses from women who scaled their businesses were in line with overall industry dynamics, as the table below demonstrates. The percentage was higher among founders of advanced manufacturing companies, which are very capital-intensive, and high-growth software companies, which are dependent on raising capital for their growth.

PERCENTAGE OF FOUNDERS WHO CONSIDERED ACCESS TO FINANCE A CURRENT OBSTACLE TO RUNNING THEIR BUSINESS

FOUNDERS WHO SCALED THEIR COMPANIES TO 50 OR MORE EMPLOYEES

	WOMEN	MEN
Software and E-Commerce	38%	30%
Advanced Manufacturing	50%	37%
Tech-Related Professional Services	23%	25%
Total	36%	30%

Note: Based on responses from 96 women and 179 men.
Source: Endeavor Insight interviews.

* For more information on the economic benefits of these types of entrepreneurial companies see the forthcoming Endeavor Insight report "How Cities Can Identify the Best Businesses for Local Economic Growth."

The percentage was lower for professional services companies, on the other hand, as these types of businesses are less reliant on venture capital and other forms of external funding.

Raising financial capital is not the only challenge women founders face. The entrepreneurs who reported having severe obstacles in raising finance also mentioned other factors as challenges. In other words, securing capital may be a symptom of other underlying barriers.

Mentorship is one of the clearest differences between women entrepreneurs who were able to scale their businesses to 50 or more employees. **Those who scaled were 10 percent more likely to have mentors who were successful entrepreneurs themselves, according to the interviews and surveys conducted for this report.** Research from other studies also found that access to high-quality mentors can significantly increase a company's chance of scaling.⁴⁰

The importance of mentors and advisors is apparent in the stories of several women founders highlighted in this report, as well as many others interviewed for this study. Women who had strong networks found this experience to be helpful in both good times and bad.

"We almost had to shut down, but we talked to good advisors and got through it," a successful founder noted. "That year we had three million dollars in profit."

Having strong networks in general can help women increase their access to financial capital. **A number of the founders who raised large amounts of capital noted the role that mentors played in the fundraising process.**

This pattern is also apparent at the earliest stages. When asked whether their own friends and family could have contributed \$100,000 at the time they started their business, about half the women in this study who scaled their businesses said yes, compared to only around one-third of women who had not reached scale. This suggests that women who have existing connections to wealthier circles of people at the startup phase may have an advantage in growing their companies. It is worth noting that men who responded were more likely than women to answer yes to this question regardless of the employee size of their companies.

Although the importance of professional connections are clear, women tend to face greater challenges than men in building the networks they need for growing their businesses.⁴¹ Among the founders who had scaled their companies in this study, men were more likely than women to have mentors who were successful entrepreneurs themselves. The women founders who struggled described their lack of connections,

reflecting that "winning clients was a challenge as we had no social network or established relationships when we started." Another said that her biggest mistake was that she "underestimated the power of networking."

The women who overcame these obstacles to scale their companies shared one distinct advantage over those who did not. Among the major industry groups studied, women who scaled their companies worked a median of 13.5 years before starting their first company compared to a median of 9 years for women who did not scale their businesses.* This research reaffirms the pattern that work experience was the most common way that interviewees reported building relationships with mentors and building their networks. **Over 60 percent of the women founders who scaled their companies met their mentors in the years of their career before they actually became entrepreneurs.**⁴²

The needs of entrepreneurs can change quickly depending on their industries, business models, the stages of their businesses, and other unforeseen challenges such as the COVID-19 pandemic. While there is no single solution to the different types of challenges women entrepreneurs face, having more connections and larger groups of expert supporters can increase the resources and expertise that founders can use to overcome their obstacles.

* The authors examined work histories prior to the launch of companies that fall into the three major industry groups covered in this study — founders may have launched other types of businesses during this period.

Case Study: Hetal Pandya, Edison Software

BUILDING A STRONG PROFESSIONAL NETWORK CAN MAKE A MEANINGFUL DIFFERENCE IN NAVIGATING THE GROWTH OF A BUSINESS AND SECURING FINANCIAL CAPITAL.

HETAL PANDYA started her career at Nortel Networks, a large communications company, after completing her degree in electrical engineering at the University of Texas. The company's leadership development program helped her move up quickly and introduced her to her first mentor. After nine years at Nortel, her mentor guided her through the process of applying to business school.

"I didn't think that I needed to go to business school for the school itself," Hetal said. "As a woman, I needed the outside credibility to work on the business side."

After completing her MBA, Pandya gained experience in product management at various software companies in Silicon Valley, working her way from Senior Product Manager to

Director of Communications. She reported that "it was difficult as a woman and as an immigrant to make risky choices, but I made those choices within an ecosystem, by working on new products."

By the time she and her cofounder, Mikael Berner, started their own company in 2011, Pandya had built a strong professional network in the software communications space that grew out of her time at business school. "When you graduate business school, there's an unwritten rule that you'll respond to fellow alumni," she said. "I've definitely used that network a lot over the last five years at Edison."

Pandya and Berner started building a personal assistant application called EasilyDo, but changed course after the company struggled



PHOTO COURTESY OF EDISON SOFTWARE



this period. With their guidance, the business grew to 50 employees in just three years. The company achieved a more sustainable revenue stream with the development of Edison Trends, a service that provides business insights on consumer purchasing by using aggregated email receipts.

Though large players dominated the market, the Edison team was, once again, crucial to gaining a foothold. The team worked with Fortune 100 companies to understand their specific business insights and research needs. In 2018, Edison had 70 employees, 40 percent of whom were women.⁴³

Pandya is now involved in shaping how other entrepreneurs get their start. She serves on the Board of Advisors at the Center for Entrepreneurship and Innovation at the Fuqua School of Business at Duke University, where she is helping the school design an entrepreneurship program.

to find a viable business model. The Edison team ultimately created an email app instead called Edison Mail, and made this major change with only three months of runway left.

Pandya's business network, her cofounder, the early team, and the company's advisory board played an especially critical role during

“ I didn't think that I needed to go to business school for the school itself. As a woman, I needed the outside credibility to work on the business side. ”

RECOMMENDATIONS:

RESEARCH AND CONVERSATIONS WITH LEADERS SUGGEST FIVE WAYS OF SUPPORTING WOMEN ENTREPRENEURS.

Endeavor Insight spoke with leaders of support organizations to identify strategies for identifying and supporting more women entrepreneurs who start companies and scale their businesses. Researchers also heard from hundreds of successful women founders across the country. The following recommendations emerged from those conversations.

#1

CURATE PROGRAMS AND EVENTS TO INCREASE ACCESS AND DEEPEN ENGAGEMENT AMONG WOMEN FOUNDERS.

More women can benefit from existing programs and events that support entrepreneurs. Leaders of organizations that support women entrepreneurs named tangible steps for improving accessibility and creating well-designed experiences that can provide deeper engagement for women founders.



BRYNN PLUMMER, VP INCLUSION & COMMUNITY RELATIONS (NASHVILLE ENTREPRENEUR CENTER)

“There are a number of ways that organizations can be smart about helping more women participate in entrepreneurship programs and events. One of the easiest ways to do this is via virtual programming. At the Nashville Entrepreneur Center, we’ve noticed that the participation of women, particularly women of color, increased when we switched to online programming due to COVID-19.

For in-person meetings, it is important to take the specific needs of all women into account and give attendees clarity on what their experience will be like. This includes providing childcare where possible, or giving attendees time to arrange for their own childcare in advance. Other factors include ADA accessibility and potential costs associated with parking or valet services.

People are drawn to people and not just topics. Entrepreneurs attend events because they care about who will be there, so it is important to make sure these types of encounters happen systematically and to

advertise events around the other attendees who are expected. In some cases, it can be helpful to reach out to entrepreneurs who are new to a program and highlight two or three attendees who would be particularly useful for the entrepreneur to meet.

Access also means making sure women feel like they belong in the program. Seeing other women and feeling like they have a community of support is vital — when we have more women in the room they tend to hype each other up and give each other ideas. This also applies to speakers. Organizations need to make sure they shift who gets put on the pedestal to reflect the diversity that they wish to see.”

The Nashville Entrepreneur Center connects local entrepreneurs to resources such as accelerator programs and advisory networks needed to create, launch, and grow businesses.

#2

PROVIDE MORE SUPPORT FOR WOMEN WHO ARE SCALING THEIR BUSINESSES, IN ADDITION TO THE EXISTING INITIATIVES THAT ASSIST WITH STARTING OR BUILDING COMPANIES AT EARLIER STAGES.

Helping more women to scale their companies is critical for addressing the gender gap in entrepreneurship. However, very few programs focus on assisting women founders who have moved beyond the early stages of their company's growth.



ADRIÁN GARCÍA-ARANYOS, PRESIDENT (ENDEAVOR)

"Women who have businesses at the scaling phase need very different types of support than those in the idea or startup stage. Writing your first business plan or filing to incorporate a business is very similar across different types of companies. However, as businesses mature and focus on growth, their needs become more distinct and individualized.

One of the best ways to address the individualized needs of women entrepreneurs is to encourage them to participate in accelerators and other similar support organizations focused on scaling later-stage companies. Women are often underrepresented in these types of programs.

At Endeavor, we created a special initiative to ensure that we are bringing more women founders into our pipeline. One of the key insights that came out of that work is that the women entrepreneurs we already work with have other highly qualified applicants to recommend. We just need to ask them to share names on a more frequent basis.

Another thing we've learned is that empowering women entrepreneurs to scale is often about enabling them to build new capacities as leaders. The skills that led someone successfully through the startup

phase may not be the same ones needed as a business begins to scale. We've partnered with Harvard and Stanford to design executive education courses for our founders that are tailored to growing companies and use case studies from entrepreneurs in our program.

Finally, as businesses grow we've seen two ways in which our program is especially valuable. The first is peer support. As entrepreneurs start to scale, it can be harder for them to find other founders with similar challenges to share ideas and experiences. Programs focused on scaling can help bridge this gap. The second component is mentorship. When we connect a founder with an experienced mentor, it can result in a long-lasting relationship that helps the entrepreneur address the unique challenges her business faces."

Endeavor operates globally to support high-impact entrepreneurs at the "scale-up" stage through mentorship, co-investment, and peer-to-peer idea exchange.

#3

REDUCE GENDER-RELATED BIAS AMONG INVESTORS THROUGHOUT EVERY STEP OF THE INVESTMENT PROCESS.

Many leaders who have supported women founders as they secured capital raised important points about reducing prejudice. Practitioners and investors working in the field identified tactics that can help reduce bias at each stage of the process.



SHARON VOSMEK, CEO (ASTIA)

“Investors should recognize that many common mechanisms for sourcing, screening, and investing in entrepreneurs reinforce biases that exist more broadly within society. To counteract this, they need to go deeper than the ‘tokenism’ adopted by many venture firms and address bias at each stage. At Astia we have a documented mechanism for eliminating bias in our process, and we track race and gender at all stages.

The referral requirement adopted by many investment firms as a criterion for meeting with a company introduces a significant level of bias. Removing it can greatly improve diversity at the earlier stages of the process. This does not mean that referral networks should not be a component of the sourcing funnel, but investors should make sure the sources they use are representative of the diversity they want to see in their portfolio.

When it comes to meetings, there are ways to structure touchpoints to avoid embedded bias. For example, at Astia, we conduct all first screening calls with video switched off to reduce any unconscious prejudice related to an entrepreneur’s appearance. We also never ask “who else has invested” because the answer may be “no one”, which may be because of systemic bias, rather than a reflection of the investment potential.

Investors should be mindful of treating founders consistently throughout their due diligence processes to help ensure the playing field remains level. Astia’s own investment data has shown that for companies where the CEO is a Black woman, we have had to provide significantly more investor introductions to secure meetings with other investors and to ultimately complete the syndication — even when Astia has co-invested with those investors before.

Once a company receives funding, there may still be biases inherent in the portfolio management process. Thoughtful investors will need to continue managing this bias in all engagements with company leadership.”

Astia invests in inclusive teams with women leaders building high growth companies, providing the access to capital and advisory networks necessary to level the investment playing field.

#4

CONNECT WOMEN FOUNDERS WITH STRONG NETWORKS AND HIGH-QUALITY MENTORS.

Evidence shared in the analyses and case studies of this report highlights the importance of experienced mentors and professional networks. Supporters who work with women entrepreneurs can help to create connections that are structured to maximize their benefits.



KAREN GRIFFITH GRYGA, MANAGING DIRECTOR - INVESTMENTS (DREAMIT VENTURES)

“We think about mentorship in a matrix perspective — mentors that are domain-specific, skillset-specific, and company-stage-specific. We set a goal to bring together experienced mentors in every operational aspect so that women participating in our program could have at least one person to talk to for each area of need. This specificity helps address the wide variety of challenges entrepreneurs face.

We also encourage our founders to be very specific when making an ask or outlining a need with their mentors. The more specific the ask, the easier it is for mentors to address it or recommend someone else who can.

Mentors, particularly female mentors, often have very demanding schedules. Structuring an effective mentorship program requires minimizing the time required for being a mentor. This can be done through taking care of administrative and scheduling details as well as coaching entrepreneurs on how to be brief in the way they engage in these sessions.

I also believe that the best mentorship comes from personal relationships that develop organically. We don't assign long-term mentors, we just open the door by making an introduction. Once the connection is made, it is up to the entrepreneur to develop the actual relationship.”

Dreamit Ventures provides funding and support for tech startups in healthcare, security, and real estate. The Dreamit Athena program offers resources for female entrepreneurs including connections to successful female mentors and investors.

#5

ALIGN SUPPORT FOR WOMEN FOUNDERS WITH INCLUSION EFFORTS HAPPENING ACROSS UNDERREPRESENTED GROUPS.

Initiatives focused on women founders are likely to be central to any strategy for increasing inclusion within entrepreneurship. Several experts and practitioners highlighted how they design programs for women entrepreneurs as a part of leveling the playing field across all underrepresented people.



MELINDA EPLER, FOUNDER & CEO (CHANGE CATALYST)

“In order to develop inclusive programs for women entrepreneurs, you have to develop an environment that welcomes women from all backgrounds. This includes diversity in terms of race and ethnicity, sexual orientation, disability, religion, age, as well as people who have been incarcerated, veterans and parents.

The first step to developing inclusive programs is recruiting a diverse set of participants. To do this, leaders should attend events that entrepreneurs from underrepresented groups attend. Make sure your messaging and visual materials speak to diverse founders, and your programming provides the support they are looking for.

Inclusion should also be incorporated into program design. People from underrepresented backgrounds deal with systemic biases and discrimination, and as a result, they may deal with impostor syndrome, feelings of tokenism, and most importantly a lack of investment and support, that need to be addressed.

The best way to address issues like these is to learn from the people who are going through the programs and co-design, which requires building feedback loops into the program. Designing a program for women won't look exactly like it would for men, and it needs to incorporate elements that are best for all the diverse types of women who participate.”

Change Catalyst builds inclusive tech ecosystems through strategic advising, startup programs and resources, training, and events held worldwide.

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GLOSSARY

ENTREPRENEURIAL COMPANIES: For-profit businesses that are started by individuals who possess ownership and control of the firm. This excludes businesses that began as either government entities or subsidiaries of larger companies.

HIGH-VALUE: Sectors that produce high levels of value in products or services per worker.

MENTORSHIP: A connection through which a mentee has met the mentor at least three times for a minimum of 30 minutes to discuss critical business issues.

SCALE: Companies that have grown to employ 50 or more people.

SUPPORT ORGANIZATIONS: Organizations offering skill-development programs, investment, mentoring, or other support for entrepreneurs and startups. These include incubators, accelerators, and networks.

VENTURE CAPITAL: A type of investment typically for early stage businesses that have high growth potential. Venture capitalists (VCs) often provide expertise in finance and operations, in addition to capital.

WOMEN ENTREPRENEURS: Entrepreneurs who self-identify as women, including those who may have male cofounders.

METHODOLOGY

SAMPLING FRAME

Companies were included in the sampling frame if they met the following criteria: 1) they were founded in the United States or currently have their headquarters in the United States; 2) they were founded in the past 25 years (1993 or later); 3) they operate in high-value sectors as defined in this study; and 4) they are entrepreneurial, i.e., they were started by individuals and did not begin as government entities or local divisions of existing corporations.

INTERVIEWS AND SURVEYS

Endeavor Insight used a survey to collect data on three main topics: founders' motivations for starting their companies, the main challenges they faced and how they overcame them, and their networks. The survey questions came from two primary sources:

- 1 Previous research by Endeavor Insight on how entrepreneurs successfully scale their companies; and
- 2 Interviews with entrepreneurship support programs and investment firms that focus on women entrepreneurs.

Entrepreneurs identified for this study received invitations to fill out an online survey or set up a phone interview. Interviews were used for the majority of founders of companies at scale. Endeavor Insight interviewed and surveyed 108 women who founded a company at scale, 201 men who founded a company at scale, 1,130 women who founded companies that are not at scale (i.e., with 1 to 49 paid, full-time employees), and 557 men who founded companies that are not at scale.

The interviews were conducted over a period of four months. Entrepreneurs who are featured as case studies in this report were invited to a follow-up, more in-depth interview.

DATA COLLECTION

For the purposes of the analysis, the companies and founders identified were classified into two main groups:

- 1 **Companies at scale:** Companies with 50 or more paid, full-time employees.
- 2 **Companies not at scale:** Companies with 1 to 49 paid, full-time employees.

Endeavor Insight collected data on 1,796 women-founded companies at scale and 26,676 women-founded companies that are not at scale. As a comparison, Endeavor Insight also collected data on companies founded only by men — 4,672 companies at scale and 27,420 companies not at scale. The lists of companies and their data came primarily from D&B Hoovers, Crunchbase, Pitchbook, and Inc. 5000.

Endeavor Insight also collected data on the founders' work and education history from their LinkedIn profiles or their online biographies.

ANALYSIS

Endeavor Insight analyzed different variables across the gender and size-class groups of entrepreneurs described above. In addition, companies were analyzed according to four larger industry groups in order to make comparisons by sector, where applicable. The groups are:

- 1 Advanced manufacturing sectors including those that design and produce electronics, machinery, medical devices, pharmaceuticals, and specialty chemicals;
- 2 High-value research and consulting companies such as those that provide consumer research, engineering and environmental services, IT consulting, and management consulting; and
- 3 Software-based sectors including companies working in cybersecurity, data analytics, e-commerce, and software-as-a-service.

The dataset also includes other high-productivity sectors such as lending-based businesses, investment banking, oil and gas extraction, and logistics providers.

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