SUPPORTING AND GROWING WOMEN-OWNED BUSINESSES

REPORT OF THE CANADA-UNITED STATES COUNCIL FOR ADVANCEMENT OF WOMEN ENTREPRENEURS AND BUSINESS LEADERS
EXECUTIVE SUMMARY
In Canada and the United States, there is an unparalleled opportunity to unlock economic growth by investing in women entrepreneurs.

Few other countries have the same combination of a strong business environment, social and political stability, and access to education that is needed to grow at-scale companies. Yet both nations are selling themselves short—despite starting nearly half of new businesses, women own fewer than 15 percent of businesses with 500 or more employees.

The potential impact of helping more women to scale their companies is immense. Yet our experience and analysis show that women face persistent barriers as they try to grow their businesses. Four stand out: a lack of growth capital; inadequate access to talent, networks, and expertise; unbalanced “family economics”; and pervasive social and psychological biases—both overt and unconscious. While all entrepreneurs face these challenges to some degree, these obstacles are especially acute for women.

It is imperative for economic growth in Canada and the United States to level the playing field for women entrepreneurs. We believe that four specific initiatives by the private and public sectors could make great strides towards this goal:

1. Challenging accelerators and professional networks to take bold action to attract and develop women-owned businesses, starting with tracking and transparency on the number of women entrepreneurs they help scale up.

2. Expanding the use of private sector supplier-diversity programs and increase outreach to women-owned businesses.

3. Enhancing the United States Women-Owned Small Business (WOSB) Federal Contract Program, implement a similar program in Canada within 12 months, and consider linking the programs so they can be accessed by women in both countries.

4. Considering ways that childcare benefits and other family policies could be updated to equalize the “family economics” calculation for women entrepreneurs.

ABOUT THE COUNCIL AND THIS REPORT
The Canada United States Council for Advancement of Women Entrepreneurs and Business Leaders was appointed by the American and Canadian governments in February 2017. The Council aspires through its recommendations to increase women’s economic participation and the number of women business leaders; and to contribute to the growth, stronger integration, and greater competitiveness of both the American and Canadian economies.

The Council’s mandate is to report to the Prime Minister of Canada and the President of the United States with recommendations that can reduce the barriers that limit women’s participation in business, support women’s professional advancement, and assist women in starting and scaling their businesses.
The Council is an independent and autonomous group that makes these recommendations to the private sector and the respective governments.

The Council is taking a targeted approach by looking at five “pillars” of advancement and producing five different reports and sets of recommendations. (Exhibit 1). These reports will be released one by one over the coming months, starting with this report on the topic of “Supporting and Growing Women-Owned Businesses.”

Exhibit 1  The Council’s five pillars

The task for each pillar is to identify the top barriers faced by women and develop a few bold recommendations that could “move the needle” in both countries. Our efforts involve a combination of research and outreach to stakeholders including entrepreneurs, government, the private sector and community groups from across the income spectrum. We are engaging men as well as women and strongly believe that both genders will need to work together to truly drive change.
For this particular report, we reviewed and synthesized more than 80 research reports, interviewed over 60 entrepreneurs, held two cross-border roundtables, and engaged representatives from different minority groups. We recognize that some socioeconomic groups experience barriers more acutely than others, and acknowledge the great work being done by organizations such as Impakt, the United Nations, the Bill and Melinda Gates Foundation, digitalundivided’s “ProjectDiane,” Indigenous Business Australia, Aboriginal Women’s Business Entrepreneurship Network, and Black Women Connect. While we do not dive deeply into these issues, we encourage the private sector and both governments to consider issues arising from the intersection of race and gender when implementing our recommendations.

THE CASE FOR CHANGE
We believe this is a unique moment in time when investing in women entrepreneurs is both an economic imperative and an opportunity to create a more inclusive business environment for future generations of women.

Canada and the United States have strengths to build on
By many accounts, Canada and the United States have two of the most entrepreneur-friendly business environments in the world. They also benefit from an educated and engaged female workforce and many inspirational women entrepreneurs. Exhibit 2 provides examples of companies that have been started or scaled by Canadian and American women. We see great potential to create more of them.

Exhibit 2  There are many inspirational success stories of Canadian and American women-led “global champions”

<table>
<thead>
<tr>
<th>Canada</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband TV</td>
<td>ABC Supply Company</td>
</tr>
<tr>
<td>Clear Banc</td>
<td>Alex and Ani</td>
</tr>
<tr>
<td>Freshco Retail Maintenance</td>
<td>Birchbox</td>
</tr>
<tr>
<td>Global Relay</td>
<td>Epic Systems</td>
</tr>
<tr>
<td>Groupe Germain Hotels</td>
<td>Houzz</td>
</tr>
<tr>
<td>Indigo</td>
<td>Indinero</td>
</tr>
<tr>
<td>Kids &amp; Company</td>
<td>J.B. Hunt</td>
</tr>
<tr>
<td>Linamar</td>
<td>Little Caesars Pizza</td>
</tr>
<tr>
<td>Logistec</td>
<td>Medallia</td>
</tr>
<tr>
<td>Nature’s Path</td>
<td>Orange Theory Fitness</td>
</tr>
<tr>
<td>NRSTOR</td>
<td>Pinnacle Group</td>
</tr>
<tr>
<td>Purdys Chocolatier</td>
<td>Spanx</td>
</tr>
<tr>
<td>T&amp;T Supermarket</td>
<td>Tory Burch</td>
</tr>
</tbody>
</table>

There is a strong business case for investing in women entrepreneurs
Multiple studies done by organizations such as Catalyst, McKinsey & Company, the Peterson Institute for International Economics, and others find there is huge economic benefit to be realized by increasing the number of women business owners. The Royal Bank of Canada estimates that a 10 percent increase
SUPPORTING AND GROWING WOMEN-OWNED BUSINESSES

in the number of women-owned small- and medium-sized enterprises (SMEs) would add an additional CAD $198 billion to Canada’s GDP.\(^3\) The Center for Women’s Business Research estimates that increasing the number of women-owned firms with one or more employees could add US $10 trillion to the American economy.\(^4\)

These estimates are reinforced by studies that find women leaders contribute to better financial performance (Exhibit 3). Reports by BNP Paribas, Catalyst, Dow Jones, Ernst & Young (EY), First Round Capital and McKinsey & Company all come to the same conclusion – women entrepreneurs have the potential to be key drivers of enterprise growth.

Too few women lead at-scale companies
While the share of women-owned firms has grown over the past decade,\(^5\) our research finds that women entrepreneurs struggle to scale up. In both countries, women own about 40 percent of all firms but far fewer at the larger end of the spectrum. According to U.S. Census data, women own 21 percent of companies with one to four employees and fewer than 15 percent of companies with 100+ employees.\(^6\) Canada is similar, with women owning 17 percent of companies with one to four employees and only 7 percent of companies with 100 or more employees (Exhibit 4).

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It is worth noting that this trend is even more pronounced for women of color. According to a study by American Express in 2016, women of color started eight out of ten new women-owned businesses. One potential explanation is that women of color face higher obstacles in the workplace and instead, chose to pursue entrepreneurial ventures. There are many nuances behind this—for example, the number of firms owned by Native American or Alaska Native women grew at less than half the rate of the ones owned by African American women and Latina American women. But on average, firms owned by women of color are smaller and generate less revenue than Caucasian women-owned firms as a result of the nature of businesses they open and because they tend to be younger. This suggests these groups have a particularly hard time reaching scale.

Exhibit 4  
In both countries, women are underrepresented as owners among companies of all sizes, especially on the larger end

<table>
<thead>
<tr>
<th>Business-owner gender representation by employment size</th>
<th>1–4 employees</th>
<th>5–19 employees</th>
<th>20–99 employees</th>
<th>100–500 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male-owned1</td>
<td>64%</td>
<td>65%</td>
<td>71%</td>
<td>77%</td>
</tr>
<tr>
<td>Female-owned1</td>
<td>21%</td>
<td>19%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>Male-owned1</td>
<td>63%</td>
<td>64%</td>
<td>73%</td>
<td>78%</td>
</tr>
<tr>
<td>Female-owned1</td>
<td>17%</td>
<td>15%</td>
<td>11%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Note: Numbers do not add to 100%—excludes businesses that are equally owned by male and female.
1 Owned at more than 50%.
2 Average revenue by employment size and by gender is not available for Canada.
Source: 2012 U.S. Census Bureau; 2014 Canadian Survey on Financing and Growth of Small and Medium Enterprises

The women entrepreneurs we spoke with do not lack ambition or energy, and this is supported by a growing body of research. Rather, growth is being impeded by several factors—which also inhibit the formation of women-owned business in the first place. If government and industry can level the playing field, the result would be significant GDP growth and job creation for both countries’ economies.
FOUR KEY BARRIERS

Our analysis shows that women entrepreneurs face four barriers. We acknowledge that many of these barriers are cross-cutting with the other pillars of this Council, but we focused on the ones that are the most acute for women trying to grow their businesses.

Exhibit 5

Female founders are more heavily represented in early financing rounds but raise less growth capital

United States companies classified by latest funding round recorded and by founder gender

<table>
<thead>
<tr>
<th>Funding Stage</th>
<th>Number of funded companies (by last funding round recorded)</th>
<th>% of total companies with at least one female founder, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed/Angel</td>
<td>4,842</td>
<td>19%</td>
</tr>
<tr>
<td>Early stage</td>
<td>3,460</td>
<td>13%</td>
</tr>
<tr>
<td>Late stage</td>
<td>1,278</td>
<td>12%</td>
</tr>
</tbody>
</table>

From 2009 to 2014, based on Crunchbase data

1 Early stage: A or B rounds; late stage: C rounds and later. Each company is counted once based on the latest stage they have reached.
2 In Canada, information on VC-backed companies with at least one female founder is sparse and does not lead to meaningful nor comparable data.
3 CrunchBase data from 2009 to 2014 composed of 14,341 US-based startups that received VC funding.

1. Access to growth capital

Expansion capital is a challenge for all entrepreneurs, but our research finds that women experience this struggle more acutely than men. The technology sector offers one example. In both Canada and the United States, firms with at least one female founder receive less than 16 percent of all venture capital funding—and this percentage drops to less than 8 percent when considering companies with only female founders.9 According to Crunchbase data on US-based firms and venture capital, women founders receive proportionately less funding at all stages but especially at expansion stages (Exhibit 5).10 MaRS Discovery District comes to similar conclusions with respect to Canadian venture-backed companies.11

The problem is complex. On one hand, women are less likely to seek funding and tend to rely on personal savings, saying they prefer to retain control over their company.12 On the other, research finds that women are less likely to receive funding when they do seek it.13

Why? One likely reason is that women are evaluated differently by both male and female investors. Studies suggest investors tend to size up a company’s potential differently depending on its founder’s gender. One study of 189 entrepreneurs and 140 venture capitalists found that investors asked men questions about the potential for gains (“promotion questions”) and women about the potential for losses (“prevention questions”)—and that this bias accounted for as much as a seven-fold funding gap between men and women founders.14 This problem is even more acute for Indigenous women and women of color.15

Another reason is the low number of women investors. We heard that trust is a key factor in an investor’s decision to invest—and that it can be hard for women to develop trust-based relationships with male investors. There are too few women in leadership roles in the financial services, asset management, and private equity sectors,16 and fewer than 10 percent of partners at leading venture-capital firms are women.17

2. Access to talent, networks, and expertise

We heard that talent, networks and expertise are equally as important to scaling up a company as growth capital. Here too, women are at a disadvantage.

Women start with different networks and tend to spend more time with other women (Exhibit 6). This can limit their access to business leaders and technical talent (positions that are predominantly held by men). Women’s networks can also shrink over time, as female colleagues and contacts leave the workforce to focus on their families.

Women can also struggle to form strong, trust-based relationships with business leaders and sometimes have a harder time finding coaches, mentors, and partners. Approximately 50 percent of women entrepreneurs say they struggle to find mentors,18 and one study found that women are 46 percent less likely to have a “sponsor” who will create opportunities and open doors for them.19 This makes it harder for women to get introduced to potential customers, partners, and investors.

In short, women have a smaller pool of fellow entrepreneurs, technical talent, and informal advisors to tap into as they start and scale companies.
3. “Family economics”

For some women, at-scale entrepreneurship fails to offer a sustainable alternative to regular employment—largely because they face a different cost-benefit equation when it comes to balancing work and family obligations. We found several factors at work in this equation. The biggest is expectations. Women considering entrepreneurship face lower expectations to provide for their families financially and higher expectations to contribute to household work. Compounding the problem is a “perception gap”: one poll found that 46 percent of men but only 32 percent of women believe household tasks are shared equally between partners.20

Another factor is the drive to “do it all.” Many women entrepreneurs try to run both a business and a household, whereas men are more likely to seek support at home.21 A third factor is the stress of launching a company. Starting a business strains family relationships, and research shows this affects women more than men.22 Working mothers are viewed as more distracted and less productive, while working fathers are viewed as more stable and good family providers.23 Finally, there’s a timing concern: one-quarter of new entrepreneurs are between ages 20 and 34, which is also the age of most mothers with newborns.24

4. Social and psychological biases

Underpinning each of these barriers is a set of conscious and unconscious biases that causes investors and others to treat women entrepreneurs differently and causes women to doubt their own abilities. Women entrepreneurs are treated differently than men entrepreneurs, but they also face internal barriers that are less pronounced for men.
One of the most important external barriers relates to the ability to develop trust-based business relationships. In our interviews and discussions with investors and entrepreneurs of both genders, we heard that trust is often developed outside of formal work settings, and often in one-on-one interactions. Both women and men told us it's harder to develop these relationships with someone of a different gender.

This feedback is supported by research. Recent surveys find an alarming reluctance of men and women to spend time alone together in both social and professional settings. For one example, a Morning Consult poll reported by *The New York Times* found that one quarter think private work meetings are inappropriate, and nearly two-thirds think people should be extra cautious around someone of the opposite sex (Exhibit 7). Half of men and 60 percent of women thought having a drink together was inappropriate.²⁵ While the sample size of the survey is small and might not be representative, many men and women whom we interviewed said it resonated with their own experiences.

Exhibit 7  **Both men and women report reluctance to spend time alone together**

<table>
<thead>
<tr>
<th>Opinion of men and women on being alone together¹</th>
<th>Is it appropriate or inappropriate to do the following activities alone with a man/woman who is not your spouse?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appropriate</td>
</tr>
<tr>
<td><strong>Having a drink</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>29</td>
</tr>
<tr>
<td>Men</td>
<td>41</td>
</tr>
<tr>
<td><strong>Having dinner</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>35</td>
</tr>
<tr>
<td>Men</td>
<td>43</td>
</tr>
<tr>
<td><strong>Having lunch</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>43</td>
</tr>
<tr>
<td>Men</td>
<td>52</td>
</tr>
<tr>
<td><strong>Driving in a car</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>47</td>
</tr>
<tr>
<td>Men</td>
<td>58</td>
</tr>
<tr>
<td><strong>Having a work meeting</strong></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>63</td>
</tr>
<tr>
<td>Men</td>
<td>66</td>
</tr>
</tbody>
</table>

¹ Morning Consult survey of 5,282 registered voters.
Another survey looked specifically at biases preventing men and women from developing sponsorship relationships. It found that half of junior women and two-thirds of senior men shied away from one-on-one sponsorships out of fear that others would perceive a sexual relationship where there was none. Research and experience tell us sponsors (that is, influencers who will open doors, forge introductions, and create opportunities) are critical to scaling up a business. These biases are causing women to miss out.

It is worth noting that business relations between men and women are receiving greater scrutiny in the wake of recent sexual harassment scandals. It is critical that women be encouraged and supported as they come forward about these instances. At the same time, some men have described heightened caution when interacting with women, especially in professional settings. A big takeaway is the need to challenge harmful social attitudes and biases, but also to be mindful of overcompensating behaviors that can further isolate women in business.

In addition to conscious and unconscious biases, women also face distinct internal barriers. The most obvious relates to confidence. We heard that women (on average) don’t seem to have the same level of “overconfidence” that men have as they start and scale a business. While overconfidence bias can be a problem for business decision makers, it is considered a key psychological attribute when it comes to entrepreneurship. According to one interviewee, “The highly successful women entrepreneurs I know are all superheroes—average women don’t think they have what it takes.”

**OUR RECOMMENDATIONS—FOUR BOLD ACTIONS THE PRIVATE AND PUBLIC SECTORS CAN TAKE**

The issues facing women-owned businesses are material and costly and will require equally substantive changes in policy and practice to redress. We recommend four specific initiatives that would help make significant progress, involving both public and private sector action.

**Recommendation #1: All accelerators and professional networks should take bold action to attract and develop women-owned businesses, starting with tracking and transparency**

The men and women entrepreneurs from both countries we spoke with emphasized the importance of professional networks and accelerators for accessing talent, forming partnerships, meeting new customers and investors, and sparking mentor/sponsor relationships.

Women are underrepresented in almost every accelerator and network of entrepreneurs or business leaders we looked at. But many are taking inspiring steps to increase women’s representation. We applaud these efforts.

For our first recommendation, we challenge accelerators and professional organizations on both sides of the border to make women-owned businesses a real priority, and to commit to tracking and publishing results. To help achieve transparency, we recommend engaging a third party to aggregate baseline data on existing organizations, conduct an annual survey on women-owned business participation, and publish results. We recommend that one or both governments commit funding to support the review.
To help accelerators and networks move faster, we have identified five best practices that have helped organizations attract and develop women entrepreneurs (Exhibit 8).

Accelerators and networks of all sizes can learn from others about what works and what doesn’t. Two very different organizations—Techstars and the Young President’s Organization—provide interesting case studies on how to tackle these challenges.

Exhibit 8  Five best practices for attracting and developing women entrepreneurs stand out and showed excellent results

<table>
<thead>
<tr>
<th>Best practice</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tracking and transparency</td>
<td>MaRS Discovery District reached a 30% participation of female founders under the guidance of a female CEO</td>
</tr>
<tr>
<td>2 Women-focused programming</td>
<td>EY Entrepreneurial Winning Women™ program helped participants reach an average annual growth of 20% in revenue; 45% of participants reported it was easier to raise capital and 88% saw a positive effect on their self-confidence</td>
</tr>
<tr>
<td>3 Co-ed networking</td>
<td>Entrepreneurs’ Organization provides all participants (male and female) with access to a network of entrepreneurs who share best practices and moral support</td>
</tr>
<tr>
<td>4 De-bias investment decisions</td>
<td>The Business Development Bank of Canada conducted an independent accessibility review of all steps in a female entrepreneur’s journey and is implementing recommendations to drive change</td>
</tr>
<tr>
<td>5 Role modeling and public commitment</td>
<td>YPO Canada joined the #GoSponsorHer Challenge to encourage members to proactively reach out to women entrepreneurs and has had positive early feedback from men and women</td>
</tr>
</tbody>
</table>

Source: Entrepreneurs’ Organization; EY Entrepreneurial Winning Women; interviews; MaRS Discovery District; The Business Development Bank of Canada; Young Presidents’ Organization
Recommendation #2. Expand the use of private sector “supplier diversity” programs and increase outreach to women-owned businesses.

Procurement programs are an important way for growth-oriented businesses to access capital and networks. In the United States, small businesses that became suppliers to large corporations and governments saw their revenue grow by 250 percent on average, and their number of employees grow by an average of more than 150 percent.29 Large contracts like those offered by governments and large companies can...
serve as collateral, allowing entrepreneurs to secure loans. They also give entrepreneurs more credibility when seeking outside capital and help them link into supply chains.

There is a strong business case for supplier diversity programs. Reports by the World Economic Forum\(^\text{30}\) and the Conference Board of Canada\(^\text{31}\) outline important benefits including increased customer satisfaction, higher revenues, better employee retention, more robust supply chains, and increased access to new markets. Another study by Ernst & Young finds that supplier diversity programs can drive up to one-third greater return on the cost of procurement operations.\(^\text{32}\)

The US private sector is relatively advanced on “supplier diversity” programs that proactively promote the use of minority-owned businesses as suppliers for the purchasing entity. Such programs typically include women-owned businesses—though more can be done on outreach. Canada’s private sector is further behind with fewer than 50 percent of large companies (5,000+ employees) having such a program.\(^\text{33}\)

To further increase access to capital and large customers, our second recommendation calls for large and medium Canadian and American companies to redouble their efforts to establish and expand supplier-diversity programs, and increase their outreach to women-owned businesses.

The Canadian private sector should aspire to match the Fortune 500 rate of 97 percent of companies with supplier diversity programs, and companies from both countries should expand their efforts to reach women-owned businesses. Companies such as Accenture and General Motors (led by Julie Sweet and

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**Accenture is an example of a large company that successfully uses diversity procurement to drive results**

Diverse supply chain has been a strategic priority for more than 20 years—Accenture now spends ~30% of total procurement on diverse suppliers

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**Exhibit 10**

<table>
<thead>
<tr>
<th>A process that is seamless and easy to access</th>
<th>Targeted mentorship and training through the DSDP(^1) program</th>
<th>Helping women-owned businesses is a priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Dedicated employees responsible for support and outreach to diverse suppliers (including women-owned businesses)</td>
<td>• Mentoring program which matches diverse businesses (including women-owned businesses) with Accenture executives to offer one-on-one mentoring and assistance in growing</td>
<td>• Co-founded WEConnect International and has board representation</td>
</tr>
<tr>
<td>• Centralized database accessible to all suppliers which regroups all active requests for proposal (RFP)</td>
<td>• 18-month curriculum that focuses on knowledge capital and best practices</td>
<td>• Works with WEConnect and WBENC to identify and find women-owned businesses that can meet Accenture’s RFP requirements</td>
</tr>
</tbody>
</table>

\(^1\) Diverse Supplier Development Program.  
Source: interviews; Accenture
Mary Barra of this Council) are using supplier diversity programs to drive better results for the bottom line and serve as helpful examples for others looking to do the same (Exhibit 10).

“Best practices” we observe for capturing the full benefit supplier diversity include:

- **Having a dedicated team** focused on meeting specific supplier diversity targets
- **Maintaining a central database** of procurement needs and registered suppliers, which makes it easier for employees in charge of the program to match tenders to female-owned suppliers
- **Prioritizing outreach efforts** such as attending conferences and summits and working closely with networks, accelerators, and incubators in the company’s sector
- **Implementing a supplier diversity policy and a reporting mechanism** for measuring progress
- **Partnering with catalyzing organizations like WEConnect International, WBE Canada, National Women Business Owners Corporation (NWBOC) or WBENC** to gain better access to women-owned businesses. For example, WEConnect International trains women entrepreneurs on selling their products and services to large corporations. It currently works with more than 70 Fortune 500 companies with annual purchasing power of over US $1 trillion.

**Recommendation #3: Leverage public sector procurement to provide access to capital and large contracts**

Many of the arguments in favor of supplier diversity in the private sector also pertain to the government. The public sector benefits from diverse suppliers, and startups benefit from the capital infusion and credibility that comes with government contracts.

That said, accessing procurement contracts can be highly time-consuming and costly. Businesses of all types struggle with lack of awareness about tender opportunities, complicated technical and financial requirements, and lack of feedback from procuring agencies. In addition to these common barriers, women-owned businesses face additional challenges:

- Even higher lack of awareness due to different networks and information gathering systems
- Lower adoption of information and communication technologies
- Fewer employees and resources to absorb high costs and administrative burden associated with government contracts
- Lower demand from government agencies for the types of businesses where women are concentrated (for example, service industries)
Canada and the United States have taken different paths to addressing these challenges in an effort to ensure women have access to procurement contracts. The United States implemented its Women-Owned Small Business (WOSB) Federal Contract Program in February 2011. The program requires the federal government to award 5 percent of its prime contracts to women-owned small businesses in under-represented sectors. Such tenders amounted to about US $11 billion in 2012. Canada has no formal “set-aside” program for women-owned businesses, and the proportion of public procurement dollars going to women-owned businesses is not formally tracked. However, the government recently set “outreach targets,” aiming to educate more women on accessing government contracts.

Our third recommendation builds on the respective strengths of both countries: we recommend the United States enhance the WOSB Federal Contract Program in specific ways (including by expanding outreach), and we recommend Canada implement a similar program in the next 12 months, while maintaining its focus on outreach and education. For added benefit to both women and government, we recommend opening the programs to women from either country once the Canadian program has been implemented.

a) Strengthening the United States Women-Owned Small Business (WOSB) Federal Contract Program
We believe the US WOSB Federal Contract Program plays an important role for women entrepreneurs by providing access to large contracts and capital. But experts and stakeholders we spoke with suggested some areas for improvement. Chief among these is low program uptake, program and certification abuse, and lack of awareness and opportunities to compete.34

We recommend the following steps:

- Expand outreach by setting outreach targets (for instance, engaging with twice as many WOSBs in 2018 as in 2017) and making agencies accountable.

- Shift from self-certification to certification by trusted third parties or the government. Certification should focus on substantive management and control rather than ownership.

- Expand the program to more industry categories (that is, NAICS codes) where women are underrepresented.

- Publish the program’s performance and increase executive accountability for reaching the target of 5 percent.

- Use private sector networks and public sector communications to further build awareness and help women identify, respond to, and comply with contracts.
Implement random sample auditing and a confidential hotline for reporting of abuse to help ensure there is no “fronting.”

Address the lack of competition by expanding eligibility to set-aside opportunities to other priority firms such as veteran-owned businesses.

b) Implementing targeted procurement in Canada

Canadian WOSBs would benefit from a similar federal procurement program with specific targets. We recommend the Canadian government reserve 5 percent of total federal contracts for WOSBs and implement this program within the next 12 months.

We recommend the following steps:

- Measure the baseline of current government procurement won by women-owned businesses.
- Set goals, including a top-level target of at least 5 percent.
- Establish a program of third-party or governmental certification to minimize abuse.
- Continue coordinated and transparent outreach efforts to women entrepreneurs and implement targets and accountability for government agents.
- Publish public annual reports on the program’s uptake.

c) Linking the American and Canadian programs

Women from both countries told us they are eager to work with women entrepreneurs across borders—both to share learnings and to gain access to broader markets. Once the Canadian program has been adopted, we recommend the Canadian and American governments make efforts to ensure both programs can be easily accessed by WOSBs in both countries. For clarity, we recommend the citizenship requirements for both programs should make clear that businesses that are controlled by women of either country may qualify for the programs. To facilitate access, we recommend using an integrated third-party certification process. This process should focus on whether a business is substantively managed and controlled by women rather than strict legal ownership.

To raise awareness among women, we recommend that government agencies and third-party catalysts like WEConnect International, WBE Canada, National Women Business Owners Corporation (NWBOC), and Women’s Business Enterprise National Council (WBENC) make cross-border partnerships a key part of education and outreach.

We believe linking the programs would help tackle the unique barriers faced by women entrepreneurs. It would provide access to a larger pool of contracts and capital, encourage WOSBs to export, and
contribute to a community of WOSBs operating across the Canada–US border. Linking the programs would also benefit the respective countries more broadly (Exhibit 11).

**Recommendation #4: Consider ways that childcare benefits and other family policies could be updated to equalize the “family economics” calculation for women entrepreneurs**

Almost all women interviewed said they struggled, to some degree, with the challenge of balancing entrepreneurship with family obligations. They noted that unpaid care work still falls predominantly to women—and that for them, this expectation increased the cost of starting and scaling a business.

To alleviate this, we recommend that both governments explore policies that would lower the cost of unpaid care, especially for women. This could include things such as maternity leave policies and tax incentives. It could also include measures to level the playing field between caregivers—for example, paternity leave policies.

We recognize that Canada and the United States have taken different approaches to family policy and unpaid care work and do not suggest there is a “one-size-fits-all” solution. In the United States, we heard women say that the high cost of childcare or in-home support prevented them from scaling their companies to their full potential. In Canada, we heard the need for more affordable quality childcare programs. Whatever form they take, these policies should lower the cost of entrepreneurship by offsetting the unpaid care burden that still disproportionately falls to women.
A final word and call to action is needed on the persistent social biases that are holding women back and the need for men as well as women to be part of the solution. The reality is that women entrepreneurs cannot reach their full potential without men, and vice-versa. Initiatives like #GoSponsorHer and HeForShe are engaging men to build momentum around social change—we applaud these efforts and encourage the public and private sectors to do more.

We believe that the four recommendations outlined in this report will set government and business on a path that will bring thousands of women-owned businesses into the two nations’ economies, and will help current business owners scale to the size of enterprises that can truly move the economy. But it will take cooperation and dedication from both countries’ private and public sectors to truly drive change.

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6. For our purposes, “ownership” means more than 51 percent owned by women.
SUPPORTING AND GROWING WOMEN-OWNED BUSINESSES


18 Entrepreneurship policy digest – Women entrepreneurs are key to accelerating growth, Kauffman Foundation, 2015.


22 Alex Krause and Emily Fetsch, Labor after Labor, Kauffman Foundation, 2016.

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28 Venkat Kuppuswamy and Ethan R. Mollick, Hubris and Humility: Gender Differences in Serial Founding Rates, 2015.

29 Research on Women’s Participation in Corporate Supplier Diversity Programs, National Women’s Business Council, 2015.


32 How can Greater Supplier Diversity Unclog your Growth Pipelines?, EY, 2015.
