Women-owned businesses: vibrant...and small

Walk down any neighborhood main street in North America and you’ll pass an array of businesses owned and operated by women. Dental practices, law firms, fitness studios, catering businesses, real-estate offices, fashion boutiques, coffee shops...and many more.

These businesses are the lifeblood of our cities, towns and villages. Life, literally, would not be the same without them. Many of their owners have also become pillars of their communities, playing active roles in social, economic and political life.
While the economies of both Canada and the United States depend heavily on these types of small and mid-sized enterprises, vast opportunity remains for women to start and lead more high-growth businesses with national and global ambitions.

According to the U.S. Census Bureau, women own 21% of companies with one to four employees, but fewer than 15% of companies with 100-plus workers. The story in Canada is similar, with women owning 17% of firms with one to four employees, but just 7% of those with more than 100.

Equally concerning, female entrepreneurs have so far made few inroads into sectors that are set to dominate the emerging digital economy, such as artificial intelligence, machine learning and the internet of things. A sobering fact, according to an article in Inc. magazine, is that the U.S. cities with the lowest proportion of female company founders are Palo Alto and San Jose, California, global hotbeds of digital innovation.

This report, the third published by the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders, addresses the issue of how to encourage more women to start their own businesses, and to make a wider mark in industries and markets with the brightest prospects for growth.

Women have made giant strides in business over the past few decades, and a concerted effort by both Canada and the U.S. will further tap into the economic dynamism that women-owned businesses bring. Women-owned businesses are credited with creating and/or maintaining 23 million jobs in the U.S., having an economic impact of $3 trillion. According to projections by the U.S. Bureau of Labor Statistics, the number of women in the labor force will grow to 77.2 million in 2024, equal 47.2% of the total workforce, providing the economy an even bigger boost. We believe this target can and should be accelerated.

The Canadian government highlighted this potential in its recent 2018 budget, which includes several measures to boost women-owned businesses. "We...are taking a comprehensive approach to helping women entrepreneurs," Finance Minister Bill Morneau said, "so that they can scale up their businesses, create jobs and access the mentorship and the capital they need to take their businesses to the next level."

This report seeks precisely the same result, which will benefit not only women entrepreneurs but enhance the future well-being of all Americans and Canadians. We expect to see significant gains for women and, more broadly, for the U.S. and Canadian
economies as the level of participation of women in entrepreneurial ventures expands. While the Canadian and U.S. governments play an important role in supporting growth, private industry and individuals on both sides of the border need to also support and push for progress. Accordingly, there is a role for both government and the private sector in each of the recommendations. The recommendations are:

- A You Are Ready campaign to inspire and bolster the confidence of women entrepreneurs
- Cross-border collaboration through the creation of a Canadian equivalent to the U.S National Women’s Business Council and the U.S. Office of Women’s Business Ownership, and a clear mandate for a linkage between the two countries.
- Targeted education for women and girls, of all ages, in schools and universities, including greater awareness of the opportunities that entrepreneurship has to offer.
- A focus on tools and programs to encourage and equip women entrepreneurs to access capital and pursue high growth enterprises.

“If you believe in your dreams and your technology, don’t let anybody tell you otherwise. There will be many people that you’ll run into that will tell you that you’re not smart enough, you don’t have the right to do the research, you don’t have what it takes to be an entrepreneur in this field. But everyone starts somewhere, and without you making your mistakes and learning things as you go, nobody’s ever going to become successful.”
— Afreen Allam, founder and CEO of SiNON Therapeutics, Raleigh, North Carolina

The Canada-United States Council and this report

The Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders was established jointly by the American and Canadian governments in February 2017. The council aspires to expand women’s participation in the economy and the number of women business leaders and thereby contribute to the growth, integration and competitiveness of both the U.S. and Canadian economies.

The council’s mandate is to recommend measures to the Canadian Prime Minister and United States President that can lower barriers to women’s participation in business;
support women’s professional advancement; and help women to start and grow their own businesses.

The council is taking a targeted approach, focusing on five “pillars” of advancement, as shown in the accompanying exhibit 1.

The task for each pillar is to identify success stories in each area, address barriers faced by women, and propose a few bold ideas that can move the needle in both countries. Our efforts involve a combination of research and stakeholder engagement with entrepreneurs, government, the private sector and community groups. We are engaging men as well as women, recognizing that we all must work together to drive real change.

This paper — which focuses on the pillar of encouraging women to start their own businesses — is based on:

- A review of more than 50 reports and articles (see a list of principal sources on page 31).
More than 30 interviews over eight months with women entrepreneurs and business experts, including academics, consultants, investors and professional organizations.

Two cross-border roundtables, attended by 45 participants.

Numerous meetings with U.S. and Canadian government officials, and members of government agencies.

In addition to over 50 women leaders and entrepreneurs who took part in interviews and roundtables, we acknowledge the contribution of the following organizations:

- Women’s Enterprise Organizations of Canada.
- Junior Achievement Canada and Junior Achievement USA.
- WEConnect International.
- The University of Calgary.
- Ernst & Young.

“We embrace the mess. We know hard, and we know that hard can be beautiful, so we persevere and overcome challenges. We find strength in the struggle. We choose hope, and we never give up.”
— Marna Pacheco and Susan Hickok, co-founders, CapeAble Weighted Products, Fort Wayne, Indiana

A vital cog in the economy

Businesses owned and run by women already make an enormous contribution to the U.S. and Canadian economies. And their presence is growing far faster than businesses owned by men.

According to the latest State of Women-Owned Businesses report, published by American Express, an estimated 11.6 million businesses in the U.S. are at least 51% owned, operated and controlled by one or more women. These firms employ nearly nine million people and generate $1.7 trillion in revenues each year.

Especially noteworthy, is that while the total number of U.S. businesses grew by 44% in the two decades to 2017, the number of women-owned firms more than doubled. The growth rate was especially strong between 2007 and 2012, partly because women of color turned to entrepreneurship in large numbers. Put another way, the American
Express report estimates an average of 849 net new women-owned businesses have opened every day since 1997.

Women-owned businesses now make up 39% of all U.S. firms, employ 8% of the total private-sector workforce, and contribute 4.2% of total business revenues.

The picture in Canada is similar. Female participation in the workforce is the highest among the G7 industrial countries, ranking alongside Norway, Sweden and Iceland. Women made up 36.7% of Canada’s self-employed workforce in 2016, and the proportion of firms with more than 50% female ownership has climbed from 14.9% in 2007 to 15.7% in 2014. The number of self-employed women has more than doubled since 1996.

The female advantage

Numerous studies by organizations including Catalyst, McKinsey & Company and the Peterson Institute for International Economics have found that female leaders bring tangible commercial benefits to a business (exhibit 2). Companies founded and run by women generally have a superior financial performance than those dominated entirely by men. Profits are higher when women have a meaningful voice in the executive suite. Fortune 500 companies with three or more women on the board have performed significantly better than those with fewer women directors.

Exhibit 2: A strong business case for investing in women entrepreneurs
According to a 2016 report by BMO Financial Group, Carleton University and The Beacon Agency, the attributes that typically distinguish women leaders will be especially valuable for the new business models that are emerging as part of the so-called fourth industrial revolution, driven by artificial intelligence, machine learning and the internet of things. These characteristics include:

- **Pragmatism and realism.** Women are often more comprehensive than men in business planning, giving high priority to the stability of the enterprise. They take a multi-faceted approach to growth, and focus more on long term sustainability. The impact of their decisions on colleagues and other employees often influences their tolerance for risk, resulting in more realistic growth targets.

- **A penchant for collaboration.** Women often excel in situations that require face-to-face interactions, and the ability to empathize and collaborate. Strong team players and empathetic leaders typically make better managers, leading to lower staff turnover and higher productivity.

- **Long term viability.** While women and men have the same level of ambition, women are more likely to favor long-term, sustainable growth over a quick, profitable exit. For many women, success is not about starting a company and selling it quickly, but rather ensuring the business’ staying power. Women
entrepreneurs typically take a longer-term approach to business, paying more attention to building fruitful relationships with customers, suppliers, employees and investors (exhibit 3).

Exhibit 3: Women tend to demonstrate leadership qualities that are critical to motivating teams and executing a vision

<table>
<thead>
<tr>
<th>Types of leadership behavior</th>
<th>Frequency gap in types of behavior between men and women</th>
<th>Critical entrepreneurial traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women apply more:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People development</td>
<td>7</td>
<td>Excellent motivators and role models</td>
</tr>
<tr>
<td>Expectations and rewards</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Role model</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Women apply slightly more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspiration</td>
<td>1</td>
<td>Inspirational leaders</td>
</tr>
<tr>
<td>Participative decision making</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Women and men apply equally</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intellectual stimulation</td>
<td>Not statistically significant</td>
<td>Communicator</td>
</tr>
<tr>
<td>Efficient communication</td>
<td>Not statistically significant</td>
<td></td>
</tr>
<tr>
<td>Men apply more:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individualistic decision making</td>
<td>4</td>
<td>Decision making and risk taking</td>
</tr>
<tr>
<td>Control and corrective action</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

Source: McKinsey – Women Matter

“Success is not a goal and that’s big for me. It’s a byproduct of our hard work and integrity, and not forgetting where we come from.” — Kathy Cheng, Founder & President, Redwood Classics Apparel, Toronto, ON.

Barriers facing women-owned businesses

Despite the attributes listed above and impressive advances over the past two decades, women have only scratched the surface of their potential contribution to business. The Center for Women’s Business Research estimates that increasing the number of women-owned firms with employees could add $10 trillion to the American economy. North of the border, the Royal Bank of Canada has estimated that a modest 10% advance in the number of women-owned small-and mid-sized enterprises would add C$198 billion to Canada’s gross domestic product.

Further, women-owned businesses in the U.S. and Canada are not expanding at nearly the same rate as male-owned businesses. Only 37% of small and mid-sized enterprises
owned by women are considered highgrowth, far below the 63% for those owned by men.

Among the reasons for the gap is that women-owned businesses remain concentrated in sectors that require a relatively low financial commitment, and where the owners already have direct experience. These include retailing, professional services, healthcare and other services such as education, insurance and real estate (exhibit 4). The latest American Express State of Women-Owned Businesses report found that just three sectors account for half of all women-owned businesses:

- Health care and social assistance, including child daycare and home healthcare services.
- Professional, scientific and technical services, such as lawyers, accountants, architects, public relations firms and management consultants.
- Other services, such as hair and nail salons and pet care businesses.

Women are especially poorly represented in manufacturing, transport, farming and construction. Industry Canada reports that the proportion of majority women-owned manufacturing businesses actually fell from 4.2% in 2007 to 2.8% in 2011.

**Exhibit 4: Women gravitate to less capital-intensive sectors where they have direct experience**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Female-owned</th>
<th>Male-owned</th>
<th>Equally owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information, waste management, health care and recreation</td>
<td>20%</td>
<td>61%</td>
<td>18%</td>
</tr>
<tr>
<td>Other services (education, finance, insurance, real estate, etc.)</td>
<td>23%</td>
<td>60%</td>
<td>38%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>23%</td>
<td>60%</td>
<td>37%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>21%</td>
<td>56%</td>
<td>30%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>72%</td>
<td>68%</td>
<td>15%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>12%</td>
<td>72%</td>
<td>14%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
<td>70%</td>
<td>15%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>4%</td>
<td>69%</td>
<td>27%</td>
</tr>
<tr>
<td>Agriculture/Primary</td>
<td>11%</td>
<td>70%</td>
<td>19%</td>
</tr>
<tr>
<td>Construction</td>
<td>9%</td>
<td>78%</td>
<td>14%</td>
</tr>
</tbody>
</table>

1 Owned at more than 51%

While they have little trouble starting businesses, women face significant barriers in expanding them. The result, as we have seen above, is that the vast majority of women-owned businesses are sole proprietorships with just a handful of employees and little prospect of meaningful growth.

The limitations to women starting businesses with high growth potential are manifested in five specific barriers:

1. Financial constraints

Women’s participation in banking, investment and venture capitalism has grown markedly over the past decade. Even so, a wide gender disparity still exists in funding women-led businesses.

A survey of 7,000 companies by researchers at Babson and Wellesley colleges found that those with female chief executives raised just 3% of total venture capital funding in the U.S. between 2011 and 2013. PitchBook, which publishes data on private capital markets, estimates that venture capitalists invested $58.2 billion in companies with all-male founders in 2016, but only $1.46 billion in companies started by women. Companies run by men received 16 times more funding than their female-run counterparts. Women-owned businesses are also more likely to be rejected for bank loans.

The reasons for this uneven playing field vary. Banks are often reluctant to finance small retail and service-sector businesses because they view them as relatively high risk with little collateral to offer. Less justifiably, many investors appear to take a jaundiced view of a company’s potential when the founder or CEO is a woman. A Swedish study has found that investors tend to ask men questions about the potential for gains (“promotion questions”) while questions to women typically center on the potential for losses (“prevention questions”) (exhibit 5).
Exhibit 5: Comparing How Male and Female Entrepreneurs Are Described by Venture Capitalists

These gendered personas are illustrated with quotes from Swedish government VCs who were observed discussing a total of 125 applications for funding between 2009 and 2010.

The average MALE entrepreneur is described with attributes such as:
- “Young and promising”
- “Arrogant, but very impressive competence”
- “Aggressive, but a really good entrepreneur”
- “Experienced and knowledgeable”
- “Very competent innovator and already has money to play with”
- “Cautious, sensible, and level-headed”
- “Extremely capable and very driven”
- “Educated engineer at a prestigious university and has run businesses before”

The average FEMALE entrepreneur is described with attributes such as:
- “Young, but inexperienced”
- “Lacks network contacts and in need of help to develop her business concept”
- “Enthusiastic, but weak”
- “Experienced, but worried”
- “Good-looking and careless with money”
- “Too cautious and does not dare”
- “Lacks ability for venturing and growth”
- “Visionary, but with no knowledge of the market”

NOTE: Quotes were translated from Swedish to English. SOURCE: “Gender stereotypes and venture support decisions: how governmental venture capitalists socially construct entrepreneurs’ potential,” by Malin Malmström et Al., Entrepreneurship theory and practice, February 2017

Women tend to have more limited networks than men in the financial community, making it difficult to tap into sources of large-scale capital. They also tend to be less assertive in asking for money. A related problem may be that too few women are in leadership roles in the financial services, asset management and private equity sectors, thereby reinforcing stereotypes and discriminatory behavior.

The vast majority of private equity funds and venture capital firms are run by men, which may lead at times to an unconscious bias which makes them more inclined to deal with male entrepreneurs. Thus, seven out of 10 Canadian venture capital firms that finance young technology businesses have no female partners at all, while only 12% of all partners are women.

Besides the systemic issues associated with unconscious bias against women, the Beacon / Carleton / BMO study notes that women entrepreneurs typically want to maintain control over their businesses. They are thus reluctant to take loans from venture capitalists or investors who insist on a sizeable equity stake in return.
The bottom line is that women face a tremendous Catch-22 barrier in seeking financing for their businesses. Without funding, they cannot scale up their businesses. Yet they are unable to attract such funding without a track record. The result is that women tend to finance early-stage businesses using credit cards or loans and gifts from friends and family — hardly the best way to lay the foundation for a sturdy, fast-growing enterprise.

2. Choices made at a young age that were influenced by stereotypes and gender bias

As highlighted in the council’s second report Increasing the number of women in STEM, our career paths can be determined from a very young age. Unfortunately, girls all too often narrow those options by a widespread tendency to steer clear of math and science. According to tests conducted by the National Assessment of Educational Progress in the U.S., the widest gap in scoring between girls and boys is found between the ages of nine and 10.

Similarly, the International Association for the Evaluation of Educational Achievement has found that girls continue to lose ground in math and science testing after the fourth grade, and into high school. According to an OECD study, girls report having lower levels of confidence than boys in their mathematical skills and higher levels of anxiety when performing math-related tasks.

The tendency for women to self-select out of math and science studies inevitably has an impact on the choices they make when setting up their own businesses. Research shows that they typically prefer to build businesses in fields where they have direct experience and feel most comfortable.

As noted above, women are most inclined to start small businesses in the retail and service sectors, and are less likely to venture into the international arena than their male counterparts. Relatively few women have experience in manufacturing, technology and construction. As demonstrated in a study led by New York University, girls as young as six perceive themselves to be less smart than boys. Not surprisingly, this belief impacts women’s confidence and makes them less likely to enter fields with the most promising prospects for strong growth, notably, those related to the digital economy and other emerging technologies.

3. A dearth of mentorship opportunities

Mentorship empowers women as advisors, provides powerful role models for mentees and, done properly, enhances career satisfaction. What’s more, the rewards of an
effective mentorship program are not confined to the workplace, but can have a real impact earlier on in school and college. In fact, the earlier girls have access to a strong and relevant mentorship experience, the better.

The challenge is that budding women entrepreneurs — of all ages — seldom know other women who have started a business in a high-growth sector, especially in the digital economy. This makes it difficult for them to find mentors, advisors and professional colleagues to support and guide them. Half of all women entrepreneurs say they struggle to find mentors, and one study found that women are 46% less likely than men to have a “sponsor” who will create opportunities for them.

Recent publicity surrounding sexual harassment in the workplace may raise the mentorship barrier even higher. A survey by Lean In concludes that since reporting on workplace harassment exploded in the fall of 2017, male managers are three times more likely to feel uncomfortable mentoring women, and twice as likely to feel uncomfortable working alone with a woman. Men’s discomfort about meeting with female colleagues outside the office is even more pronounced: Senior men are now 3.5 times more likely to hesitate about having a working dinner with a junior female colleague than a male one, and five times more likely to hesitate about going on a business trip with a junior woman. The silver lining is that this skittishness has helped spur a #MentorHer movement spearheaded by Lean In, in conjunction with several high-profile male business leaders, such as Oath CEO Tim Armstrong, LinkedIn co-founder Reid Hoffman, Facebook CEO Mark Zuckerberg and SurveyMonkey CEO Zander Lurie. These men have made a public pledge to mentor more women, and are urging others to do the same. It is encouraging that the movement is expanding through other initiatives such as #gosponsorher based in Canada.

The authors of Athena Rising: How and Why Men Should Mentor Women note that male mentors also benefit from these relationships. Men who mentor women are typically able to deal more maturely with other people, and see an improvement in their communication skills. Rather than segregating the sexes, we believe that encouraging men and women to work more closely together will help close the gap between male and female entrepreneurs.
Helping women entrepreneurs raise their SCORE

SCORE is the U.S.'s largest network of volunteer, expert business mentors, with more than 10,000 volunteers in 300 chapters.

As a partner of the Small Business Administration (SBA), SCORE has helped more than 10 million entrepreneurs through mentoring, workshops and educational resources since 1964. Because its work is supported by the SBA and thanks to its volunteer network, SCORE can deliver its services at very low cost, and sometimes free of charge. It also has numerous corporate sponsors, such as FedEx, Google, Intuit, Kabbage, Microsoft, the NFL Players Association and Sam’s Club, among others.

The non-profit group offers:

- Advice from volunteer mentors with expertise in more than 62 industries. The mentors are typically working and retired business owners, executives and managers who have been through the same challenges and decisions that many small business owners face.
- Free, confidential business mentoring in person, by email or by video.
- Free business tools, templates and tips at www.score.org.
- Inexpensive or free business workshops and online webinars.

SCORE’s 300 chapters organize events and workshops across the U.S. and its territories, and match entrepreneurs with local volunteer mentors.

4. Limited networking opportunities

We heard that talent, networks and expertise are as crucial as financial resources in scaling up a company. Here too, women are at a disadvantage. Their networks are different from men’s, and they tend to spend more time with other women. This can limit their access to business and technology leaders, positions predominantly held by men. Furthermore, women’s business networks can shrink over time, as female colleagues and contacts leave the workforce to focus on their families.

It’s a fact of life that women still do not have the same access to business networks as their male counterparts through forums such as sports clubs or professional organizations. This makes it harder for them to secure introductions to potential
customers, partners, suppliers and investors. In short, women have a smaller pool of fellow entrepreneurs, technical talent and informal advisors to tap into as they start and expand their companies.

“Women are as tough as men, but take a different approach when it comes to working with people. Women enjoy teaching and are collaborative.”
— Lori Pecorilli, owner, Latium Group of Companies, Edmonton, Alberta

“Reminding men of the positive role they can—and really, must—play in women’s careers if we are to have a chance of reaching actual equality has never been more urgent.”
— Sheryl Sandberg, founder, Lean In (quoted in Fortune)

5. Lack of contacts with large buyers

The vast majority of women-owned businesses focus their sales efforts directly on retail consumers. They tend to have little contact with the procurement departments of large corporations or government departments whose business can help propel their firms to a national and global scale. According to WEConnect International, women-owned businesses receive less than 1% of all large corporate spend on products and services around the world.

The U.S. is one of only two governments worldwide (South Africa is the other) with supplier diversity legislation focusing explicitly on women-owned businesses. The goal for contracting from women-owned businesses is 5%, using a baseline of 3.4% in 2010. In the fiscal year to September 30, 2016, 4.79% of all U.S. federal government prime contract spending went to certified women-owned businesses, according to the National Women’s Business Council. The council’s first report, Advancing Women in Business, has provided an extensive analysis of this barrier with recommendations for action.

Our roadmap

Based on our extensive research and interviews with targeted stakeholders, we have devised a four-point plan designed to encourage more women to start businesses and to help them expand existing ones, especially those with strong growth potential.

Our plan seeks to address the barriers outlined above through measures that support:

- Women’s vision to create and lead high growth businesses.
- Women’s confidence to lead in business.
• The development of **skills and tools** for women to start and grow their own enterprises.

We especially wish to underline the importance of encouraging girls — of all ages — to take an interest in entrepreneurship. Only by acquiring an entrepreneurial mindset from an early age will girls gain the vision and the tools needed to savor fully the risks and rewards of setting up, running and expanding their own businesses.

“If you’re talking about transforming a generation, **you need to reach children from K-12.**”

-Lorraine Mitchelmore, president and CEO, Enlightened Innovations, CoChair of Smart Prosperity

We propose the following principal areas of action:

1. **You Are Ready:** a campaign to accelerate women-led entrepreneurship as a global competitive advantage for the U.S. and Canada.

Experience tells us that successful and visible role models can inspire women and girls to take chances and broaden their horizons.

Canada’s Own the Podium program, ahead of the 2010 Winter Olympics in Vancouver, laid the groundwork for the country to field one of its most successful teams of gold medal winners.

The U.S. has witnessed many examples of government and business setting out to “own the podium” on an even more ambitious scale. Whether sending a man to the moon or the invention of the Model-T Ford, Microsoft Windows and the Apple iPhone, the U.S. has an unrivalled record for pushing the frontiers of technology to the benefit of all Americans.

We need to show the same boldness when it comes to women in business. One way of doing so would be to set a goal of achieving the highest-ever growth of female-led businesses within 10 years. Having set the goal, it would be up to political and business
leaders in each country to identify the most effective ways of lowering — and, if possible, eliminating — the five barriers outlined in the previous section.

Our research shows that a key obstacle for women can be a lack of confidence and self-doubt. We believe that a You Are Ready campaign along the lines of Canada’s Own the Podium program could lay the foundation for a huge increase in the number of female-led global enterprises headquartered in our two countries.

The main target audiences for the You Are Ready campaign would be:

- Women with entrepreneurial potential.
- Decision-makers in the financial services sector. The goal would be to raise awareness of their female clients, and to counter unconscious bias against women seeking funding for their businesses.

The campaign would be coordinated by the proposed Canadian National Women’s Business Council (see recommendation 2 below) and the U.S. National Women’s Business Council. We recommend funding come from both the public and private sectors.

You Are Ready would comprise:

- A concerted, one-year outreach to traditional media outlets as well as social media to feature successful women entrepreneurs and their business accomplishments. This program would be designed to inspire other women and girls, and to convince money managers that women-owned ventures can be a sound investment. It should pay special attention to minority groups, such as women of color, immigrants and indigenous women.
- One-day boot camps across both countries that bring aspiring women entrepreneurs together with established businesswomen for the purposes of networking, mentoring and inspiration. School-age girls should be included with a view to building a long pipeline of entrepreneurial talent.
- Information for women entrepreneurs on how to access resources focused on high-growth industries.
- Information on groups, such as Peerspark, that women entrepreneurs can contact for mentorship advice and opportunities and serve as a master repository of resources.
Below are two sample vignettes from a You Are Ready social-media campaign:

**You Are Ready — Clara Shih, Hearsay Systems, San Francisco, California.**
“If each one of us chose to mentor just one woman or girl, it would have a huge impact.”

**You Are Ready — Lauren Lake and Mallorie Brodie, Co-founders of Bridgit, Kitchener, Ontario.**
“We instantly decided we would focus on construction because both of our grandfathers had worked in the industry,” Brodie says. The pair homed in on a problem - deficiency management in construction – and developed a digital management app which is now used by more than 10,000 contractors across North America.

2. Collaboration between Canadian and U.S. groups that support Women’s entrepreneurship.
Many effective organizations are dedicated to female entrepreneurship, and they are truly making a difference. However, more can be done to develop networks, training and tools to support women entrepreneurs and this will be best achieved through sustained coordination between the U.S. and Canada.

**The case for collaboration**

Below are some of the public and private-sector groups that support women entrepreneurs through policy research, networking, mentoring and lobbying:


**In Canada:** Business Development Bank of Canada, Canada Business Network, Female Entrepreneurs Institute, Forum for Women Entrepreneurs, National Association of Women Business Owners, Startup Canada Women Entrepreneurship, WBE Canada, WEConnect International, Woman Entrepreneur, Women’s Enterprise Organizations of Canada, Women in Bio, Women’s Enterprise Initiative numerous provincial, groups...and others.

The need to share best practices, plan collaboratively and expand networks is especially pronounced in Canada, where there is no equivalent of the U.S. National Women’s Business Council (NWBC) or the U.S. Small Business Administration’s Office of Women’s Business Ownership (OWBO). The NWBC is a well-respected, non-partisan federal body which serves as an independent source of advice to the president, Congress, and the U.S. Small Business Administration on economic issues.
of importance to women business owners. Its mandate is to identify barriers to success for women-owned businesses and to report annually to the president and Congress on its findings. The council comprises 15 members appointed for three-year terms. OWBO’s mission is to enable and empower women entrepreneurs through advocacy, outreach, education and support. The Women’s Business Center program was created to assist women overcome barriers, and now exists in most states with a focus on offering comprehensive training and counseling to help women start and grow their own businesses.

There is a pressing need for collaboration between Canadian organizations and government at all levels.

Collaboration and coordination could be achieved through the creation of a new entity, modelled on the NWBC and OWBO. For example, the Women’s Enterprise Organizations of Canada (WEOC) is a national association of professional business support organizations dedicated to the success of women entrepreneurs. It could play a valuable role in working with the Canadian government either to take on the functions of a national women’s business council, or to help set up a separate Canadian group.

Alternatively, this collaboration could be achieved through the enhanced cooperation and funding for organizations such as Women’s Enterprise Organizations of Canada and Junior Achievement to work and partner with the Business Development Bank of Canada, and governments at all levels.

The new entity or existing resources would work to:

- Conduct research on issues important to women business owners and their organizations.
- Communicate these findings widely, and share best practices and tools.
- Provide a platform for change to expand opportunities for women business owners and their enterprises.
- Enhance collaboration between the U.S. and Canada, and working with organizations such as WEConnect International and Junior Achievement.
- Help coordinate the You Are Ready marketing campaign with private and public support.

The Canadian body should promote cooperation between U.S. and Canadian women business owners to enhance cross-border business relationships and networking.
both countries promoting a bigger role for women in government procurement, we can make a real difference in growing women-led businesses, turning our two countries into global leaders in this field, and spurring both economies.

Organizations such as the Canadian Women’s Network (CWN) provide a template for sector-specific collaboration that could be emulated in other sectors and jurisdictions. The CWN was founded in Silicon Valley to assist Canadian women founders and executives build meaningful connections in Silicon Valley. It is comprised of executive women connected in the technology and innovation ecosystem who are committed to supporting the success of Canadian-based women. The network provides access to customers, strategic partners, entrepreneurs, influencers and investors with a focus to increase customers and revenue and to create a faster path to growth through access to a much wider pool of capital, and direct investment from U.S. venture capital firms at an earlier stage. The CWN partners with organizations that specifically provide support for women through accelerators for female founders, startup education programs and the Canadian Consulate’s Canadian Technology Accelerator (CTA) program.

3. Targeted education for present and future women entrepreneurs.

As noted above, we believe women would be far more willing to embrace the challenges of starting and expanding a business if they were exposed to an entrepreneurial culture from an early age. Armed with a deeper knowledge of business, girls and women could gain confidence and move into previously unfamiliar fields.

We strongly endorse education programs that bring role models and experts into the classroom from an early age. It is imperative that our schools augment the curriculum from K-12 to enhance education focused on business fundamentals and bring in experts from the entrepreneurial field to inspire and train our youth. Organizations such as Junior Achievement, Young Entrepreneurs and Girls Who Code, among others, could play a valuable role in promoting such a mindset. For example, Junior Achievement works with local businesses and other groups across the U.S. and Canada to improve young people’s financial literacy, work readiness and entrepreneurship. Through the support of corporate sponsors, donors and volunteers, its programs cover students from kindergarten to high school. It could expand its core programs and reach more schoolchildren in the U.S. and Canada, as well as in its successful World of Choices program, which brings high school students together with experienced mentors to explore different career paths. World of Choices is currently offered only in Canada, and specifically targets girls in its southern Alberta branch. With the help of appropriate
sponsors, many young girls could benefit by broadening World of Choices to other parts of North America, and by including elementary and junior high aged students.

At the same time, both the public and private sectors should step up support for university entrepreneurship hubs and incubators across a wide variety of disciplines.

DMZ Women Founders Accelerator

This four-month accelerator program is a partnership between the DMZ tech incubator at Ryerson University in Toronto, Scotiabank and Tangerine. Its goal is to help Canada’s top women-led startups grow by achieving their product market fit and securing early revenue.

“The contribution female entrepreneurs make to the economy and to their communities is significant,” said Brenda Rideout, CEO of Tangerine. “DMZ is an invaluable resource, and we’re proud to be a part of a program that encourages female leaders to pursue and grow high-potential tech ventures.”

DMZ is the top-ranked university incubator in North America and third in the world. It helps high potential startups scale up their businesses by connecting them with customers, capital and coaches. Since launching in 2010, DMZ has fueled 325 startups which have raised C$395 million in seed funding.

Among other groups already active on university and college campuses is MBA×America (also known as MBAs Across America). Since MBA×America was launched by four friends in 2013, hundreds of MBAs from over 30 business schools have helped 70 entrepreneurs across the U.S. create jobs and change lives in their communities. Its resources include an MBA× toolkit, known as MBA× Open Road, that helps MBAs and others put their skills to work to support entrepreneurs.

Beyond university, we need to direct more attention to the innovation incubators and hubs that have spawned so many successful technology businesses. These entities should be more accessible to women. One way of accomplishing that would be to set specific goals for female participation.

The Women’s Startup Lab (WSLabs), for example, seeks to create a powerful network to support female entrepreneurs in Silicon Valley, based on the notion that a founder’s personality and skills are key to the success of a new business. WSLab describes itself as “an accelerator for female founders”. Its 12-month programs combine personal coaching
with workshops led by established Silicon Valley leaders. Networking is a crucial ingredient to help introduce founders to equity and loan providers. Over the past four years, WSLabs says that it has graduated more than 90 women entrepreneurs who, between them, have gone on to raise over $50 million, with four high-profile sales to outside investors. Besides a $2,700 administrative fee, participants are expected to pay an “equity grant”, used to finance a scholarship fund, a separate fund that invests in women-led startups, and in WSLab’s own operations.

4. A focus on capital.

Inspiring stories abound of women entrepreneurs who have successfully tapped the capital markets to start and expand their own businesses. Take NRStor Inc., a developer of clean energy storage projects led by former Home Depot Canada chief executive Annette Verschuren. The company has secured millions of dollars in financing to commercialize clean energy storage technology. The Labourers' Pension Fund of Central and Eastern Canada led an equity tranche in early 2017 that raised C$11 million, including a contribution from Ms. Verschuren, and committed to provide C$200 million in project financing to support several NRStor projects. NRStor went on to sign a C$120 million financing facility in November 2017 with a Swiss energy storage fund.

Another promising initiative is the diversity taskforce set up by the Canadian Venture Capital and Private Equity Association. The taskforce is analyzing gender-based gaps that may exist, and looking for ways to build a more gender-balanced venture capital system. Worth noting is that a woman, McRock Capital’s Whitney Rockley, chairs not only the taskforce but also the association. In addition, last year, the United States increased the Small Business Administration’s 7(a) Loan Guaranty Program, lending to women-owned businesses to $7.5 billion.

Notwithstanding such achievements, access to capital remains one of the biggest barriers to growth for women-owned businesses. We are encouraged by the emergence of programs in the U.S. and Canada, and we know that there is no shortage of funds or ideas for promising high-growth businesses. For example, the Canadian government’s 2018 budget announcement that it plans to triple the size of a venture capital fund managed by the Business Development Bank of Canada for financing technology startups led by women. The fund will grow from C$70 million to C$200 million, making it one of Canada’s largest pools of venture capital.
Our goal is to encourage women to think big, and to raise awareness around the various sources of funds, and tools — such as advisory services — that can help women approach banks, venture capitalists, hedge funds, and other providers of loans and equity.

These critical issues will be examined in more detail in the council’s subsequent report on Increasing Women’s Access to Capital.

"Your reputation marks your foundation—so make it powerful. It’s not about knowing everything; it’s about knowing what you’re doing. Follow your heart, but take your brain with you.”
— Julia Beardwood, founder and owner, Beardwood&Co., New York

So much done. So much to do.

Women entrepreneurs have made huge strides over the past few decades. Whether measured by number of businesses, revenues, employees or taxes paid, their contribution to the U.S. and Canadian economies has grown phenomenally.

Women are at the helm of some familiar and respected corporations — Little Caesar’s, JB Hunt, Spanx and Pinnacle Group in the U.S.; Indigo, Freshco, Global Relay and Nature’s Path in Canada....to name just a few.

But we cannot rest on our laurels. As this report shows, the story of women-owned businesses is one of unrealized potential. While women start businesses at almost the same rate as men, they struggle to turn those ventures into sizeable corporations.

Women-owned businesses are concentrated in just a few segments, and tend to be more local than national or global. Most important, women are severely under-represented in sectors of the digital economy that are likely to see the most impressive growth in years to come.
So, while we take pride in the progress that women entrepreneurs have made, we know that their journey has only just begun. We are confident that if the U.S. and Canada set out to win the race for successful businesses led by female entrepreneurs, we will far outstrip our global rivals.

Owning the podium in female entrepreneurship calls for determined action in a few key areas:

• A You Are Ready campaign to inspire and bolster confidence and inspiration in women entrepreneurs
• Cross-border collaboration through the creation of a Canadian equivalent to the U.S. National Women’s Business Council and the U.S. Office of Women’s Business Ownership, and a clear mandate for a linkage between the two countries.
• Targeted education for women and girls, of all ages, in schools and universities, including greater awareness of the opportunities that entrepreneurship has to offer.
• A focus on tools and programs to encourage and equip women entrepreneurs to access capital and pursue high growth enterprises.

Our two countries undoubtedly have the human and financial resources to achieve these goals. We now need leaders in government and industry — of both genders, on both sides of the border — to come together and build a brighter future for our women entrepreneurs.
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