



INCREASING WOMEN'S
ACCESS TO
CAPITAL



PILLAR FOUR

The success of women-owned businesses is integral to the broader economic viability of the Canadian and United States economies. But, capital is not finding women-owned businesses at the levels it should. The consensus—including among the more than 25 leaders of US and Canadian financing institutions, representing \$2 trillion of market capitalization, whom we interviewed—is that matching capital with women entrepreneurs is not an intractable problem. The capital is there, it is the access that is missing. We believe that targeted, meaningful and focused action by each group will improve women entrepreneurs' access to capital.

Women start businesses with **half as much capital as men** and only **5.5% of the women obtain bank loans, compared with 11.4% of the men.**

Women ask for **\$89,000** in debt financing on average, while **men ask for \$124,500** on average.

In the US women own **21% of small companies** (four or fewer employees) but only **14% of larger companies** (more than 100 employees). In Canada, women own **17%** of small companies but only **7%** of larger companies.

Three stakeholders play a critical role in improving women entrepreneurs' access to capital:

- 1.** Capital providers
- 2.** Women entrepreneurs themselves
- 3.** Governments

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Capital Providers

Actively pursue change

To best position capital providers to access women-owned businesses, institutions must critically evaluate the following questions:

- How to best access and support women entrepreneurs and the women entrepreneur market
- How to expand or modify current offerings to target women entrepreneurs



Women Entrepreneurs

Set bold goals

To fully leverage the capital markets, women entrepreneurs should focus on:

- Setting bold goals for their business
- How to best position themselves and the business to obtain the full amount of necessary capital
- How to build or tap into the most useful networks



Government

Use public policy to accelerate change

To develop policies that accelerate benefits for women entrepreneurs and encourage other market participants to partner with women-owned businesses, governments should consider the following initiatives:

- How to incentivize capital providers to consider women entrepreneurs
- How to enhance transparency on issues relating to women entrepreneurs

PILLAR FOUR

Detailed Recommendations

CAPITAL PROVIDERS – ACTIVELY PURSUE CHANGE TO DEVELOP PARTNERSHIPS WITH WOMEN ENTREPRENEURS

- Create and implement training protocols highlighting the potential of women-owned businesses and how best to interact with them
- Consider enterprise purpose as fundamental to strategy
- Provide support for gender-neutral succession planning
- Adopt clear, strong and relevant diversity policies
- Increase the number of women in key roles, including senior leaders, client-facing, and those that influence the investment decision
- Connect Canadian and U.S. networks of women entrepreneurs and women executives

WOMEN ENTREPRENEURS – SET BOLD GOALS AND SCALE UP

- Determine whether scale is a realistic objective within current business plans
- Re-evaluate risk tolerance for leverage
- Consider benefits of partnership, joint ventures or other forms of collaboration to achieve scale
- Build out a holistic and clear business plan that links economic and social benefits
- Recognize and source more sophisticated capital earlier on in the life cycle of the business

PUBLIC POLICY AND THE ROLE OF GOVERNMENT

- Canadian tax Incentives to stimulate women entrepreneurship
- Private leaders investing alongside governments
- Preferred access to government tender processes

Advancing women in business.

In February 2017, the U.S. and Canadian governments appointed ten top women business executives to the Canada-U.S. Council for Advancement of Women Entrepreneurs and Business Leaders.

OUR MANDATE is to develop recommendations that can reduce barriers and support women's professional advancement and establishment of their businesses, and report these findings to the President of the United States and the Prime Minister of Canada.

OUR MISSION is to increase the number of women business leaders and entrepreneurs, and contribute to economic development and integration of Canada and the U.S.

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FIVE KEY PILLARS

We identified five key areas of focus, forming the initiative's five supporting pillars:



Supporting and growing women-owned businesses



Increasing the number of women in STEM



Attracting women entrepreneurs, encouraging women to start businesses



Increasing women's access to capital



Advancing women as leaders in the private sector