

Tackling the
Gender Gap

What Women Entrepreneurs Need to Thrive

Senator Jeanne Shaheen
Ranking Member

U.S. Senate Committee on
Small Business
&
Entrepreneurship

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Women are more than half the population of the United States and make remarkable political, economic and social contributions to our country. Women entrepreneurs, in particular, are creating new businesses, disrupting established industries and developing innovative products at a record pace.

Thirty years ago, there were approximately 4 million women-owned businesses in the United States. Today, there are more than 11 million women-owned businesses – representing 39 percent of all firms.

While this trend is moving in the right direction, women-owned businesses still grow at a slower rate and earn less revenue than male-owned firms. In fact, women entrepreneurs face persistent institutional barriers that make achieving financial parity a serious challenge with lasting consequences.

The following report was prepared by the minority staff of the Senate Committee on Small Business & Entrepreneurship to understand the underlying reasons for this gender gap at a time when women have never been more consequential to the future of our economy. The report examines the intersecting financial, cultural and structural obstacles facing women entrepreneurs in 2017, including:

- Few role models and a lack of mentors that contribute to the perception that entrepreneurship is a male-only endeavor;
- A gender pay gap that hurts the ability of women to be successful entrepreneurs;
- Unequal access to startup funding and financing streams that leave women with fewer credit options and a small portion of venture capital.

Our report also includes new interviews with a diverse group of women entrepreneurs who have each succeeded in their respective fields. These inspiring female leaders across technology, business and nonprofit sectors share their wisdom, their triumph over adversity and the lessons they learned on their journey to entrepreneurial and financial success.

As a former small business owner (and a woman who has broken a barrier or two in politics), I know there is nothing that women cannot achieve if given an equal opportunity to compete. I hope this report furthers the gender gap dialogue among the public and private sectors and contributes to a culture that finds more ways to help women entrepreneurs succeed.

Thank you for reading.



Sincerely,
Jeanne Shaheen
United States Senator
Ranking Member, U.S. Committee on Small Business & Entrepreneurship



introduction

Women are at the center of the American economy. Women make up nearly half the workforce, are the primary or solo breadwinners in 40 percent of households with children and outpace men in educational achievement.¹ They control the vast majority of household spending decisions, wielding tremendous influence and buying power.² Women are also the future of entrepreneurship, with the number of women-owned firms growing by 45 percent between 2007 and 2016 – a rate five times faster than the national average.³ Notably, 78 percent of these new businesses – nearly 2.8 million – are owned by women of color.⁴ There are an estimated 11.6 million women-owned businesses in the U.S. that employ nearly 9 million people and generate more than \$1.6 trillion in revenues.⁵

Despite these positive trends, female entrepreneurs face unique challenges that prevent them from matching the success of their male counterparts. Women are majority owners of 39 percent of the country's businesses, but employ only 8 percent of the nation's private

sector workforce and account for only 4 percent of the nation's business revenues – a share that has remained the same for 20 years.⁶ Put another way, only an estimated 2 percent of women-owned firms generate more than \$1 million, and less than 1 million women-owned businesses have any employees other than the owner.⁷ Understanding and addressing this entrepreneurial gender gap can yield tremendous economic growth for the country by creating jobs, strengthening industries and promoting innovative businesses.

Women – and the ideas they pursue – are the next frontier for American entrepreneurship, which is why the nation's leaders must understand their challenges and foster a society that supports their successes. This report examines three unique obstacles for women entrepreneurs – few role models, the gender pay gap and unequal access to financial capital – to explain how intersecting cultural and structural barriers prevent women-led businesses from reaching their full potential. This report also includes success stories and positive outcomes, features compelling testimonials from inspiring women entrepreneurs and proposes public and private sector actions to level the playing field and grow our economy.

*“There are an estimated **11.6 million women-owned businesses** in the U.S. that employ nearly 9 million people and generate more than **\$1.6 trillion** in revenues.”*

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Role Models & MENTORS

Shaping the Image of Entrepreneurship and Defining Careers

Role models and mentors greatly impact career choices and trajectories by inspiring confidence, providing guidance and creating a positive image of success. This is particularly true for prospective entrepreneurs. In North America, adults with access to a mentor are five times more likely to say they are planning to start a business (10 percent) than those who do not have a mentor (2 percent).⁸ Identifying role models and mentors is especially important for women who tend to have less confidence in their entrepreneurial abilities and believe they lack the skills needed to be successful.⁹ However, women entrepreneurs see few examples of relatable role models in the media, which elevates the legends of male tech titans like Mark Zuckerberg, Steve Jobs or Bill Gates. As the researchers Dr. Susan Coleman and Dr. Alicia Robb explain in a report by the think tank Third Way, this perpetuates the narrative that starting a business is a male activity and only men build successful startups.¹⁰ As a result, women may be reluctant to pursue entrepreneurship as a career path.

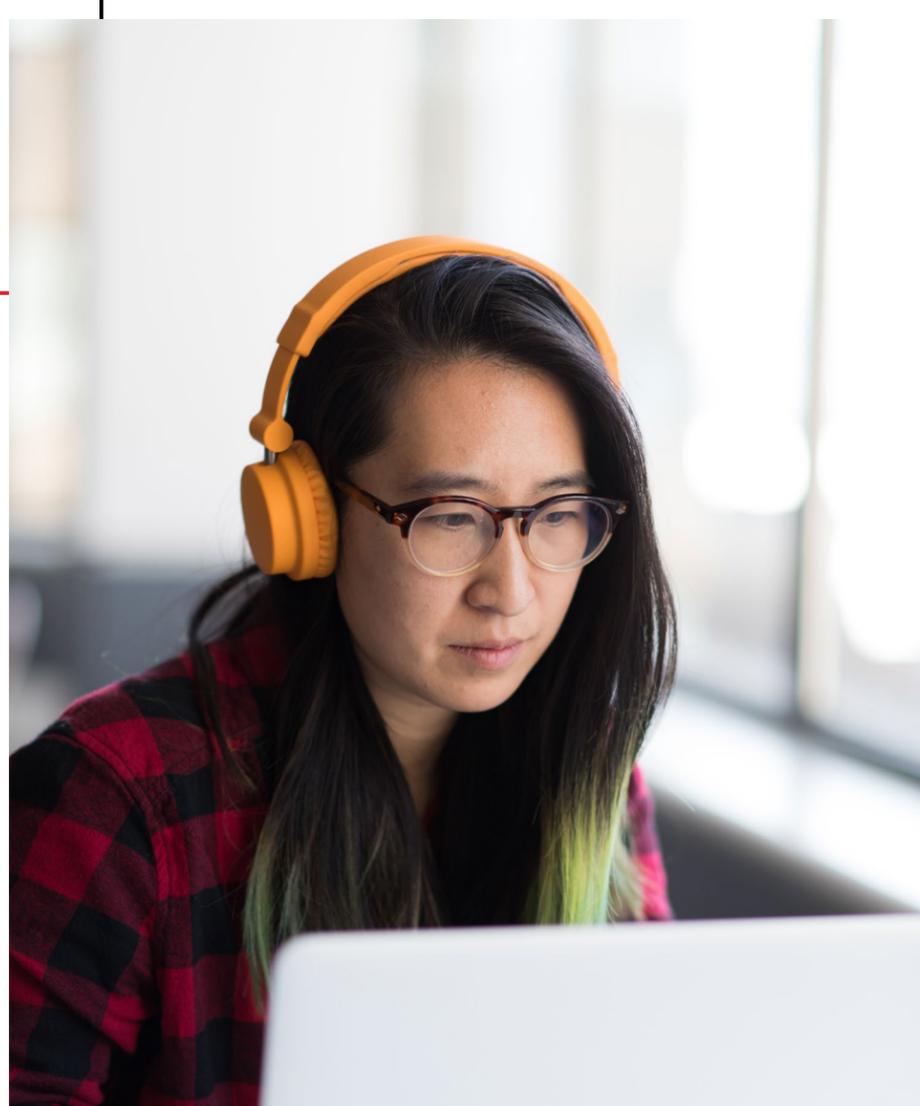
The perception that entrepreneurship is a masculine activity is deeply rooted in the media. Television and movies reinforce traditional gender stereotypes from a young age – male characters are aggressive, powerful and take risks.¹¹ Children also associate brilliance and intellect more with

boys than girls early on.¹² These stereotypical “male” characteristics are commonly considered key traits of successful entrepreneurs, thus contributing to the development of implicit biases that hurt women entrepreneurs later in life. A report by Common Sense, a nonprofit organization focused on the impact of media and technology on children’s lives, found a relationship between the media kids watch and the careers to which they aspire.¹³ Specifically, the report states, “[M]edia are often children’s chief source of information for what scientists look like. Girls who are shown TV clips that feature stereotypes of women’s behavior (e.g., talking about their outfits) express less interest in STEM careers (e.g., scientist, architect) than girls who are shown no content or who are shown clips featuring female scientists.”¹⁴ By reinforcing traditional beliefs about masculinity and femininity from an early age, the media has significant long-term effects that can shape career outcomes.

Role models are especially critical for encouraging women to pursue STEM careers. While women outnumber men on college campuses, they are less likely to pursue degrees in engineering and computer science, two of the most entrepreneurial STEM fields.¹⁵ The gender gap in computing is particularly bleak, with only 18 percent of female students majoring in computer science today compared to 37 percent in 1984.¹⁶ At this rate, women are on track to hold just one in five computing jobs in the U.S. by ►



62%
of high school girls
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2025.¹⁷ However, girls who are encouraged by a role model or inspired by a teacher are more likely to stay interested in STEM careers.¹⁸ A report by Accenture and Girls Who Code, a national nonprofit working to close the gender gap in technology, found that 62 percent of high school girls who have had someone encourage them to study computing and coding say they are likely to choose it as a major in college, compared to only 15 percent who did not have someone who encouraged them.¹⁹ As Girls Who Code founder Reshma Saujani explains in an interview for this report, catching girls at a young age and sustaining their interest in STEM is necessary to close the current computing gap and meet the needs of America's future job market.

Raising the visibility of women in STEM can also lead to increased commercialization among women. A report by the National Women's

Business Council (NWBC) found that male-owned STEM firms are significantly more likely to hold at least one piece of intellectual property (patent, trademark, copyright) than female-owned firms.²⁰ This commercialization gap has an important economic impact on women entrepreneurs. According to the report, "Studies examining women-owned firms' performance, often measured in revenue or firm size, similarly link this gender gap to a disparity in exposure to commercialization behaviors. Specifically, findings link women's firm performance to a lack of previous experience in and with the commercial sector, less common training in engineering-specific disciplines and fewer women in 'patent-intensive' jobs."²¹ Increased mentorship and awareness about women engaged in commercialization efforts may encourage other women entrepreneurs to follow in their footsteps. ■

Access to Resources

Research shows that mentorship is closely linked to small business success, with owners who receive three or more hours of counseling reporting higher revenues and employment growth rates.²²

However, women entrepreneurs have difficulty developing mentorships. Nearly half of the women entrepreneurs surveyed in a 2014 Ewing Marion Kauffman Foundation report state that a lack of available mentors or advisors is a top challenge facing their business ventures.²³

This may mean that women have few advisors who can direct them to networks or organizations that can help them start and grow successful businesses.

Three key Small Business Administration (SBA) resource partners help address this gap:

Women's Business Centers

WBCs are a nationwide network that provides business training, counseling and other resources to help women start and grow successful businesses. In 2016, WBCs reached more than 145,000 clients at more than 150 locations throughout the U.S., helping to secure nearly \$40 million in government contracts for women-owned businesses. In 2015, WBCs helped clients obtain \$429 million in new private financing.²⁴

SCORE

SCORE is the nation's largest network of volunteer business mentors, with more than 10,000 volunteers in 300 chapters. In 2016, SCORE helped clients create 54,000 new businesses and add nearly 79,000 new jobs. Women now represent 58 percent of SCORE's current clients, and the organization is working to recruit more women mentors (20.3 percent of SCORE volunteer mentors are women, up from 17 percent in 2015).²⁵

Small Business Development Centers

SBDCs provide technical assistance and business consulting to small businesses through nearly 1,000 centers across the country. In 2016, SBDCs provided counseling and training to more than 400,000 small businesses, helping them create over 100,000 new jobs. Women make up approximately 45 percent of SBDC clients.²⁶



RESHMA SAUJANI

FOUNDER, GIRLS WHO CODE

Reshma Saujani began her career as an attorney and activist. In 2010, she ran for Congress in a race everyone said she couldn't win. Although she came up short on Election Day, there was a silver lining: her experience on the campaign trail took her to local schools where she saw the gender gap in computing classes firsthand.

"That pissed me off, and I wanted to do something about it. I didn't ask anyone for permission. I didn't even bother to learn how to code. I just went for it."

Five years later, **Girls Who Code** has taught 40,000 girls in all 50 states—effectively quadrupling the talent pipeline.

“ It is so vital to close the gender gap in the tech industry.

By leaving girls out, we are leaving out a generation of innovators and problem solvers who will **change the world.**

”

Why did you start Girls Who Code?

At New York City public schools I saw computer labs full of boys learning to code, training to be the next Mark Zuckerberg or Steve Jobs. I thought to myself, where are all the girls? This became my obsession. It didn't seem right. At a time when women are a majority of college graduates and close to a majority in the labor force, where are we in tech, the industry shaping our collective future? I called a friend who lent me office space, and that summer we brought 20 girls from New York City together for seven weeks and taught them how to code.

Why are girls more likely to stay in STEM if encouraged by a role model?

It comes down to culture and

a sense of belonging. Female undergraduates and young workers tell us that having someone who encourages them plays a significant role in the decision to major in computing. We see this play out in other industries - where women succeed they bring other women with them. When women have a sisterhood to lean on, there is a higher likelihood they will thrive.

But it is not just about role models. We need to re-examine and retool curriculums and computing courses to appeal to young women. Problem-solving and social impact are highly appealing to girls, but aren't

touted as benefits of coding courses. Creating immersion programs that focus on collaboration and limit stereotypes create spaces for girls to learn coding in an environment that appeals to them. Two-thirds of the girls in our program say they want to major or minor in computer science.

The most surprising thing you've learned during this journey?

I knew girls were innovators and that with the right tools they could create amazing things. But, I had no idea how many incredible projects girls would create designed to directly impact their ▶

communities and solve the problems facing their families and peers.

Lucy and Maya created a website to raise awareness about lead poisoning because they saw what happened in Flint, Michigan. Cora's father had cancer, and she created an algorithm to tell if a tumor is benign or malignant. Jasmine's mother worked at Burger King and she took two buses to our program in Oakland. She created Wacky Words, an app to help girls like her who couldn't afford SAT prep courses to study for the exam.

Where women succeed, they bring other women with them. When women have a sisterhood to lean on, there is a higher likelihood they will thrive.

This is why it is so vital to close the gender gap in the tech industry. By leaving girls out, we are leaving out a generation of innovators and problem solvers who will change the world. When you teach girls to code, they become change agents and can build apps, programs and movements to tackle our country's toughest problems.

What would have the biggest impact on closing the gender gap in technology?

Studies show that if girls don't take computer science in middle or high school, they won't take it in college. Plus, while girls' interest in computing declines over time, the greatest drop-off happens in middle school. So culture is a real hurdle. In the 1980s, personal computers came out and were marketed as a game for boys. That narrative got picked up in movies like "Revenge of the Nerds" and continues in television shows like "Silicon

Valley." The image of a programmer is a boy in a hoodie in a basement, and girls look at that and say "no, thanks."

We need to change pop culture and the image of what a programmer looks like and does. You can't be what you can't see. That's why we released the Girls Who Code book series – we want to show images of relatable girls actually coding. Through the girls in the books, such as Lucy, who likes science and video games, or Sophia, who likes sports and selfies, we hope to inspire a generation of girls to learn to code.

Our education system and policies are not doing enough to fix this problem. Only 40 percent of schools teach computer programming.¹ In 2017, girls were only 27 percent of the students throughout the country taking the AP Computer Science Principles exam.² And as I travel around the country observing other computer science classrooms, I'm still seeing that girls make up less than 1 in 4 students taking computer science in K-12 classrooms, particularly in under-resourced schools. There are 500,000 open computing jobs in the United States, and fewer than 40,000 computer science graduates each year to fill them.³ Tech jobs are the future of work, and women are filling fewer of those jobs than ever before. This is a huge problem, both for our economy and for our families. Forty percent of women are the primary breadwinners for their families, and leaving women out of tech jobs means leaving families out of the middle class.

As the research shows, exposure alone is insufficient to increase the proportion of girls pursuing computer sciences. It is important that campaigns designed to promote participation by young people in computing include elements to specifically appeal to girls. Without such efforts, there is a danger that such initiatives will amplify the current gender imbalances given the entrenched perceptions of computing as a male pursuit.



Our research found that we can triple the number of women in computing from 1.2 million today to 3.9 million by 2025 through a targeted approach that focuses on sparking and sustaining girls' interest from middle school to college.⁴ That would lift women's share of the computing workforce from 24 percent to 39 percent.⁵ We need policymakers to keep an eye on gender and write policies that are explicitly designed to include underserved populations like girls in computer science courses.

Advice for young women interested in technology?

Be brave. It's hard out there right now, but one of the best things you can do to help change the industry is to be there. When

women have a sisterhood of coders to lean back on, they can do anything. Coding and computer science is absolutely a career path girls should pursue! Today, there are 500,000 open jobs in computing.⁶ These are the best-paying jobs in the country, paying twice the average private sector job, and are at the center of innovation and growth. Think about a problem you want to solve. If you learn to code, you can solve that problem. Because in the real world, success is a product of bravery, not perfection. If we don't start teaching girls to be brave, they are going to miss their chance to code the future in Silicon Valley, to build the future in the C-suite, and to legislate the future on Capitol Hill. So jump in and start learning, and don't worry about failing.■

¹Dawn Royal and Art Swift, "More K-12 Computer Science Classes Teach Programming/Coding," *Gallup* (October 20, 2016) (online at <http://news.gallup.com/poll/196511/computer-science-classes-teach-programming-coding.aspx>).

²College Board and Code.org, "2007-2017 AP Computer Science Exam Results," (online at <https://docs.google.com/spreadsheets/d/17wvX-kEq95bRfsY6Sx-Ik8XxKPk8cutho6c7jyJP1UM/edit#gid=0>) (accessed on November 2, 2017).

³Accenture and Girls Who Code, "Cracking the Gender Code," (2016) (online at <https://3zic852t4swp1mezl717oga-wpengine.netdna-ssl.com/wp-content/uploads/2016/10/Accenture-Cracking-The-Gender-Code-Report.pdf>).

⁴*Id.*

⁵*Id.*

⁶*Id.*



LISA PRICE

Founder, Carol's Daughter

Lisa Price was working in television in 1993 when she began creating beauty products in her Brooklyn kitchen as a hobby. Her mother Carol encouraged her to sell the products at a church flea market, and she made a \$100 investment for the table rental and product ingredients. Lisa's products sold out, and she spent the summer selling her body butters and oils at craft fairs and flea markets. Carol's Daughter grew into a beauty empire with annual net sales of \$27 million and L'Oréal USA purchased the company in 2014.

Did you have any mentors that helped you during the early startup stages?

My mentors were mostly people like Martha Stewart and Oprah who I read about and learned from – from a distance.

I had a friend in the beauty business, and she also made products at home by hand. We had different styles and approaches to the industry, but we had a great deal of respect for what the other person was doing. She helped me feel less "weird" about what I was trying to create. At the time, DIY beauty was a foreign concept and finding your "squad" was close to impossible. Remember, there was no social media back then!

What resources/programs did you use to start and grow your business?

An accountant taught me the basics. I read, and I attended small business events when I could. I also had a handful of friends who were salon owners and stylists and I picked their brains.

What was your experience seeking financing?

I didn't seek financing until I was in business for eight or nine years. I had a bad experience trying to open up a business account at a bank years before. I already had a personal bank account, and I brought in my work identification and proof of address to open the second account. I was told I couldn't open an account without a current passport because "we have to be careful because of all of the drugs in this neighborhood. You could be trying to launder money." I wanted to close my personal account right then and there, and as

soon as I could I did. That institution has not had my business since.

What were the biggest challenges you faced during your entrepreneurial journey?

Overcoming my own insecurities and learning to stay out of my own way. If I could have whispered something to my younger self it would be: "Trust your gut more."

I can talk about how people made me feel marginalized, relationships went bad or certain products never took off...but that is life. There will always be adversity and triumph, but how you handle it and the way you choose to respond is key.

What changes would have the biggest impact on the ability of female founders to succeed?

Girls and young women need to see the possibilities of who they can become early in life. Women also need to stop competing with each other. We worry about who is the better mom, who is going to yoga, running a marathon, making their own juices, etc. We are always trying to figure out how to have it all, do it all, be it all and that leaves us tired, sad and disappointed. I like to live by the philosophy: "You are not your sister's keeper. You are your sister."

Advice for young women innovators who want to follow in your footsteps?

Learn from me and our sisters. Learn from our mistakes – as well as our successes – and chart your own path.■

Dr. Joan Fallon

FOUNDER AND CEO, CUREMARK

Dr. Joan Fallon spent 25 years in clinical practice and traveled the globe working with children with unique challenges. After a breakthrough in autism research, she patented her work and focused on bringing her discovery to children who need it. "I decided to start a company as a way to develop products that support my findings," she said. "I believed I had a duty to act if it would help these children." Today, Curemark is completing their second Phase Three clinical trial in autism at 33 sites across the U.S. and plans to submit a New Drug Application to the Food and Drug Administration in 2018.

What inspired you to start Curemark?

After examining more than 1,500 children, I discovered that 60-70 percent of children with autism had a pathologically low level of an enzyme that digests protein. At the time (late 1990's), there were very few treatments for children with autism. Starting Curemark was the best way to make a difference – even if it meant leaving the practice I loved to enter the unfamiliar business world. The lack of treatment for children with autism today reaffirms that I made the right decision.



Did you have any mentors that helped you during the early startup stages? What resources/programs did you use to start and grow your business?

I've had many mentors along my journey! Mentors are extremely important for all

entrepreneurs – there are some mentors who can take you from A-F in your journey and some who can take you from G-Z. Attorneys and investors taught me about what they were looking for in a business. Kay Koplovitz, the founder and chair of Springboard Enterprises (SE), which helps women entrepreneurs access capital, had a huge influence on me and the company.

Everyone along the journey can teach you something. In some cases, it is exactly what *not* to do – who *not* to take money from, who *not* to have on

your board or who *not* to get involved with. Entrepreneurship is really hard, and people can try to take advantage of startups.

What financing did you seek for your business?

Raising money is hard regardless of the type of funding you are seeking, but it was especially hard for me because of the lack of understanding around autism. There is no venture capital in autism therapeutics at all. It wasn't there when we started the company, and it is still not there. I had to raise money privately and felt it was about finding investors who knew and understood what we were trying to do rather than people who were affected by autism in their lives.

on board earlier. It's important to remember that no entrepreneur gets through his or her journey without pivots and changes.

What would have the biggest impact on the ability of female founders to succeed and reach their full potential?

I am a big proponent of patenting. Women patent far less than their male counterparts – just 7.7 percent of patents list a woman as the primary inventor and only 18.8 percent of patents list any women inventors at all.¹ Does this mean that women are less inventive? I

Women patent far less than their male counterparts...Does this mean that women are less inventive? I don't think so.

I believe that women do not necessarily think of their inventiveness as commercial.

I started with family and friends, and gradually grew a network. Organizations like SE introduced me to potential investors and gave Curemark a platform and visibility. In total, we have raised approximately \$80 million privately.

What challenges did you face during your entrepreneurial journey? Anything you would do differently?

My motto is: "You make it up and then you make it happen." The entrepreneur is not always the best person to make it happen. If I could do it over, I would have someone by my side earlier to help me evaluate the best strategies for the company and manage the day-to-day responsibilities in order to achieve my goals. I have an excellent person by my side now, but I wish I would have brought her

don't think so. I believe that women do not necessarily think of their inventiveness as commercial. Educating women about the market value of their ideas and research is really important, and the U.S. Patent and Trademark Office should increase outreach efforts to women about patents.

Advice for young women innovators who want to follow in your footsteps?

Early in my journey people viewed me as an affable and kind pushover. People made me laughable offers. Women have special challenges and special strengths – find them both and own them. I tell my fellow female entrepreneurs: "Don't let anyone mistake your kindness for weakness." Being feminine, soft or easygoing does *not* mean you are weak or a pushover. ■

Jessica Milli, Ph.D., Barbara Gault, Ph.D., Emma Williams-Baron, Jenny Xia, and Meika Berlan, "The Gender Patenting Gap," *Institute for Women's Policy Research* (July 2016) (online at [https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/C441%20\(2\).pdf](https://iwpr.org/wp-content/uploads/wpallimport/files/iwpr-export/publications/C441%20(2).pdf)).

Ashley Kosharek

Founder, AMK Cleaning Services



Ashley Kosharek was a single mom working full-time when she decided to start cleaning homes on the side to help pay the bills. Today, AMK Cleaning Services has 45 employees and is projected to earn as much as \$1 million this year.

What inspired you to start AMK Cleaning Services?

I've always wanted to work for myself. I enjoy problem solving and helping people – so it was a natural fit. Managing a restaurant gave me a flexible schedule so I could spend more time with my young son, but I still struggled to make ends meet. I started cleaning homes on the side to make extra money, and soon I began to receive referrals and add accounts. The cleaning business was growing so much that I eventually left the restaurant.

What resources or programs did you use to start and grow your business?

I went to Western Dairyland Business Center in Eau Claire, Wisconsin, for advice on how to

expand. They helped me write a business plan. I also relied on SCORE and the UW-Eau Claire Small Business Development Center for counseling services. That was important because it gave me the opportunity to talk one-on-one and discuss different business scenarios.

What type of financing did you seek?

I used my personal credit cards to start the company. In retrospect, I should have applied for a startup loan rather than run up personal debt. My bank was very helpful in trying to get us the funding we needed to support our growth, and I was able to secure business loans and a line of credit.

What would you do differently?

I would have spent more time educating myself about how to choose the right accountants and insurance agents. Choosing the wrong people to represent us caused some growing pains and put me in some hairy situations. I would also talk to more people in the cleaning services industry to understand costs associated with growth and hiring.

What would have the biggest impact on the ability of female founders to succeed?

More opportunities to educate businesses about their weaknesses. It's important to get good training early on so the business can be stable and have an opportunity to grow.

Advice for female entrepreneurs who want to follow in your footsteps?

Be a sponge. Learn from everyone you meet no matter their job, experience, age. It is okay to make mistakes. Make them fast and bounce back from them even faster, while figuring out how to keep them from happening as often. Let yourself be vulnerable, but also don't let anyone walk all over you.■



The Gender Pay Gap

A Lifelong Hurdle for Aspiring Female Entrepreneurs

In 2016, women working full time in the U.S. typically were paid 20 percent less than their male counterparts.²⁷ This earnings difference begins almost immediately after entering the workforce and substantially increases over the course of a career.²⁸ In fact, researchers have found that college-educated women make about 90 percent as much as men at age 25, but only 55 percent as much at age 45.²⁹ The majority of this pay gap stems from women not getting raises and promotions at the same rate as men.³⁰

This discrepancy is largely attributed to the impact of motherhood on a woman's career.

Janet Yellen, chair of the U.S. Federal Reserve, highlighted this point in a 2017 speech: "One of the primary factors contributing to the failure of these highly skilled women to reach the tops of their professions and earn equal pay is that top jobs in fields such as law and business require longer workweeks and penalize taking time off. This would have a disproportionately large effect on women, who continue to bear the lion's share of domestic and child-rearing responsibilities."³¹ Moreover, researchers find evidence of employer discrimination against mothers when making hiring, promotion and salary decisions.³² Specifically, employers perceive mothers as

less competent and less committed to their jobs compared to non-mothers.³³ This combination of factors puts working mothers at a clear economic



Student Debt

Millennials are on track to become the least entrepreneurial generation and student debt may be to blame. According to *The New York Times*, the percentage of new entrepreneurs between the ages of 20-34 fell to 25 percent in 2014, down from almost 35 percent in 1996.³⁶

Gallup found that between 2006-2015, 63 percent of college graduates left school with some amount of student loan debt and 19 percent of those graduates have delayed starting a business due to their loan debt.³⁷ The Association of American University Women (AAUW) estimates women hold 64 percent of student loan debt and repay their student loans over longer periods of time than men, in part because of the gender pay gap.³⁸

Given the role of student debt on financial stability, millennial women may be less willing or able than men to forego a stable salary and assume the financial risk of starting a new business. The NWBC notes, "[M]illennial women earn statistically significantly less annual income, even when controlling for the number of weeks worked per year. The difference in income and potential ability to pay down student debt may impact access to capital for millennial women entrepreneurs."³⁹

disadvantage by reducing their potential earnings and stalling their career trajectories.

The gender pay gap has lifelong ripple effects that negatively impact the ability of women to be successful entrepreneurs.

The disparity in earnings helps explain why women have lower levels of personal wealth than men, hurting their ability to assume the financial risk of starting a business. Researchers estimate that women own only 36 percent as much wealth as men, with never-married women owning only 6 percent of the wealth of never-married men.³⁴ The Ewing Marion Kauffman Foundation reports the peak average age for a woman to start a business is between 45 and 54 years old, meaning "she is starting a business after multiple decades of wage discrimination affecting her wealth accumulation and overall diminished ability to access capital."³⁵ Not only do women have less savings than men to invest in a business venture, but they have a harder time securing financing by virtue of this institutional economic disadvantage.

The earnings difference between women and men contributes to a gender confidence gap

with far-reaching consequences. A 2016 study by LeanIn.Org and McKinsey & Company found women hold 46 percent of entry-level positions, but only 37 percent of manager roles and 29 percent of vice president roles.⁴⁰ The numbers shrink even more at the very top. Women held 6.4 percent (32) of CEO positions at *Fortune* 500 companies in 2017 and made up 20.2 percent (1,100) of *Fortune* 500 board seats in 2016.⁴¹ The lack of women in leadership roles can impact how women view their own likelihood for success. The LeanIn.Org study found women are less likely than men "to think they have equal opportunities for growth and development – and more likely to think their gender will play a role in missing out on a raise, promotion, or chance to get ahead."⁴² The study found women are not only less interested than men in becoming a top executive, but they are less confident that they'll get there and make an impact.⁴³ Thus, when women don't see their female colleagues fairly compensated in pay or promotions they may be less motivated to pursue new challenges or believe their ideas can positively shape a business.▶

College-educated women make about 90 % as much as men at age 25, but only 55% as much at age 45



Mother Entrepreneurs

The overarching struggle for working mothers is achieving a work-life balance, and entrepreneurship has a unique set of challenges. According to the Pew Research Center, mothers are three times as likely as fathers to say that being a working parent makes career advancement harder, and they are more likely to quit their job due to family responsibilities.⁴⁴ With the burden of family care falling to women, the autonomy of entrepreneurship can make it an appealing career move. Indeed, women cite flexibility and work-life balance as motivating factors for becoming entrepreneurs while men are motivated by wealth.⁴⁵

However, research shows family-related factors adversely impact women entrepreneurs more than their male counterparts, in part because women receive less help from their spouses.⁴⁶ One study found that in businesses started by married men, 60 percent of spouses took on a business support role.⁴⁷ In businesses started by married women, only 35 percent of spouses took on a support role.⁴⁸

Additionally, mother entrepreneurs face similar gender biases that exist in traditional workplaces. The perception of women as caregivers, coupled with the masculine traits associated with successful entrepreneurs, create a presumption that mothers do not have what it takes to succeed as business owners.⁴⁹

The technology industry has even fewer women in senior management roles, perpetuating a workplace culture that marginalizes women.

A 2016 analysis of the top 1,000 U.S. companies by revenue found that women make up 11 percent of Chief Information Officers in the tech industry.⁵⁰ A 2017 Crunchbase study found 17 percent of startups have a female founder – the same percentage since 2012.⁵¹ As a result, women working at tech companies or startups have limited advocates supporting gender inclusiveness and promoting policies to help balance work and life. A 2014 Center for Talent Innovation report found that “[w]omen in SET [science, engineering and technology] are marginalized by lab-coat, hard-hat, and geek workplace cultures that are often exclusionary and promulgate bias.”⁵² Evidence

suggests this workplace environment, coupled with dissatisfaction regarding career prospects, leads to women in high-tech industries quitting their jobs at more than double the rate of men.⁵³ The low morale and exodus of talented women in technology taints the industry for would-be female entrepreneurs and steers women towards other careers.■

A 2016 analysis of the top 1,000 U.S. companies by revenue found that women make up 11 percent of Chief Information Officers in the tech industry.

Sexual Harassment in the Tech Industry

In 2017, several women in the tech industry bravely came forward with stories of sexual harassment by coworkers, managers and investors. These reports describe deeply disturbing and inexcusable behavior and will hopefully be the tipping point for the tech industry, prompting companies to examine their workplaces and take steps to correct deficiencies.

- Former Uber engineer Susan Fowler published a blog post about consistent sexual harassment at the company, prompting an outside investigation that led to the firing of more than 20 employees and the subsequent resignation of founder Travis Kalanick.⁵⁴
- Nearly two dozen women in the tech startup industry told *The New York Times* about being sexually harassed. Several female entrepreneurs recounted unwanted sexual advances made by influential venture capitalists, “underscore[ing] how sexual harassment in the tech start-up ecosystem goes beyond one firm and is pervasive and ingrained.”⁵⁵
- A former employee of Social Finance (SoFi) filed a lawsuit stating he witnessed managers harassing female employees and was fired after reporting it.⁵⁶ Several employees later came forward and described repeated inappropriate treatment of women by the company’s CEO, Mike Cagney, who also served as chairman of the board.⁵⁷

Krystal Shaw

Founder, Random Rompers



Krystal Shaw, a mother of two, began selling baby rompers on Etsy in 2015 as a last-ditch effort to stop her family from being evicted. Today, Random Rompers is her full-time job and the family's primary source of income.

On balancing motherhood and entrepreneurship, Shaw says: "I feel guilty a lot of the time because I want to be the best mom, the best wife, and the best entrepreneur I can be. More times than not one of those balls gets dropped. You must give yourself some credit for each thing you do get done. The scariest thing is to take a chance, especially for women. We aren't taken as seriously as men, and we are held to different rules and standards."

What inspired Random Rompers?

It was born of necessity. My family was going through a hard time financially, and I needed to do my part to make money quickly. I had some leftover fabric and decided to make the rompers because they were quick and easy. I listed them for sale on Etsy and Random Rompers was born.

Any female role models who helped your business succeed?

Not at first, but I was lucky to develop an amazing female support system once I put Random Rompers on social media. The mothers of the

baby models taught me how to take pictures to showcase the rompers, strategies for customer engagement and helped me think about the direction to take the business. Now I'm surrounded by (and talk everyday with) other female small shop owners all over the country who I lean on for guidance.

What have been the biggest challenges you've faced?

Every day as an entrepreneur seems to bring a new challenge – every time I figure out one problem three more seem to show up. My first major challenge

was pricing my products. I went through a few different price points before finding my sweet spot. A second challenge was slow sales. The shop opened in the fall, when people do a lot of shopping, but my sales slowed so much the following summer that I considered closing. So, I got creative. I came up with new ways to get customers interested in Random Rompers and figured out how to run a sale to entice customers. My current challenge is expansion – I can't keep up with demand. My husband is thinking about working for the business full time and we may hire

additional seamstresses to help with the workload.

How has Random Rompers' success impacted you?

The financial impact has been such a blessing. Random Rompers brings in enough to support my family of four comfortably, and I can still invest money back into the business. Working for myself is the greatest personal reward. It is a challenge to wear every hat, but when the rewards come in I also feel the most pride. I am very proud that I have built something (with the help of my husband) from the ground up. I also built something I can pass on to my children.

Is there a different standard for male and female entrepreneurs?

I always ask: "Am I giving my family enough time?" The worst part is deciding what gets your time and attention when both your business and your family need you. Men don't have the same standards applied to them. If they work a 16-hour day they are hardworking providers, and it's okay for them to come home from work, have dinner, watch TV, play with the kids and go to bed. If a woman works a 16-hour day she is expected to make dinner, help with homework and do house work. When women drop the ball on any of those things the guilt can be heavy.

Advice for young women who may want to follow in your footsteps?

Find something you truly love. If you are not passionate about what you are doing – you will not succeed. It will get hard, so know your product and your market clearly. There has been a lot of trial and error, and I'm still learning new things every day. Find a tribe of people who support you. ■

“ Working for myself is the greatest personal reward. It is a challenge to wear every hat, but when the rewards come in I also feel the most pride. ”



Sarah Kauss wanted to take her career in a new direction and decided to focus on helping rid the world of plastic bottles. In 2010, she launched S'well.

"My goal was to create a fashionable, reusable bottle that looked great and did good," she said.

Today, her fashionable and ubiquitous stainless steel water bottles (they keep beverages cold for 24 hours and hot for 12) have transformed the industry while reducing plastic consumption worldwide, and her \$100 million business is the fastest growing woman-owned company in the country.

SARAH KAUSS

FOUNDER AND CEO, S'WELL

“Talking about and sharing more stories about the success of women who took chances, made missteps and still ended up on top are vital to helping more women go after their dreams and not be so focused on seeking perfection.”

Did you have any mentors during the startup stage? What resources did you use to start and grow your business?

I had a whole network who helped me, particularly a variety of people from business school who brought unique insights, experience and advice to my project. I used WordPress, MailChimp, QuickBooks and other tools to create an external presence and organize the business for success. Additionally, the EY Entrepreneurial Winning Women program has been absolutely phenomenal in supporting me through my entrepreneurial journey. It provided resources and mentorship to help scale and grow S'well.

What type of financing did you seek for your business?

I didn't. I used \$30,000 of my personal savings to get S'well off the ground. Taking this approach forced me to think hard about each and every cent I spent, and

to consider how important it was to the business before moving forward.

What challenges did you face during your journey? Anything you would do differently?

One of the biggest challenges has been growing so fast. For the first seven years, we were working off the programs I used to launch the company. We were delivering successfully, but it wasn't an ideal way to run the business. This year, we took a step back and invested in our infrastructure and team. We put a new enterprise resource planning system in place, rebuilt our website and did other things to set us up for long-term growth.

What changes would have the biggest impact on the ability of female founders to succeed?

Creating a culture of support and risk-taking for women looking to create change in the world is one step to helping more of us

do it! Talking about and sharing more stories about the success of women who took chances, made missteps and still ended up on top are vital to helping more women go after their dreams and not be so focused on seeking perfection. If I had talked to people sooner about my vision for S'well and shared a bit of the messier parts of bringing it to life, I think my network would have been able to help me get S'well off the ground faster. I could have avoided some mistakes and probably grown quicker in the process.

Advice for young women innovators?

Don't wait for your idea to be perfect or for every piece of the puzzle to be in place. Analyze the risk and start to put your idea in motion, knowing it will continue to change and evolve as you put it out in the world. Taking small steps will get you toward your big idea, and these small steps have the power to create great change. ■

Ann-Erica Whitemarsh

Founder/President, Rascal Rodeo



"FOCUS ON
WHAT YOU'RE
PASSIONATE
ABOUT AND
FIGURE OUT WHAT
YOU NEED TO DO
TO GET THERE."

After graduating from college, Ann-Erica Whitemarsh was laid off from four jobs in three years and struggled to make ends meet. "I was 27 years old, living at my parents' house with a dead car not worth fixing, applying for 30 jobs a week," she said. "The only thing to my name was student loans and a business degree." Despite the odds, she pursued her passion for helping people with special needs and launched Rascal Rodeo in 2010, a nonprofit that organizes rodeos for special needs people, helping them discover abilities they did not know they had.

What inspired you to launch Rascal Rodeo?

Rascal Rodeo was my high school senior project in 2001. We had four participants and 20 volunteers. Special needs people didn't have any opportunities to be cowboys or cowgirls, and the times I was able to rodeo as a young adult made me want to give them that experience. In 2010, a friend asked me to produce another rodeo and that relit my passion for the project. The rodeos received rave reviews and media attention, and I realized I wanted to make Rascal Rodeo my career as these events allowed the special needs communities to show how capable they are when given the opportunity.

Did student loan debt affect your entrepreneurial plans?

My student loan payments are \$647 a month.

Without those payments I could have used the money for living expenses or the cost of starting a nonprofit. Even to purchase a house! I wasn't in a financial position to focus solely on building Rascal Rodeo – I had to keep working full-time and collect a paycheck because those student loans weren't going away.

What were your biggest challenges?

I had a hard time figuring out if I should make Rascal Rodeo a nonprofit or a business. I attended a workshop put on by the state, but it was over my head. After our third rodeo I had people handing me checks made out to "Rascal Rodeo," but no way to cash them until I completed the paper work and opened a bank account. I also endured skepticism from friends, family members and even rodeo committees who we now work with. They said making Rascal Rodeo my career was unrealistic and I needed to go get a "real job."

Advice for young women innovators?

Focus on what you're passionate about and figure out what you need to do to get there. It's not going to be the same path for everyone. Do it. Even if it scares the heck out of you! Keep going!▪





Unequal Access to Financial Capital

Women Entrepreneurs: A Huge Missed Economic Opportunity

Bank loans are the main source of capital for small businesses, including those owned by women.⁵⁸ However, banks have reduced small business lending since the recession, compounding financing challenges for women entrepreneurs. An analysis by Florida Atlantic University indicates small business loans decreased 13.7 percent from 2008 to 2016, while lending to large firms increased 48.9 percent during the same period.⁵⁹ Two primary SBA loan programs, 7(a) and 504, help fill this void by guaranteeing small business loans. In 2016, SBA loans to women-owned business accounted for 18 percent of the total number of SBA 7(a) and 504 loans approved (14 percent of the total dollar amount of those loans).⁶⁰

While a small amount of seed money can launch a business, outside financing is necessary to expand, create jobs and contribute more fully to local economies. Women entrepreneurs are unable to access their fair share of financial capital, diminishing their chances for growth. According to a 2014 U.S. Senate Committee on Small Business and Entrepreneurship majority staff report, “21st Century Barriers to Women’s Entrepreneurship,”

women receive just 16 percent of all conventional small business loans and only 4.4 percent of the total dollar amount.⁶¹ The prospects for women seeking venture capital (VC) are even more discouraging. *Fortune* reports that women received just over 2 percent of VC funding in 2016, and women-led companies made up 4.9 percent of all VC deals.⁶² Consequently, women rely more on personal sources of financing like savings or credit cards and start their firms with almost half the capital of men.⁶³

“Women are still *less likely* to apply for loans because they fear they will be denied, and when they do apply, they request *smaller loan* amounts.”

2%

In 2016, women received just over two percent of VC funding and women-led companies made up 4.9 percent of VC deals.

Small Dollar Loans

Small dollar loans are an important financing mechanism for women entrepreneurs. According to the SBA Office of Advocacy, 72 percent of all nonemployer women-owned businesses start with less than \$5,000, compared to 55 percent for male-owned.⁶⁴ During the Obama Administration, 7(a) lending to women increased by 150 percent due in part to SBA's targeted efforts to increase access to small dollar loans to help entrepreneurs who lack access to traditional lenders.⁶⁵ Two initiatives are highlighted below:

- **Community Advantage:** In 2011, SBA launched the Community Advantage Pilot Program to allow mission-based lenders to provide SBA-backed loans of less than \$250,000. Lenders are required to make at least 60 percent of their Community Advantage loans in underserved markets. Nearly half of all loans are \$100,000 or less.⁶⁶ According to SBA and the Milken Institute, women-owned small businesses received 31 percent of Community Advantage loans between 2011 and 2015.⁶⁷
- **Microloans:** With support from Congress, SBA nearly doubled the size of the microloan program, which provides loans up to \$50,000 alongside technical assistance through nonprofit lending intermediaries.⁶⁸ In 2016, women-owned firms received 45 percent of the number of microloans issued, the largest share of any SBA loan program.⁶⁹

The reasons for the funding gap between female and male entrepreneurs starts with unequal access to key contacts who can open the door to financial capital. Researchers point out that “networks providing access to external equity tend to be closely knit and male dominated” and women have difficulty breaking in and tapping these financing streams.⁷⁰ Women are less likely to know people who can make the necessary introductions to potential business investors and advise on critical financial decisions related to business development. This may affect how women seek funding in the first place. According to Dr. Coleman and Dr. Robb, “[R]esearch indicates that women entrepreneurs are just as likely to be approved for bank loans as men. Nevertheless, women are still less likely to apply for loans because they fear they will be denied, and when they do apply, they request smaller loan amounts.”⁷¹

The lack of female investors perpetuates the gender disparity in VC funding. Only 8 percent of investing partners at the top 100 venture firms globally are women, according to an analysis by TechCrunch.⁷² With so few women at the table, funding decisions are typically based on male viewpoints, which can result in homophily –

male venture capitalists funding entrepreneurs who share similar backgrounds, experiences and perceptions.⁷³ A 2017 interview in *Mic* with 10 female founders paints a picture of what it is like to ask a room full of white men to take them seriously, particularly when the product doesn't affect them or the business is female-oriented.⁷⁴ “People invest in what looks like them,” said Natalia Oberti Noguera, founder and CEO of Pipeline Angels, a network of women investors. “People invest in the familiar.”⁸⁰ Evidence suggests that

Only 8 percent of investing partners at the top 100 venture firms globally are women.

VC firms are more likely to invest in female-led companies when women are involved in the funding decisions. A 2014 study by Babson College found that VC firms with female partners are more than twice as likely to invest in companies with a woman on the management team (34 percent vs.

Federal Contracts

Women continue to have trouble breaking into the federal procurement process, which offers tremendous potential for business growth. According to the U.S. Department of Commerce, women-owned businesses are 21 percent less likely than male counterparts to win federal contracts.⁷² As further evidence of these challenges, the federal government failed to meet its goal of awarding 5 percent of eligible federal contracts to women-owned firms in 2016.⁷³

One contributing factor may be increased use of Multiple Award Contracts (MAC) by federal agencies. These large umbrella contracts consist of multiple vendors supplying unlimited goods or services over a specified period, often five to 10 years. A 2016 Women Impacting Public Policy (WIPP) study reports that MACs represent 21 percent of all federal procurement spending, and 17 of the 20 largest contracting opportunities were MACs in fiscal year 2017.⁷⁴ WIPP examined 19 MAC contracts and found that only three provided set aside tracks for women-owned small businesses, a powerful tool that helps women-owned firms compete for federal dollars in industries where they have been underrepresented.⁷⁵ However, when given access to contracting opportunities through MACs, women-owned businesses received approximately 20 percent of contract dollars – \$4.86 billion.⁷⁶

13 percent) and three times more likely to invest in companies with women CEOs (58 percent vs. 15 percent).⁸¹ The lack of gender diversity at VC firms perpetuates the problem of homogeneity within the industry and affects whose ideas receive funding.

Deep-rooted gender stereotypes also appear to shape investment decisions. A 2014 study conducted by researchers from Harvard, Wharton and MIT revealed that investors prefer business pitches from male entrepreneurs – even when the content of the pitch is the same – and are more likely to offer funding if the man is attractive.⁸² More recently, research published in the *Harvard Business Review* shows venture capitalists ask male and female entrepreneurs different types of questions, resulting in significant funding consequences.⁸³ The researchers studied the interactions between 140 prominent venture capitalists (40 percent female) and 189

entrepreneurs (12 percent female) at TechCrunch Disrupt New York, an annual startup funding competition. Their analysis revealed that investors ask men about opportunity and the potential for gains while women are questioned about the potential for losses.⁸⁴ The researchers explain, “[I]nvestors adopted what's called a *promotion* orientation when quizzing male entrepreneurs, which means they focused on hopes, achievements, advancement, and ideals. Conversely, when questioning female entrepreneurs they embraced a *prevention* orientation, which is concerned with safety, responsibility, security, and vigilance. We found that 67 percent of the questions posed to male entrepreneurs were promotion-oriented, while 66 percent of those posed to female entrepreneurs were prevention-oriented.”⁸⁵ The differences in these questions had significant financial implications – every additional question asked about prevention resulted in \$3.8 million▶

VC firms with female partners are more than twice as likely to invest in companies with a woman on the management team (34 percent vs. 13 percent) and they are three times more likely to invest in companies with women CEOs (58 percent vs. 15 percent).



less in startup funding.⁸⁶ These findings further indicate how implicit gender bias contributes to the underrepresentation of women in the entrepreneurial economy.

Giving women entrepreneurs equal opportunities to access funding can deliver huge economic returns for investors and communities. Women currently control the majority of household spending and their purchasing power is growing.⁸⁷ Women are expected to control two-thirds of the consumer wealth in the U.S. over the next decade.⁸⁸ Failing to understand the female consumer and the products she wants is a missed opportunity for investors. Additionally, research shows that women-led businesses positively impact the bottom line. According to Babson College, businesses with a woman on the executive team are more likely to have higher valuations at both first and last funding rounds.⁸⁹ A study by venture firm First Round Capital documented how their investments in companies with a female founder performed 63 percent better than their investments with all-male founding teams.⁹⁰

Investing in women-led startups – and bringing a diverse group of voices to the decision-making table – is good for business and the economy.■

Investors ask **men** about opportunity and the potential for **gains** while **women** are questioned about the potential for **losses**.

Women are expected to control two-thirds of the consumer wealth in the U.S. over the next decade.

[Nielsen]



CHERYL

SNEAD

Founder, Banneker Industries

After eight years at General Electric, Cheryl Snead joined a small, minority-owned machine shop in Lincoln, Rhode Island. With the company on the brink of shutting down, she decided to step up and buy it.

Today, Banneker Industries is a supply chain management and logistics service provider with multiple locations (Rhode Island, Alabama, California and Illinois). The firm manages more than \$1 billion of customer assets annually and purchases more than \$20 million of products for the aerospace and defense industry.

What motivated you to become an entrepreneur?

We were machining parts for the aerospace and defense industry at the beginning of Operation Desert Storm, but the company was struggling. I *knew* I could not put people out of work who were heads of households and I could not leave our customers hanging, especially during the start of a war. If there was a *challenge*, then there was also an *opportunity*! I decided to buy the company and rename it after Benjamin Banneker, the country's first black scientist, mathematician, and inventor and my inspiration to earn a mechanical engineering degree.

Did you have any mentors?

I have had many throughout my life and career – both men and women, of all races and ethnicities. I didn't realize they were mentoring me at the time, but they influenced my management style and leadership persona, and directly impacted both my personal and professional success.

What resources did you use to start and grow your business?

I certified my business as a Minority Business Enterprise and Women's Business Enterprise in Rhode Island and became certified in the other states where we operate. We graduated from SBA's 8(a) Business Development Program and participated in various SBA financing programs. Through the Department of Defense (DOD), Banneker partnered with Raytheon in the Mentor Protégé Program. We won DOD's Nunn-Perry Award in 2005, which recognized our successful partnership and business growth.

What type(s) of financing did you seek and what was that experience like?

Access to capital was an original hurdle. It was difficult to get bank financing because of the previous owner's financial problems, so I brought on a white male partner to help get financing from an out-of-state bank with SBA's loan guarantee. Five years later, I bought my partner out and have since owned

the company 100 percent. Since our original loan, Banneker has been able to get regular financing, including SBA loans.

What challenges did you face during your journey?

I've had to overcome the gender bias that exists in a male-dominated industry. As a woman and minority-owned business operating in machining, supply chain management and logistics, Banneker was not taken seriously even though I was highly educated, experienced and qualified. The experience made me stronger and the company more resilient. As an engineer, I am a problem solver. I tell young women and men starting their careers that your ability (to solve problems) and your attitude (when facing problems) will affect your altitude (Ability + Attitude = Altitude)!

What can have the biggest impact on the success of female founders?

It's important to increase awareness of organizations like the Women's Business Enterprise National Council, Women's Business Development Centers and Women's Business Centers. They provide training, certification, networking and other initiatives that support business startups and growth.

I also think women-owned small businesses need more information about how to take advantage of federal contracting opportunities. The SBA's Women-Owned Small Business Federal Contracting Program has been in place for several years, but there are a lot of questions about how to participate in and benefit from the program. I think sharing and promoting the success stories of women-owned businesses will help more firms become engaged in the federal contracting process.

Advice for female entrepreneurs?

Go for it! I'm a big believer in "If you can dream it, you can do it," a General Electric tag line that launched my career. ■

FELENA HANSON

Founder, Hera Hub

San Diego-based Hera Hub is a female-focused, coworking space for entrepreneurs to develop contacts and tap business resources. Members get access to experts, educational workshops and monthly social events in a setting that appeals to women. Hera Hub is on a mission to support over 20,000 women launch and grow their businesses by 2020.



What inspired you to launch Hera Hub?

I discovered coworking in 2010 when I hosted a networking event at Hive Haus, San Diego's first coworking space. The space was outfitted with a ping-pong table and beer keg – perhaps a little too “cool” for me! – and sparked an idea. Why wasn't there something like this for thirty-something women who want a professional and productive environment in a beautiful, inviting setting? That's when the concept for Hera Hub (named after the Greek goddess of women) was born. It took 12 months to complete my business plan, secure financing and solidify

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my first location. We officially opened in August 2011 and have been growing ever since.

How do women-only coworking spaces support female entrepreneurs?

Hera Hub is female-focused, *not* women only. It's not about excluding men – it's about building a space and providing resources designed by women, for women... and inviting men to be part of that conversation.

Hera Hub is a community first and a space second. Our core value is collaboration. From the moment someone joins to the day

they outgrow us, we want them to feel connected and supported. We make sure they have the resources needed to launch and grow their business.

Why are female-focused coworking spaces in demand?

Women interact differently and are instinctively more collaborative in their approach to business. It was important to create a space for female entrepreneurs that is not only beautiful, comfortable and feminine, but also professional.

Many women running small businesses juggle family responsibilities and feel an affinity with other women in the same situation. Hera Hub gives women a safe, supportive environment to collaborate and network. They're surrounded by women they can relate to, which makes it easier to ask for feedback on a business idea or make business connections.

Advice for women innovators?

1. Determination – anything is possible... at least for those dedicated to making it happen.
2. Be passionate – nothing is worth doing if you don't do it well.
3. Be sincere – people see right through you.
4. Trust your instinct – your first reaction to something is always right.
5. Take everything head on – don't be confrontational, but don't avoid.
6. Follow through – your word is everything. ■

Sue Sylvester

President, Absolute Resource Associates



Sue Sylvester graduated with a degree in environmental science and began her career when clean water regulations were new and the environmental testing industry was rapidly growing.

After working in and managing some of the nation's largest environmental companies, Sue and her husband acquired Absolute Resource Associates (formerly Resource Laboratories) in 2000. Under their leadership, the company has experienced steady growth, tripling in revenue, staffing and facility size.

the time to invest in the marketing and an unwavering determination to break into the market. Many don't have all three. If they don't have the infrastructure and they win a bid, they are setting themselves up to fail and may never be called again. They also need to accept that it is going to command a lot of time. Mapping out a plan and delegating other tasks helps free up the time necessary to break into this market.

How has sole source contracting opened the door to growth opportunities?

Sole sourcing has definitely given us another “foot in the door.” The sole source program gives contracting officers the ability to “try” smaller contractors like Absolute Resource Associates for niche services or smaller jobs, and this gives small companies the experience needed to further compete.

Advice for young female entrepreneurs?

Don't give up! It is a long road and not for the faint of heart. If you commit your business plan to doing federal work, be prepared to invest the time, work, sweat and tears to make it happen for your company. Surround yourself with supportive, positive people who are committed to the plan, and use all of the available training and resources. ■

What motivated you to become an entrepreneur?

Two events: the business I helped build was sold to an owner who destroyed it, and my disappointment when a lab owner changed his mind and didn't sell the business to me. In order to stay in this industry, I needed my own business to control my destiny! Absolute Resource Associates is a woman-owned business, but what makes us successful comes from who we work with – our employees, customers, vendors and associates.

Did you find the federal procurement process difficult to navigate?

At first, it was very difficult to navigate. It is an entirely different way of finding opportunities, bidding on a contract and doing the work. There is a lot to learn, but there are also a lot of excellent resources.

Why do women-owned businesses struggle to get federal contracts?

Women-owned businesses need the infrastructure in place in order to work in the federal markets,



SUSAN TYNAN

Founder, Framebridge

When Susan Tynan discovered her \$40 posters cost \$400 each to get framed, the idea for Framebridge was born. "Getting things framed was too expensive and confusing. I knew people had things they loved and would frame more often if someone made it less expensive and easier," she said. Tynan launched Framebridge in August 2014 and has raised \$37 million in venture capital.

What resources/programs did you use to start and grow your business?

I learned a lot through the educational programs at coworking spaces and startup incubators. Talking to other entrepreneurs is invaluable. Being deeply embedded in my community helped as well. I had a business career for 15 years in Washington, D.C. (not usually thought of as a tech hub) so I built relationships that were critical to get started. I believe in clusters and that entrepreneurial activity breeds more entrepreneurial activity. I worked with two of my initial investors previously at their ventures.

What financing did you seek for your business and what was the experience like?

I funded Framebridge with venture capital. Because I was forming something out of nothing, traditional loans were not an option. Raising venture capital is grueling – it requires a lot of time, warm introductions (a large network is necessary) and total commitment. I raised the initial money for Framebridge after I quit my day job, and I don't think I would have been able to do it if I hadn't had that flexibility. If my spouse didn't work and my kids didn't go to a terrific local public school, I wouldn't have been able to get started.

What are the biggest challenges you've faced during your journey?

Matching up supply and demand is the most challenging part of our business. We have to grow our team and our inventory just ahead of our peaks in demand. Access to capital is important for growing a business as well, not

just starting up. Without access to working capital (like a line of credit) an otherwise healthy business that is growing rapidly and adding jobs would not be able to stay in business through normal and predictable seasonality.

What changes would have the biggest impact on the ability of female founders to succeed?

Female founders must have the same access to capital as male founders. Fundraising is still somewhat of a "boys club." There are many female-focused investors who invest money *alongside* other established investors, but this misses the point. Female founders need that first big check – the lead investor. I founded my business after an established business career, so funders knew me and my ability to get something done. This was the only way I was able to bring it all together.

Advice for women innovators?

Believe in your ideas and your ability to get it done. I often run into female entrepreneurs who are more pragmatic than their male counterparts, but entrepreneurship requires a suspension of disbelief and an outsize belief in what you can achieve. It also requires that you bring investors along to the big idea of your company. There is research showing that investors focus on risk aversion with female founders and growth with male founders. So, women may pitch more conservatively, but investors ask them questions that hurt their chances for financing. The money is going to go to male founders who are pitching bigger ideas. ■

Crowdfunding: Filling the Funding Gap

A Promising New Way **Forward**

Produced in collaboration with the National Women's Business Council

Crowdfunding, a method of acquiring capital from noncommercial sources through a virtual platform, provides women entrepreneurs an alternative to fill the funding gap left by traditional financing sources. *Seed crowdfunding* uses rewards-based crowdfunding platforms like Kickstarter to fund the launch or development of new businesses. *Equity-based crowdfunding* enables investors to purchase small shares within a growing business. *Peer-to-peer lending* allows people to borrow money from the pooled resources of individuals.

The popularity of crowdfunding as a capital source has grown rapidly due to innovation and accessibility. From 2011 to 2015, total funds raised through crowdfunding platforms globally increased from \$1.5 billion to \$34 billion.⁹¹ Of this, \$17.2 billion of crowdfunding monies were in the North American market.⁹² A May 2017 report by the National Women's Business Council (NWBC) suggests that equity-based crowdfunding transactions will increase at a rate of 40 percent annually between 2016 and 2020.⁹³

Research shows that women are more successful at crowdfunding than men. The NWBC analyzed Kickstarter data from 2010 to 2015 and determined the number of women-led campaigns grew by over 800 percent, with women more successful than men in reaching crowdfunding goals.⁹⁴ A July 2017 report released by PwC, in collaboration with The

Crowdfunding Center, offers additional insight into the success of women-led crowdfunding campaigns. An analysis of data (2015-16) from more than 465,000 seed crowdfunding campaigns globally revealed that female-led campaigns were 32 percent more successful at reaching funding targets than male-led campaigns.⁹⁵ In fact, female-led campaigns performed better across all sectors, including traditionally male-dominated industries like technology.⁹⁶

The success of female entrepreneurs in crowdfunding demonstrates the potential of women-led businesses when given equal access to capital. Crowdfunding creates a gender-neutral forum to present business ideas. Anyone with internet access can start a crowdfunding campaign – women don't need to rely on introductions to the "right" people who can influence funding decisions. Women entrepreneurs can engage directly with the market to demonstrate commercial value instead of translating their business plan to a room of male venture capitalists. This level playing field highlights how women-led businesses can thrive if given the opportunity. ■

Female-led campaigns were **32 percent more successful** at reaching funding targets than male-led campaigns.

Incubators and Accelerators: Key Tools for Women Entrepreneurs

Incubators and accelerators can play vital roles in the discovery and support of high potential women-owned startups. Although these organizations have evolving definitions and distinct characteristics, both share the common goal of helping innovative businesses launch and grow. Since the 2005 launch of the first accelerator Y Combinator, there has been increased commitment by both public and private sectors to support early stage businesses through incubators and accelerators. Research by Brookings Institution shows the number of American accelerators increased by an average of 50 percent each year between 2008 and 2014, growing from 16 programs in 2008 to 170 in 2014.⁹⁷ These accelerators invested in more than 5,000 U.S.-based startups during 2005 to 2015 and helped companies raise \$19.5 billion in funding.⁹⁸ In 2016, SBA invested \$3.4 million in 68 accelerators around the country through the Growth Accelerator Fund competition.⁹⁹

Incubators and accelerators are well-positioned to support women entrepreneurs because they address networking, training and financing challenges. A March 2017 NWBC report sheds light on the interactions between women entrepreneurs and incubators/accelerators, offering promising findings related to improved access to capital.¹⁰⁰ In a survey of 1,200 women business owners and program managers, NWBC found 25.2 percent of incubator/

Accelerators invested in more than 5,000 U.S.-based startups during 2005 to 2015 and helped companies raise \$19.5 billion in funding.

accelerator participants were backed by angel investors compared to 4.7 percent of non-program participants.¹⁰¹ Similarly, 15 percent of graduates from incubator/accelerator programs received VC funding compared to 4 percent of non-program participants.¹⁰² In other words, female participants who graduated from incubator and accelerator programs were better capitalized in their first year and more likely to have VC or angel funding than women non-graduates.

Although incubators and accelerators could have the greatest impact on women-led businesses, anecdotal evidence and preliminary data show that women are underrepresented in these programs. A 2016 study by JPMorgan Chase in partnership with the Initiative for a Competitive Inner City (ICIC) examined eight high-tech incubators

and accelerators in the U.S. and found 20 percent of the businesses supported were owned by women.¹⁰³ Y Combinator – which has funded more than 3,200 founders and 1,470 companies since its inception – also showed similar gender gaps.¹⁰⁴ In 2016, only 22.3 percent of the companies funded had a woman on the founding team and about 12.5 percent of the founders funded were women.¹⁰⁵ Although female representation in Y Combinator has grown over the years, its president Sam Altman acknowledged the organization “want[s] to understand and address the barriers that prevent more founders from underrepresented groups from starting startups and applying to [Y Combinator].”¹⁰⁶

Entrepreneurial Ecosystems: A Local Approach

A variety of approaches to support women business owners have developed at the local level, with cities taking the initiative to create thriving ecosystems for women entrepreneurs. Entrepreneurial ecosystems focus on the interconnectedness of several factors – access to capital and markets, innovation, human capital, resources, policy and community building – to identify ways a local economy can best support women entrepreneurs.¹⁰⁸ This method reflects the shift away from independent, narrow initiatives in favor of more broad-based strategies that promote collaboration across a community of actors, organizations and institutions.¹⁰⁹

The National Women’s Business

The JPMorgan Chase and ICIC report identifies barriers and offers strategies for high-tech incubators and accelerators to increase participation among women and minority entrepreneurs. These recommendations include expanding recruitment networks, revising the application and selection process to target implicit biases, specifically designing programs with women and minority entrepreneurs in mind, and creating an inclusive environment devoid of the “old boys club” mentality.¹⁰⁷ These important steps will help more women entrepreneurs benefit from the critical tools these programs provide and receive the same level of support as their male counterparts.■

Council studied several entrepreneurial ecosystems across the country and created an entirely new model focused on the needs of women entrepreneurs. This framework demonstrates the various actors that influence the success of women-led businesses and can be used by local government officials, organizations and stakeholders as a guide to evaluate how their community supports and engages women entrepreneurs.¹¹⁰

Communities that foster the origination and incubation of women-owned businesses can contribute to the broader American economy. Assessing and addressing the needs of local entrepreneurial ecosystems will help government leaders and stakeholders develop policies and practices that support women entrepreneurs and help the country reach its full economic potential. Regionally and more broadly, the following initiatives►

are working to improve the local climate and support systems for women entrepreneurs in their business development and growth.

- Women Entrepreneurs Boston (WE BOS).** Established in 2015 by Boston Mayor Martin J. Walsh, WE BOS works in three priority areas – funding, scaling and networking – to provide women entrepreneurs with the skills, technical assistance and network needed to launch and grow their business. WE BOS also convenes Boston’s entrepreneurial ecosystem for an annual week of educational programming, mentoring opportunities and events designed to support women entrepreneurs. Additionally, WE BOS partnered with Babson College’s Center for Women’s Entrepreneurial Leadership to provide five women entrepreneurs living in Boston with tuition-free seats in their Women Innovating Now (WIN) Lab. The WIN Lab is an eight-month long program designed specifically for high-growth women entrepreneurs to successfully scale their ventures.
- Women Entrepreneurs New York City (WE NYC).** WE NYC, housed under New York City’s Department of Small Business Services, is the first municipal program in the country to address the entrepreneurship gender gap by offering a set of business services tailored to the needs of women in underserved communities. Launched in March 2015, WE NYC offers a range of free business services across the five boroughs (in multiple languages), including networking events, business courses and mentorship sessions. Since its launch, WE NYC has served more than 3000 women, held more than 750 workshop hours and provided more than 260 hours of mentorship.
- BEACON: The D.C. Women Founders Initiative.** This community-led initiative launched in November 2016 with the

support of D.C. Mayor Muriel Bowser and brings together public and private partners to support women entrepreneurs through an online directory of women-owned businesses, strategic programming and community building. Led by an all-women board representing various sectors of the city’s entrepreneurial ecosystem, BEACON seeks to identify and promote the best resources for women entrepreneurs while connecting them to one another and new opportunities. In addition, the BEACON Grant Program awarded one-time grants of \$500-\$10,000 to women-led organizations based in Washington D.C. to fund projects and initiatives that support D.C.-based women entrepreneurs.

- Women’s Entrepreneurship Initiative (WEI) in Atlanta.** Mayor Kasim Reed launched WEI in January 2015 as part of a larger fiscal reform effort to stimulate small business growth in the downtown area. WEI functions as an incubator for existing women business owners to accelerate their growth, while providing community outreach, educational workshops and mentorship to emerging business owners and future entrepreneurs. Each year, 15 women entrepreneurs are selected to incubate their business at WEI and after 15 months they transition the business back into the city of Atlanta.



[Graphic provided by National Women’s Business Council]

After graduating from college “dead broke,” **Katherine Krug** jumped into entrepreneurship and spent a few years bouncing from New York to Las Vegas (and back again). She always knew she wanted to spend her time helping people and started a tech company that helped non-profits fundraise, followed by a company for people to set and achieve personal goals. Along the way, she developed severe back pain from spending 12 hours a day hunched over her laptop.

“The pain was so bad, I couldn’t sit down without being in pain for over a year,” she said.

That’s when she developed **BetterBack**, a posture strap that allows you to sit effortlessly in perfect posture while easing and preventing back pain. “Ultimately, I decided to invest more energy into building something great and to make people feel better.”

Krug is the first solo woman entrepreneur to raise more than \$1 million through crowdfunding, garnering \$3 million total.

Katherine Krug

Founder, BetterBack

Why did you start BetterBack?

I developed excruciating sciatica pain while creating my previous company, Everest. I wore a posture strap around San Francisco anytime I had to sit. Each time I wore the posture strap to a meeting or out in public someone would share their back pain story and ask if they could try it. People who knew me would beg me to borrow it – and I only had one. I turned to Kickstarter hoping to raise the \$12,500 in funding I needed to produce the very first run of BetterBacks.

Within a few weeks, I raised more than \$1 million. Fast forward three years and BetterBack has helped more than 75,000 people in 115 countries get out of pain and back to doing what they love, including veterans who no longer rely on pain pills to make it through the day, parents who can finally pick up and play with their kids again, and folks who have resumed meditation practices.

What was the crowdfunding experience like?

Life changing. I view

crowdfunding as more of an equal playing field for businesses. If you have a great product, it will likely do well. Also, the opportunity to test a product with your customers while getting funding is amazing, but that’s not even the best part. Crowdfunding is unique because it allows you to build a community and relationships with people all over the world. You create a support network with thousands of people rooting you on and wanting to see you succeed. It’s something special that you don’t get with traditional financial backing.

Why turn to crowdfunding instead of traditional financing?

Crowdfunding platforms like Kickstarter, Republic and Patreon have democratized access to capital and removed the gatekeepers. There isn’t a room full of men to pitch. The only people you have to pitch and satisfy are your future customers. This makes crowdfunding incredibly liberating for women and other underrepresented groups in entrepreneurship.

Crowdfunding is liberating in other ways. Venture capitalists consider \$100 million, \$500 million and \$750 million businesses to be failures. The \$1 billion plus expectations create a growth-at-all-cost environment for founders. When you move away from traditional financing, you can build a business that focuses on what you love and what you want to do instead of a race to do things others want for an outcome that is best for investors.

The biggest challenges during your entrepreneurial journey?

The journey of an entrepreneur has more twists, turns, bumps and bruises than I could have

imagined. I had to bootstrap everything to build BetterBack. I spent every Friday on San Francisco’s Embarcadero with my prototype and an Ikea chair asking people on the street about their pain and to try my product. I watched people use my product, hear ideas for how it could be improved and at what price point would buying my product be a no-brainer. To find a manufacturer, I jumped on Alibaba and started working with more than 60 manufacturers to find two that were truly good. I called in every favor and spent the last \$10,000 in my bank account bringing BetterBack to life.

What changes do you think would have the biggest impact on the ability of female founders to succeed?

First, improved maternity leave and family friendly policies at large companies. Second, policymakers should make it more straightforward and less expensive to start a business. This includes easing regulations around equity crowdfunding. The new wave of crowdfunding platforms must jump through lengthy and onerous hoops with the U.S. Securities and Exchange Commission to deliver a platform that easily matches entrepreneurs with the folks in their networks who want to fund their growth. Third, increased funding and support for mentorship programs. SCORE helped me get my start – I connected with an angel investor and serial entrepreneur who helped guide me and build my confidence when I started my first tech company. He ultimately introduced me to another entrepreneur who became my co-founder. I wouldn’t be here without the government’s work to promote entrepreneurship!



We also need to increase the visibility of female entrepreneurs. You don’t seek to be what you can’t see. Hollywood sets culture (whether we like it or not) so we need more female leads who are heralded for their guts, grit and problem solving skills – instead of their bodies. We need to increase girls’ confidence and encourage them to dream big and take risks.

Advice for women innovators who want to follow in your footsteps?

Take the jump! Put yourself and your ideas (they are one and the same) out there – way beyond your comfort zone. When you feel fear, tell your brain it’s not fear, it’s excitement and run towards it. Rejection and failure, as long as you learn along the way and never stop running, become the path to your success.■

Carolyn Rodz

Founder, Alice

Growing up in a family of entrepreneurs and an investor and advisor to startups, Carolyn Rodz saw business owners encountering the same obstacles over and over again. Her experience led her to launch Alice, a digital accelerator that connects women and other underrepresented entrepreneurs to opportunities, knowledge and communities that facilitate business growth.



Why did you start Alice?

When I was starting to build my third business I was really interested in joining an accelerator, but as a new mother in Houston relocating to California or New York for several months just wasn't an option. As I worked with other women entrepreneurs, I saw they were experiencing the same obstacles in securing capital, mentorship and talent to execute their visions. If I was experiencing these problems in Houston (the fourth largest city in the country) I couldn't imagine the obstacles

founders face all over the world. My cofounder and I decided to launch Circular Board, a 100 percent virtual accelerator that was accessible to any high-growth female founder, regardless of who she is or where she comes from. We quickly became the fastest growing accelerator for women entrepreneurs, which put the pressure on us to scale quickly, and ultimately led to the launch of HelloAlice.com. Now, through technology, we're able to support all entrepreneurs, but specifically focus on women, minorities and underserved populations who

aren't being supported by the traditional startup ecosystem.

Why do you think women received an estimated 2 percent of venture capital funding last year? Does the lack of female investors have an impact?

It has a huge impact. Funding a company is equal parts intuition and market opportunity, so it's only natural that investors gravitate toward personalities they know and trust, which often means they invest in people like themselves. Alice is a perfect example: we are a women-led

business, with mostly women investors behind us. But the problem isn't that simple. Women are starting with less capital to build their businesses, they're waiting longer to attempt to raise venture funding, and when they do, they ask for less. To change these statistics, we need to not only change the investor composition, but also encourage women entrepreneurs to aggressively go after the money they need to build the businesses they envision.

How do accelerators give women entrepreneurs the tools and support to create successful businesses?

The greatest value provided through an accelerator is the doors that open up to a business. Our team spends every day working to navigate the complexities of the startup ecosystem, and we bring that expertise to business owners who know their industry and company well, but may not have ever been exposed to starting and growing a business. We help founders mitigate their most pressing risks and challenge their assumptions and step back from the weeds of

the business to test their business models and iterate quickly. As they build this foundation for growth, we pair them with experts to help them every step of the way, expose them to tools to operate more efficiently, and use past experiences to quickly solve problems. This is exactly the value we bring through HelloAlice.com. We match founders to the resources that will best facilitate their growth, based on their unique profile and current market opportunities.

What changes would have the biggest impact on the ability of female founders to succeed?

Access – to capital, to mentorship, to opportunities. There is so much financial and intellectual capital that resides in just a few hubs around the world, and Alice is focused on extracting and sharing that capital to all founders, regardless of who they are or where they come from. We are democratizing access to entrepreneurship. I get extraordinarily frustrated when I hear from investors that they don't invest outside of California, or that they only accept pitches from warm introductions. They

are perpetuating the problem. Through technology, people can be connected from thousands of miles away, which means sharing resources, best practices, and expertise can happen between anyone. There are also policy changes, such as reduced payment cycles and improved family leave, which would greatly improve the growth of all entrepreneurs, but particularly for female founders.

Advice for young female innovators who want to start and grow a business?

Listen only to your customers. There are lots of doubters out there, and you'll hear tons of "Nos" from investors, partners and opportunity providers. You'll get conflicting advice from mentors, even from top experts in their fields. The only voices you should concern yourself with are the voices of your target market. If they like what you have to offer, keep moving forward and don't waver from your vision. Everybody has an opinion, and you don't have time to listen to all of them, so focus on the ones that matter.■

"We need to not only change the investor composition, but also encourage women entrepreneurs to aggressively go after the money they need to build the businesses they envision."



Elizabeth Gore

Entrepreneur-in-Residence at Dell Technologies & Board Chair of Alice

During a decade at the United Nations, **Elizabeth Gore** saw entrepreneurs in some of the toughest parts of the world monetizing sustainable solutions for change, including businesses built on waste removal, vaccine disseminations and basic agriculture.

"I saw refugees walk into camps and create businesses within two weeks.... Incredible," she recalled.

Today, she is technology giant **Dell's Entrepreneur-in-Residence**, a role dedicated to helping small and medium-sized businesses prosper, in turn fueling the expansion of global entrepreneurship and the jobs that will drive the world economy.

How did you become passionate about women's entrepreneurship?

Women put 90 percent of their income back into their communities and families. If we help them create businesses everyone prospers.

Despite gains, why are women still underrepresented in leadership positions?

Women work and relate differently than their male counterparts. They don't risk the same and wait to be asked before stepping forward even though they tend to be more qualified.

What are the challenges women face finding role models or mentors?

Women tend to have more on their plate: children, elder care and community engagement. Carving out time for mentorship has to fit into their environment. We also need more men and women to commit the time to reach in and offer time with women. Digital programs for mentorship are very helpful. Websites like HelloAlice.com offer web-based mentorship.

What would have the biggest impact on the ability of female founders to succeed?

Every person – men and women – can commit to at least ONE. One female on their board, one female in a leadership team, one female to mentor and one female to invest in!

Why is investing in women a smart business idea – for investors and society?

When women have the same access to capital, they surpass their male counterparts in performance. If women have the same access, we could bring \$30 billion in GDP to the United States alone.

Advice for female innovators?

DO IT. Start today, don't wait. Take the risk and kick bootie!■

Every person – men and women – can commit to at least ONE.

One female on their board, one female in a leadership team, one female to mentor and one female to invest in!

-Elizabeth Gore

Public & Private Sector Recommendations

Women entrepreneurs may be the country's greatest untapped economic resource. Public and private sector leaders should work together to support the growth and development of women-owned businesses. Investing in their success will drive the country's economic growth.

Public Sector Recommendations

- **Enact the Paycheck Fairness Act.** Pay equity would not only add billions to U.S. GDP, but it would help close the confidence gap that can keep women from pursuing leadership positions. The Paycheck Fairness Act, sponsored by U.S. Senator Patty Murray (D-WA) and U.S. Representative Rosa DeLauro (D-CT) helps to break harmful patterns of pay discrimination and strengthen workplace protections for women. Provisions include: prohibiting employers from screening job applicants based on salary history, requiring employers to prove pay disparities exist for legitimate job-related reasons and creating a negotiation skills training program for women and girls.
- **Expand and improve student loan programs.** Federal student loan programs like income-driven repayment plans and public service loan forgiveness provide essential relief for student borrowers, but more can be done to ease the overwhelming burden of student debt. The Bank on Students Emergency Loan Refinancing Act would allow those with outstanding student loan debt to refinance

their loans at the current federal rate, saving borrowers thousands of dollars and providing much-needed relief for millennials who may be trying to balance student loan payments while launching a new business. A separate bill introduced by Senator Maggie Hassan (D-NH) would allow founders and full-time employees of small business startups certified by Small Business Development Centers to have their federal student loan payments and interest accrual deferred for up to three years while launching a startup. If the startup is located in an economically distressed area, founders and employees who make 24 monthly payments will be eligible for cancellation of up to \$20,000 in student loans.

- **Develop and promote computer science training programs in elementary, middle and high school that attract girls to computing.** Closing the STEM skills gap is essential to disrupting the male-dominated tech industry. Efforts to attract women into computing must start at the earliest stages of their education. Computer Science for All, President Obama's 2016 initiative, would have provided \$4 billion in new federal spending to expand K-12 computer science teacher training, improve access to instructional materials and build effective regional partnerships.¹¹¹ This type of robust federal investment is needed to equip students – particularly young girls – with the skills to thrive in today's economy. Fortunately, some states

Next Steps

have stepped up to help fill the STEM education gap. In 2015, Arkansas became the first state to pass comprehensive legislation requiring all public and charter high schools to offer computer science courses.¹¹²

- ***Strengthen and modernize SBA's entrepreneurial development programs.*** Increasing federal funding for WBCs, SCORE and SBDCs will give women entrepreneurs the tools, mentorship and training they need to thrive, while stimulating job growth and the economy. Several women interviewed in this report noted the assistance and counseling they received through these programs helped to launch and grow their businesses. Unfortunately, President Trump's fiscal year 2018 budget proposed a \$17.6 million reduction for these programs. The WBC program has been particularly hamstrung – the program's authorization expired in 2003 and its grant size has remained flat or decreased since 1988. A 2015 bill introduced by Senator Maria Cantwell (D-WA) and Senator Jeanne Shaheen (D-NH) would have increased overall program funding and grant award ceilings, allowing centers to offer more business training services to a greater number of women entrepreneurs.
- ***Increase federal contracting opportunities for women-owned small businesses.*** Women continue to be excluded from the federal procurement process, barring them from lucrative contracts that can substantially expand their business ventures. The certification and government contracting processes are extremely complicated, and SBA should increase outreach and education to help women compete for government contracts through the Women-Owned Small Business (WOSB) set-aside program. Additionally, federal agencies should ensure that WOSBs have equal access

to contracting opportunities through Multiple Award Contracts (MACs). A bill introduced by Senator Joni Ernst (R-IA) and Senator Kirsten Gillibrand (D-NY) and included in the 2018 National Defense Authorization Act directs SBA to conduct a comprehensive study on the participation of women-owned small businesses in MACs from the federal government.¹¹³

- ***Expand SBA small dollar lending.*** SBA's Community Advantage Pilot Program and Microloan program provide women with essential capital through small dollar loans. SBA and Congress should make the Community Advantage program permanent to ensure women-owned firms continue to have access to this financing stream. Additionally, microloan lenders should have overall lending capacity increased to \$6 million (from \$5 million) to reach more women-owned businesses, allow more flexible terms and permit intermediaries to use the technical assistance best suited to the needs of each borrower.
- ***Incentivize SBA lenders to make more loans to women.*** To increase capital access to women and other underserved populations, SBA should strengthen incentives to lenders and intermediaries making SBA loans. SBA should align its lender oversight and risk management objectives with public policy goals, such as making small dollar loans. The lending community has observed that the current loan monitoring system does not credit lenders for making loans under a certain dollar amount or to borrowers in underserved areas or populations.

Private Sector Recommendations

- ***Zero tolerance for sexual harassment.*** Numerous reports of sexual harassment allegations throughout the tech industry should make investors, company leaders and human resources departments speak out against this behavior and promote

policies that prevent it from happening in the first place. This starts with supporting a zero-tolerance policy against bad actors. LinkedIn co-founder and Greylock Partners venture capitalist Reid Hoffman has called for the industry to adopt a Decency Pledge and refuse to work with firms that employ individuals who engage in sexual harassment.¹¹⁴ "Any VC who agrees that this is a serious issue that deserves zero tolerance – and I certainly hope most do think this way – should stop doing business with VCs who engage in this behavior," he wrote. "[Limited Partners] should stop investing. Entrepreneurs of all genders should stop considering those VCs. This behavior occurs in our industry not just because some believe it's no big deal, but also because those who do find it unacceptable don't do enough to actively discourage it."¹¹⁵

- ***Push back against traditional gender stereotypes.*** Media content teaches young girls and boys about stereotypical masculine and feminine traits and gender roles, which in turn direct young girls towards traditional careers for women. Young girls need positive examples of strong, intelligent and confident female characters being brave, taking risks and enjoying science and technology. Movies like "Moana," "Brave" and "Hidden Figures" feature women and girls in roles that defy gender stereotypes. In August 2017, Girls Who Code and Penguin announced a series of books featuring relatable girl characters interested in computer science and coding. Exposing children to counter-stereotypes teaches young girls to explore interests outside of society's traditional gender norms.
- ***Examine company policies for gender biases, particularly in hiring and promotion.*** Company culture starts at the top and women will continue to be marginalized unless corporate leadership

prioritizes gender equality and takes purposeful steps to counteract gender bias. In 2015, Salesforce conducted a salary survey and spent \$3 million adjusting salaries for unexplained gender differences. Salesforce recently announced plans to spend another \$3 million to close new pay gaps, and CEO Marc Benioff pledged to regularly evaluate salaries to address issues.¹¹⁶ GoDaddy is also working to promote gender inclusiveness and champion women in technology. After Blake Irving took over as CEO in 2013, he announced that GoDaddy would no longer run its notoriously sexist ads and revamped the company's hiring and promotion practices to counteract implicit biases and gender discrimination.¹¹⁷ GoDaddy overhauled its employee evaluation forms, replacing open-ended questions with specific criteria that evaluate employee impact rather than character. "There's a lot of little things people don't usually notice," said Katee Van Horn, GoDaddy's vice president for engagement and inclusion. "But they add up. They reinforce these biases you might not even realize you have."¹¹⁸ Today, GoDaddy is known as a top workplace for women in tech – female technologists earn slightly more than their male counterparts, on average, and women make up 26 percent of senior leadership.¹¹⁹

- ***Support working mothers.*** Enacting policies and programs that support working mothers is a critical step towards gender parity in the workforce. According to the U.S. Department of Labor, only 12 percent of U.S. private sector workers have access to paid family leave through their employer.¹²⁰ Giving families time off for caregiving responsibilities can increase women's participation in the workforce – helping to close the gender pay gap and boost the economy – while encouraging men to act as caregivers. This would be an important step towards redefining gender roles and pushing back against stereotypes.

Several companies have enacted workplace policies that serve as models for wider adoption. Discovery Communications offers 20 fully paid weeks off to new birth mothers, 12 weeks to fathers and adoptive parents and 12 weeks to anyone caring for a sick or elderly family member.¹²¹ Last year, Deloitte announced it would provide 16 weeks of fully paid family leave time for caregiving, offering both men and women additional support for eldercare, spousal care and child care.¹²² The company also gives every employee up to 30 days of paid time off, which carryover year-to-year, and offers flexible work schedules and sabbaticals.¹²³

- ***Celebrate women entrepreneurs.*** This directive cuts across multiple actors – investors and the media both share responsibility in lifting up the stories of successful women-led businesses and inspiring the next generation of female entrepreneurs. Y Combinator maintains a collection of interviews with female alumni discussing their reflections and experience as female founders. The Story Exchange captures personal narratives of women entrepreneurs and shares stories through online content and partnerships with mainstream media organizations. Highlighting the accomplishments – and the challenges – of female entrepreneurs in the media can counter the false perception that only men are successful entrepreneurs.

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