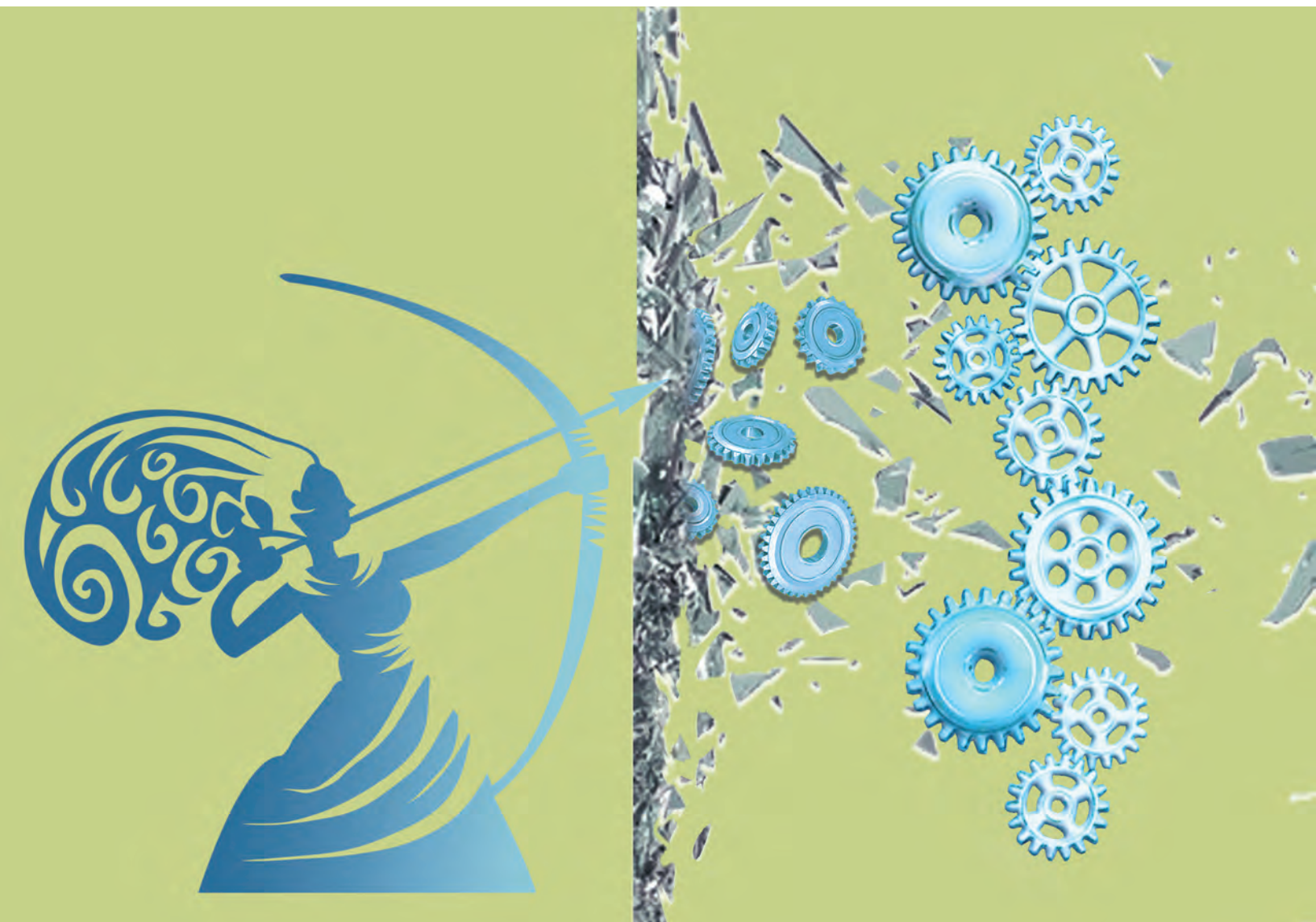


CATALYZING CHANGE IN EQUITY INVESTING: DISRUPTIVE MODELS FOR FINANCING WOMEN'S ENTREPRENEURSHIP

Diana International Impact Report January 2020

Candida G. Brush and Patricia G. Greene



BABSON COLLEGE'S CENTER FOR WOMEN'S ENTREPRENEURIAL LEADERSHIP

is proud to bring you this report, which advocates a new funding direction by identifying disruptive funding models and best practices for women entrepreneurs across each of the six primary processes that drive entrepreneurial development: identifying, training, connecting and sustaining, funding, enabling public policy, and celebrating.

To learn more about the Center's initiatives in empowering women entrepreneurs through the Diana International Research Institute, please visit: bit.ly/babsondiri



*This research was funded in part by the Ewing Marion Kauffman Foundation.
The contents of this publication are solely the responsibility of the authors.*



FORWARD

**By Richelieu Dennis, Co-founder, Sundial Brands; Founder & Chair, Essence Ventures;
Founder, New Voices Fund & New Voices Foundation; & Babson Alumnus '91**

While progress has been made to level the playing field for women entrepreneurs, we still have a lot of work to do to create equal opportunities for women to innovate, scale and grow, and create wealth through equity funding. But perhaps we might not need to level the playing field after all. Maybe our focus should be to *create a new one*.

With more than 224 million women entrepreneurs across the globe creating social impact, new solutions, and innovative products, they are a force to be reckoned with in our global marketplace – and have been for quite some time.

My grandmother Sofi Tucker is my earliest memory of a woman entrepreneur. She began her journey, as many entrepreneurs do, out of skill and necessity. A widowed mother of four children by the age of 19, she began making soaps and salves from natural ingredients in her native Sierra Leone. She sold these goods in the marketplace and eventually became known as a village healer, generating enough income to support herself, her children (including my mother) and their education. Grandma Sofi also taught me the recipes for her natural products when my mother, sister and I would visit or have extended stays with her to escape civil unrest in my home country of Liberia when I was a young boy. These recipes – her recipes – would become the foundation of Sundial Brands, the company I co-founded with my mother, Mary Dennis, and my best friend, Nyema Tubman, in 1991 after Nyema and I graduated from Babson and were unable to return to Liberia because of civil war.

Sundial Brands, responsible for top beauty and personal care brands including SheaMoisture and Nubian Heritage, eventually grew to become the number one natural hair and beauty company serving Black women and the larger multicultural and natural communities we coined as the New General Market. When we sold Sundial to Unilever in 2017, it marked one of the largest natural beauty and personal care deals in the U.S. and the largest consumer products transaction by a majority Black-owned company. Most notably, the foundation of these historic successes and accomplishments was my Grandma Sofi – a woman entrepreneur, a woman of color entrepreneur.

I often wonder what more my grandmother could have accomplished during her lifetime with a supportive entrepreneurial ecosystem, a “new” playing field and real access to financing and other opportunities. Today, there are still so many women like her – entrepreneurs with the vision, skills, innovation, experience and drive to become unimaginably successful – but who are also the beneficiaries of myopic stereotypes and gender perceptions, conscious and unconscious bias, and outdated funding models that block the growth of their businesses, yet that also propel their male counterparts forward. This is an even greater issue for women of color entrepreneurs who receive less than one percent of all venture capital investment.

Despite many of our collective efforts, Diana Project research shows that even 20 years after its initial findings, less than 15% of all VC funded businesses have one woman on the team, less than 3% of all VC funded companies have a woman CEO, and more than 92% of all investors are male.^A

This is precisely why my family and I founded the New Voices Fund to focus on making equity investments and creating an ecosystem that empowers women of color entrepreneurs to reach their full potential by addressing three of the most pertinent issues preventing their long-term success – access, capital, and expertise (ACE). It is the reason we established the New Voices Foundation based on the ACE model to offer women of color entrepreneurs capital, leadership development, skill-building, learning and networking opportunities via entrepreneurial summits, accelerators, pitch competitions that help provide seed money, coaching/mentorship, master classes and more. It is also why we created Essence Ventures and purchased Essence Communications, Inc. to provide a platform for the education, advancement and empowerment of tens of millions of Black women around entrepreneurship as a vehicle for generational wealth-building.

We believe that economic inclusion is a human right, so it is critical to acknowledge and address the growth capital and other needs of women entrepreneurs. My family and I have committed ourselves to creating an ecosystem that seeks to ignite long-term social change and create a society and economy that supports and values entrepreneurial women of color for their significant and innovative contributions today and tomorrow. With the tools and support to demonstrate sustainable, profitable and unapologetically inclusive business models, there is no doubt that these women can and will shatter the stereotypical hurdles and ceilings they face.

It's time to hear more voices that demonstrate measurable social and economic impact in a way that inspires more women, especially women of color, to join the financial inclusion movement. It's time for enlightening reports such as this one – with its captivating snapshot of where we are today, where we are going, and how we can get there, together – to be used beyond sourcing and data attribution and to also be used to spur new action and behavior change. It's time for all of us to do more to replace these barriers with opportunities, and I'm including myself, my family and my team in that commitment. Will you join us?

I somehow know that my grandmother is watching, and I hope we're making her proud.

Richelieu Dennis
Co-founder, Sundial Brands
Founder & Chair, Essence Ventures
Founder, New Voices Fund & New Voices Foundation

^ABrush, C., Greene, P., Balachandra, L., & Davis, A., 2014. *Diana Report, Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital*. Wellesley, MA: Babson College.

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EXECUTIVE SUMMARY

Raising growth capital remains a significant barrier for all women entrepreneurs, and it is even more pronounced for women of color and those in less developed geographic areas. In 1999, the first Diana Project report found that less than 4% of all U.S. companies receiving venture capital had one woman on the executive team.

Almost 20 years later, Diana Project research showed that still less than 15% of all VC funded businesses have one woman on the team, less than 3% of all VC funded companies have a woman CEO, and more than 92% of all investors are male.¹

This continued disparity catalyzed the 2019 Diana International Impact Day event, designed to move beyond the idea of fitting women into the existing equity capital model which has not been working for them, in order to identify new models and disruptions in ways to finance women entrepreneurs. We curated a global audience of 218 participants, all of whom have the potential to impact the funding process and outcomes. Participants included investors, accelerator managers, policymakers, researchers, educators, women entrepreneurs, and other ecosystem supporters, providing a multi-faceted picture of the challenges women entrepreneurs face in working through conventional models of financing to acquire growth capital. The report considers the following questions.



15%

VC-funded companies have a woman on their executive team



3%

VC-funded companies have a woman CEO



224M

Million women entrepreneurs across the globe creating impact



¹Brush, C., Greene, P., Balachandra, L., & Davis, A., 2014. *Diana Report, Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital*. Wellesley, MA: Babson College.

What is the current state of women's entrepreneurship in the United States, particularly regarding their acquisition of growth capital?

Women entrepreneurs are a significant force in the U.S. economy. They are majority or equal owners of 45% of all privately owned businesses, yet many have difficulty raising growth capital.

While venture capital funding is relatively rare, of the \$130 billion invested, less than 3% went to companies with a woman CEO.

Less than 0.2% of all VC funding goes to women of color entrepreneurs, and this has not changed in several decades.

Why is the funding gender gap important?

Women entrepreneurs do not have equal opportunities to innovate, scale and grow, or create wealth through equity funding; yet women entrepreneurs perform similarly or better when funded.

Investors are missing profitable opportunities for investment and returns.

Policymakers and other stakeholders have fewer opportunities to develop and grow ecosystems.

Why does the funding gender gap exist?

Stereotypes of the ideal entrepreneur and venture as male and male-led are pervasive, creating a perception that female entrepreneurs are less capable, less growth-oriented, and higher risk investments.

The venture capital industry is 92% male, and there is a strong propensity for investors to invest in those who are similar to themselves (especially in terms of gender, race/ethnicity,

and educational background).

Women entrepreneurs are excluded from key business and social networks, especially if they live in areas not connected to financial ecosystems.

What are best practices and disruptive new models?

All ecosystem participants can help by identifying, training, connecting and sustaining, funding, and enabling public policy, and by celebrating women entrepreneurs. In this report we highlight examples of organizations engaging in activities to support growth of women's entrepreneurship across all aspects of ecosystem development.

Ecosystem participants can create new models for financing women entrepreneurs to overcome barriers.

How can stakeholders catalyze change?

Change must first address assumptions about women entrepreneurs that play into narratives about the mis/understanding of them and their businesses. Evidence shows that venture capital funded women entrepreneurs are just as likely to succeed as men, so stereotypes that they are more risky investments need to be overturned.

Instead of prescribing next steps only for women entrepreneurs to be trained and coached, next steps are suggested for all stakeholder participants: investors, entrepreneurs, government and policymakers, foundations, NGOs and ecosystem supporters, entrepreneurship educators, and researchers.

Everyone has a role in catalyzing change through personal commitments and pledges.



Conclusion

The challenges women entrepreneurs face in obtaining growth capital are an urgent concern for entrepreneurial ecosystems. Investing in women entrepreneurs is an opportunity for entrepreneurs, investors, and other stakeholders to benefit from innovation and economic development. Current models need to be displaced with disruptive new models that overturn misleading stereotypes and accurately reflect the opportunities for women entrepreneurs to contribute to the vibrancy of ecosystems.



The Diana International Impact Day was a first of its kind convening for the members of the ecosystem to share best practices and create change going forward. This is the first step in the work we will continue to pursue in the new Diana International Research Institute.

– Smayra Million, Director,
Diana International Research Institute

INTRODUCTION

Raising growth capital is a struggle for women entrepreneurs. In 1999, the first Diana Project report found that less than 4% of all U.S. companies receiving venture capital had one woman on the executive team. Almost 20 years later, Diana Project research showed that still less than 15% of all VC funded businesses have one woman on the team, less than 3% of all VC funded companies have a woman CEO, and more than 92% of all investors are male.² While these data show some small progress in inclusive teams having slightly more success in raising money,³ the reality is that women entrepreneurs, especially those of color, receive only a fractional percent of venture funding.

Access to capital remains a significant barrier to growth, even though women entrepreneurs are now equal or majority owners of 45% of all U.S. firms.⁴

This continued disparity catalyzed the 2019 Diana International Impact Day event, designed to move beyond the idea of fitting women into the existing equity capital model, which has not been working for them, in order to identify new models and disruptions in ways to finance women entrepreneurs. We curated a global audience of 218 participants, all of whom have the potential to impact the funding process and outcomes. Participants included investors, accelerator managers,

²Brush, C., Greene, P., Balachandra, L., & Davis, A., 2014. *Diana Report, Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital*. Wellesley, MA: Babson College.

³https://www.kauffmanfellows.org/journal_posts/data-show-that-gender-inclusive-founding-teams-have-greater-success-in-fundraising-and-innovation.

⁴<https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.



policymakers, researchers, educators, women entrepreneurs, and other ecosystem supporters.

The purpose of this event was to collectively explore the nature of the challenges facing women entrepreneurs in raising growth capital and to generate practical new solutions to disrupt the existing funding model. The event began with a series of short presentations by experts, each followed by a crowdsourcing of detailed information about the topic discussed. Issues included the current landscape of investing, the pipeline of women seeking funding, and gender stereotyping in the investing process. Best practices in financing models, with an emphasis on emerging innovations, were shared after every session. (See Appendix 1 for a copy of the program.) In addition, we recognized a cohort of changemakers who have made a difference in promoting growth and financing of women-led ventures, specifically an entrepreneur, an investor, an educator, a policymaker, an ally, and a researcher. (See Appendix 2.)

The sessions generated hundreds of transcript pages rich with data, stories, ideas, and best practices, supplemented with summaries of remarks by each participating expert. These materials were reviewed and synthesized to produce the findings presented in this report. Because our data emerge from the perspectives of all stakeholders—scholars, investors, entrepreneurs, policymakers, educators, and ecosystem participants—we have a complete picture of the current funding process for women entrepreneurs. We use the entrepreneurial ecosystem approach as a framework for our discussion in order to recognize the important contribution of each of these stakeholders.

This report is organized with the following sections:

1. What is the current state of the funding process for women entrepreneurs?

2. Why is the funding gender gap important?

3. Why does the funding gender gap exist?

4. What are the best practices and emerging innovations?

5. How do we catalyze change through next steps for key stakeholders?





1 WOMEN ENTREPRENEURS AND THE FUNDING PROCESS: CURRENT STATE

Women entrepreneurs are significant contributors to economies worldwide. Data from the most recent Global Entrepreneurship Monitor Women's (GEM)⁵ Report suggest that over 400 million women are starting or growing businesses worldwide. In the United States, there are 12.3 million women-owned firms; women are equal or majority holders of 45% of all privately held firms. American women entrepreneurs report more than \$1.8 trillion in sales and employ nine million people. Of these women entrepreneurs, it is estimated about one-third are minority women entrepreneurs, and this proportion is growing rapidly. In fact, the actual number of women-owned businesses grew an impressive 58% from 2007 to 2018, while the number of firms owned by black women grew by a stunning 164%, nearly three times that rate.⁶ But despite their significant impact, access to growth capital continues to be a challenge.

This is a serious concern because without capital, women struggle to launch, grow, and scale their businesses. There are a variety of ways in which business owners fund the start-up and growth of their companies. The Diana Project, and therefore this conference and report, are specifically concerned with growth capital, generally considered to be equity funding of some type, and with broad categories of venture capital, angel financing, or crowdfunding.

To begin with, companies receiving venture capital funding or angel investment are comparatively rare. Of the 30 million U.S. businesses, there were 8,949 VC deals in 2018, some of which include multiple investments in the same company.⁷ This translates to less than 0.0003% of all U.S. companies receiving venture investment. In addition, 61,560 companies received angel investment last year, amounting to about 0.002% of all U.S.

“

Access to capital is an enormous hurdle, especially for businesses that are not on a trajectory for exit, like food. It's particularly challenging for businesses owned by low income women and people of color who lack the friends and family, or networks who help provide early risk and equity access needed.

— Jen Faigel, Executive Director, Commonwealth Kitchen

⁵Elam, A.B.; Brush, C.G.; Greene, P.G.; Baumer, B.; Dean, M.; & Heavlow, R.; *Global Entrepreneurship Monitor 2018/2019 Women's Report*; <https://www.gemconsortium.org/file/open?fileId=50405>

⁶<https://www.forbes.com/sites/nextavenue/2018/09/09/black-women-entrepreneurs-the-good-and-not-so-good-news/#656bd2f26ffe>.

⁷<https://www.cnbc.com/2019/01/09/venture-capital-spending-hit-all-time-high-in-2018-eclipsing-the-dot-com-era-record.html>.

businesses.⁸ The bottom line is that fewer than 100,000 companies receive significant growth capital each year. But even though the number of companies participating in this space is relatively small, these companies receive billions of dollars in funding to scale their innovations, with amounts varying drastically by factors such as stage of the

business, industry, and geographic location. In 2018, venture capital firms in the United States invested more than \$130 billion.⁹ The average venture capital deal is well over \$15 million, although there is wide variation by round, from about \$1 million for seed to \$55 million for series C.¹⁰ (See Figure 1.)

Figure 1. Average Funding Amounts and Sources by Stage ¹¹

Stage	Description	Typical Amounts	Sources of Equity
Seed	Idea exploration and assessment	\$25k-\$500k	Friends/ Family Bootstrapping Personal savings Angels Grants Crowdfunding Accelerators/ incubators
Start-Up	Solid idea with partial team	\$1M-\$7M	Angels Venture Capital Crowdfunding Accelerators/ incubators
Early-Stage	Established sales and Marketing efforts	\$6M-\$12M	Venture Capital
Growth	Working capital to support growth	\$12M-\$20M	Venture Capital Private equity
Bridge/Exit	Bridge to exit	\$1M-\$5M	Private equity

⁸<https://www.newsday.com/business/angel-investor-venture-capital-1.19616888>.

⁹<https://www.pwc.com/us/en/industries/technology/moneytree/explorer.html#type=history&category=¤tQ=Q3%202018&qRangeStart=Q1%202000&qRangeEnd=Q2%202019&chartType=bar>;
<https://pitchbook.com/media/press-releases/us-venture-capital-investment-reached-1309-billion-in-2018-surpassing-dot-com-era>.

¹⁰<https://pitchbook.com/news/articles/18-charts-to-illustrate-us-vc-in-2018>.

¹¹Adapted from Angelo Santinelli, Adjunct Professor, Babson College.

Furthermore, the outcome of funding for these companies is the commercialization of new innovations, job creation, and significant wealth creation for the entrepreneurs, employees, and especially the investors. For ecosystems and regions to be vibrant, they require growing ventures that contribute to their economies. This result is critically relevant as it means that this small, economically powerful industry is deciding not only who gets funded, but what types of innovations get funded.

While growth and scaling of businesses, wealth creation, and returns are critical for a vibrant economy, what if you happen to be female? The hurdles to acquiring financing are difficult to overcome for any business, but for women the hurdles are much higher.¹² Ample research shows that raising money to grow businesses is much more difficult for women than for men. When considered from an outcome perspective:

- Approximately 85% of all venture funded companies have all male executive teams.¹³
- “In 2018, all female founders put together received \$10 billion less in funding than one e-cigarette company, Juul, took in by itself.”¹⁴
- Out of 7,000 companies receiving venture capital between 2011 and 2014, only 3% had a woman CEO, and this has not changed in 20 years.¹⁵
- Less than 0.2% of all VC funding goes to women of color entrepreneurs.¹⁶

The money raising process is extremely hard work. It requires a great deal of the entrepreneur's most important resource, her time, and takes place when she is starting and growing a business. (See Figure 2.)

Figure 2. Steps to Acquire Growth Funding:¹⁷

1. Assessing

What financial resources are needed, how much do I need, and when? What other resources are crucial to success? Why are these resources needed, and how much is needed? Answering these types of questions requires completing financial projections while evaluating various target customer and cost scenarios relative to the company's business model and growth strategy.

2. Identifying Sources

Equity providers can differ greatly from each other depending on factors such as the stage of growth of the businesses, the sources and amounts of funding needed, the industry expertise required, etc. Identifying the most relevant potential sources means doing research on all the various sources to find the best possible fit(s).

3. Attracting Funding

Once appropriate sources are identified, the entrepreneur needs to create a compelling case for why a particular source should fund them, as well as finding inroads to connect with those firms. This likely means multiple rounds of discussion and pitches, ideally ending up with term negotiations, participating in due diligence, and coming to a final funding agreement.

¹²Brush, C., Carter, N., Gatewood, E., Greene, P., & Hart, M., 2004. *Clearing the hurdles: Women building high-growth businesses*. FT Press.

¹³Brush, C., Greene, P., Balachandra, L., & Davis, A., 2018. The gender gap in venture capital: Progress, problems, and perspectives. *Venture Capital International Journal*. 20:2. 115-136.

¹⁴Brush, C. et al., 2018. <https://fortune.com/2019/01/28/funding-female-founders-2018/>.

¹⁵Brush, C. et al., 2018.

¹⁶<https://www.refinery29.com/en-us/2018/02/190430/black-women-vc-funding-experiences>.

¹⁷Adapted from Brush, C., Greene, P., & Hart, M., 2001. From initial idea to unique advantage: The entrepreneurial challenge of constructing a resource base. *Academy of Management Executive*. 15:1. 64-78.



WHY IS THE FUNDING GENDER GAP IMPORTANT?

Why does it matter that women raise less money in the equity funding arena? More specifically, this state of inequity has endured for more than 20 years, so why should it matter now? It matters to entrepreneurs, investors, policymakers, and other ecosystem participants.

Entrepreneurs

Funding inequity means **not all entrepreneurs, especially women and women of color, have the same opportunity to develop and commercialize their innovations.** Therefore, their ability to innovate, internationalize, scale, and grow is hampered. This then limits their ability to accumulate significant assets for wealth creation through venture exits.

Investors

By ignoring segments of the population of entrepreneurs, investors are missing good opportunities for investment and returns. After all, results show that the majority of venture capital investments do not yield significant returns¹⁸. Therefore, reliance on a homogenous network of men entrepreneurs means that investment opportunities, new markets, and product/service innovations are unnecessarily limited. This narrow investment approach has the effect of **reducing the potential for higher returns.**

Policymakers

The desire, and actually the need, is for innovations and businesses that solve big societal, economic, environmental, and community problems that can be scaled and supported. When only a small population of growing businesses in a set of narrow geographic strips have access to funding, we are likely not scaling the optimal solutions to these problems, thereby limiting industrial competitiveness, and both economic and social advancement.¹⁹

Ecosystem Development

Vibrant ecosystems contribute to economic and societal wellbeing. Development, scaling, and funding of entrepreneurial ventures are core to entrepreneurial ecosystem dynamics. However, when considering the networks supplying equity capital, not only are growth capital and equity investment firms socially homogenous, but also they are geographically concentrated. More than 55% of deal value and 38% of all deals are on the West Coast, and another 30% of all deals and 31% of deal value are in New England and the Mid-Atlantic, mirroring the geographic concentration of VC firms.²⁰ For those building local and regional ecosystems without a coast, it is difficult to attract capital for local investment in entrepreneurs who are often financially disadvantaged, especially women and racial or ethnic minorities.

¹⁸ <https://hbr.org/2014/08/venture-capitalists-get-paid-well-to-lose-money>.

¹⁹ <https://hbr.org/2014/08/venture-capitalists-get-paid-well-to-lose-money>.

²⁰ <https://pitchbook.com/news/articles/the-state-of-us-venture-capital-activity-in-15-charts>.



Carla Walker-Miller
Founder & CEO
Walker-Miller Energy Services
Awardee

WHY DOES THE FUNDING GENDER GAP EXIST?

The gender disparity in funding is stunning and discouraging. Why is it that women are so unlikely to receive venture capital? Popular explanations are that women entrepreneurs are not in the right industry sectors, or that they are not actively seeking growth capital. But when we examine the early funding pipeline and the success of women entrepreneurs in the contexts of crowdfunding and angel investing, we see strong evidence of their entrepreneurial success.

For example, \$6.3 billion was invested in the United States into 12 million crowdfunding campaigns through more than 2,000 platforms in 2018.²¹ The amounts raised are relatively low, each averaging less than \$1,000. Only 13% raised up to \$100,000 and less than 1% raised more than \$100,000. Of these, women launched about half of these campaigns and had a higher campaign completion success rate, 22% versus 17% for men.²² Women do well with this measure of success; however, these findings suggest clear market demand for the innovations pitched by women entrepreneurs on crowdfunding platforms.

Similarly, if we look at angel investment, in 2017 more than \$24.8 billion were invested in 65,000 companies, an average of around \$350,000 per investment. Different from institutional venture capital firms, angels are accredited investors who invest their own money. They are often members of the more

than 350 angel groups in the United States.

Approximately 17% to 27% of women CEOs received angel funding, representing some 14,000 companies.²³ Even though fewer women than men apply for angel funding, women are just as likely to receive angel funding as men. However, their businesses are often slightly older and larger, suggesting that greater proof of business performance may be required for women to secure an angel investment.²⁴ In terms of industry sector, women-led businesses receiving angel financing are no different from men-led businesses, and they include growing businesses in software, internet technology, medical devices, bio-tech, and health care.

There is a sufficient pool of women entrepreneurs actively seeking to grow their ventures, offering good investment opportunities for private equity. Yet to date, the success rate of women entrepreneurs in raising venture capital, particularly women of color, is dismal. Why does this challenge persist? An analysis of the conference discussions and data yielded three key explanations:

1. **Stereotypes of the ideal-type entrepreneur and investment-worthy venture**
2. **Structure of the venture capital industry**
3. **Access to funding networks**

²¹ www.statista.com/outlook/335/100/crowdfunding/worldwide#market-revenue.

²² Greenberg, J. & Mollick, E., 2015. Leaning in or leaning on? Gender, homophily and activism in crowdfunding. *Academy of Management Proceedings*. <http://dx.doi.org/10.5465/AMBPP.2015.18365abstract>. Also see <https://crowdfundbetter.com/women-entrepreneurship/>.

²³ <https://blog.goldenseeds.com/more-female-angel-investors-means-more-funding-for-female-entrepreneurs-f09345020eb>.

²⁴ Manolova, T., Edelman, L., & Brush, C., 2014. Access to early-stage financing: The case of the missing women. *Frontiers of Entrepreneurship Research*. 34:8. 1-13.

“

“Women face an identity paradox— they need to fit in and stand out at the same time.”

~ Professor Maura McAdam,
Dublin City University, Republic of Ireland

Stereotypes of the Ideal-Type Entrepreneur

If you ask a group of people to name a successful entrepreneur, the top responses will automatically be Steve Jobs, Mark Zuckerberg, Elon Musk, and Bill Gates, the superhero successful entrepreneurs. Or you might name Andrew Mason, CEO of Groupon, Matthew Mullenweg of WordPress, or Blake Ross of Mozilla Firefox, all of whom surpassed hundreds of millions in net worth before turning 30. Not only did they all launch and grow “unicorns,” tech companies that reached the \$1 billion dollar mark as determined by private or public investment, but also every one of them is a white male. You might ask more specifically can you name successful women entrepreneurs? Maybe not on the tip of your tongue, but Lidia Yan runs Next Trucking, a company that has received more than \$125 million from Sequoia Capital and is in line to be one of the next billion-dollar start-ups.²⁵ Then there are others like Anne Wojcicki, co-founder of 23andMe, a human genome research company that helps customers understand what their DNA says about their health, traits, and ancestry. She has raised more than \$786 million since founding the business in 2006.

Professor Maura McAdam explains this in more detail:

“The cultural conversation around entrepreneurship tends to focus predominantly on the male experience. This is also reflected in academia, where the debate regarding entrepreneurial identity has drawn attention to the gender-blind assumptions informing this analysis, thus suggesting that the normal entrepreneur is a 35 year-old male. These assumptions or biases can have serious implications for those considering entrepreneurship who do not fit the ideal image of the male entrepreneur. Indeed, this lack of fit with the accepted model of entrepreneurship has resulted in women being made invisible, marginalized and deemed the ‘other’ in the entrepreneurship field.”



²⁵ <https://www.forbes.com/sites/maggiemcgrath/2019/07/16/why-there-are-only-two-women-on-the-2019-next-billion-dollar-startup-list/#56a2f0f92482>.

In essence, the stereotype of the successful entrepreneur is young, white, male, in a high-tech business. As a result, women entrepreneurs are perceived as different and possibly less capable than men; therefore, investing in companies led by women is perceived as more risky. In addition, unlike for male entrepreneurs, family questions are more likely to come into play. Funders remain concerned about the impact of family relationships and children – current and possible future – and these play a role in the funding decision. Therefore, because the venture capital process is inherently risky in the first place, the stereotype that women are less capable, less committed, or less growth-oriented leads to a perception of higher risk when women are on the team.

“

“As a young woman starting a boutique fund in Mexico, a male-dominated environment, how do I make sure I am taken seriously?”

– Participant in Diana International Impact Day

However, academic research shows that while women have different styles, they are equally capable of inspiring motivation and leading a company to growth. But they are expected to blend both sensitivity and strength, contrary to men who are expected only to convey strength. Participants in the Diana International Impact Day indicated that men in the investment community did not know how to work with women, in part because they had assumptions about how they should lead,

which were linked to the male norm of transactional and hierarchical leadership. The largely mythical ideal entrepreneur brings with him the ideal business, where industry is a major component of that idea. The list of desirable, fundable businesses associated with successful entrepreneurs broadly comes from the same industry (software technology). While these companies have been around for decades, the tendency toward funding and growing similar types of businesses with similar types of entrepreneurs continues.

Annually, Forbes presents its list of the year's unicorns, the fast-growing, venture-backed start-ups most likely to reach \$1 billion in value.²⁶ Of the latest 25, only one was in education (Duolingo for language learning) and one in health (Truepill for direct-to-consumer prescriptions). Women entrepreneurs in our audience repeatedly questioned industry investment choices. Women in “femtech” and “social entrepreneurship” businesses, including those linked to the Global Sustainable Development Goals,²⁷ felt that their businesses were not given a fair evaluation by funders as they did not fit the ideal-type model, yet they could show sizeable markets for their products and services.

Equity investments fund not only start-ups, but also follow-on growth. Follow-on investments are linked to how the entrepreneurs lead and scale their ventures. Participants noted several challenges related to this notion, ranging from not knowing the playbook of successful women, to dealing with older male partners, to managing work and family/parenting responsibilities while running a business.

²⁶ <https://www.forbes.com/sites/amyfeldman/2019/07/16/next-billion-dollar-startups-2019/#243440af1d43>.

²⁷ <https://sustainabledevelopment.un.org/?menu=1300>.

For example, one participant asked:

“

“How do I establish/maintain credibility with investors and board members, especially through the highs and lows in scaling a business, when I have a family and elder parents?”

In sum, there is an operative perception that women entrepreneurs and their businesses do not measure up to the preferred stereotype of the “ideal entrepreneur” and his business. Consequently, it is assumed that women entrepreneurs are less likely to be serious contenders for funding.

Structure of the Venture Capital Industry

The equity investment community is highly male-dominated. As noted earlier, more than 92% of venture capital investors are men, with little change in gender composition of the industry over three decades. Becoming a venture capitalist is difficult, as the pathways into this role are few, usually through being a successful entrepreneur who has exited, or through networks, or through being mentored by someone who is already in the field. Because the industry is so small with fewer than 1,000 active firms, it is difficult to penetrate the network, and job opportunities are scarce.²⁸

The make-up of the investor pool matters a great deal for women entrepreneurs. There is significant evidence that investors prefer to invest in those who are like themselves, a phenomenon known as *homophily*.²⁹ This concept refers to people being drawn to and more likely to trust those who are similar to themselves in certain ways, often in terms of general social markers such as gender, race, ethnicity, class, educational background, and other group characteristics.

The vast majority of venture capital investments are made by male investors into companies with male CEO's: homophily at work. As a result, when the CEO of a company seeking funding is female, she may not connect with a potential investor due to gender. This sense of gender difference is amplified when current or potential motherhood is considered. According to participants at the event, if you happen to be a younger woman of child-bearing age, negative perceptions of leadership competence are intensified.

Research shows that when a woman is on the investment team of a venture capital company, that company is 40% more likely to invest in a company with a woman on the executive team.³⁰ Unfortunately, with such a small percentage of women decision-makers in the venture capital arena, there is less chance for gender homophily to work in favor of women entrepreneurs.

Women entrepreneurs also express the feeling that they are not perceived as growth-

²⁸<https://www.salesforce.com/ca/blog/2016/11/become-a-venture-capitalist.html>.

²⁹Franke, N., Gruber, M., Harhoff, D., & Henkel, J., 2006. What you are is what you like- similarity biases in venture capitalist evaluations of start-up teams. *Journal of Business Venturing*, 21:6, 802-826.

³⁰Brush, C. et al., 2018.

oriented and therefore have more difficulties engaging funders. Data from the Diana International Impact Day place the impact of this perception as early as the screening process during which women are put to a tougher test. Women entrepreneurs are more often asked prevention questions, focused more on safety and security of the venture, rather than promotion questions, focused on market gains and accomplishments.³¹

In sum, women entrepreneurs are entering an antiquated model, operated by a very narrow segment of the population in which they are seen not to fit.

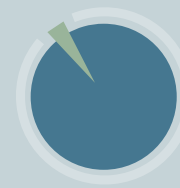
Network Support

The business networks that chauffeur entrepreneurs into funding are quite tight. A frequently shared and possibly apocryphal quote from an investor notes that he never funded anyone he didn't know or who wasn't known by someone he knew. While there is a network of service providers such as lawyers, accounting firms, bankers, vendors, and other types of consultants who work on equity deals, only a thin swath of these professionals actually engages effectively in the equity ecosystem. In the words of one participant,

“The pipeline is there. It is just disconnected from the financial network.”

Overall, very seldom is cold-calling by an entrepreneur a successful strategy. Investors almost always rely on their network of colleagues and service providers to source investments.

Since these networks are almost exclusively male and located in financial hubs, this means women entrepreneurs frequently are left out.³² The hurdle for entry into this network is difficult for most people, but decidedly more difficult for women generally; and judging from the outcomes, if you happen to be a woman of color, it is nearly impossible. In the words of Dr. Alicia Robb, CEO of Next Wave Impact:



1%

venture capital investment given to women of color entrepreneurs

Female entrepreneurs of color receive less than one percent of all venture capital investment. Since 2009, only 34 black women have raised \$1 million or more in venture capital. The situation is similar for Latina-owned businesses.

Geography intensifies funding challenges, for instance if you happen to be located in an area where the network is small and venture capital funding is sparse, such as in the southwestern United States. Not only are there relatively few venture capital firms and angel investor groups located in the Mid-West and Southwest, but also connections to major financial hubs are sparse. The Mid-West, South, Southeast, and Mountain Regions of the United States comprised only 13.6% of the total value of investments and 21.6% of all deals in the United States last year.³³

³¹ Kanze, D., Huang, L., Conley, M. A., & Higgins, E. T., 2018. We ask men to win and women not to lose: Closing the gender gap in startup funding. *Academy of Management Journal*, 61(2), 586-614.

³² <https://www.forbes.com/sites/davidtetten/2014/02/03/where-are-the-deals-how-vcs-identify-the-next-generation-of-startups/#5d040dbc2b85>.

³³ <https://pitchbook.com/news/articles/18-charts-to-illustrate-us-vc-in-2018>.



“If you happen to be a woman of color from southern Mississippi, how do you get the meeting? How do you become visible to investors? How do you close the deal and not just get the meeting?”

- Impact Day Participant

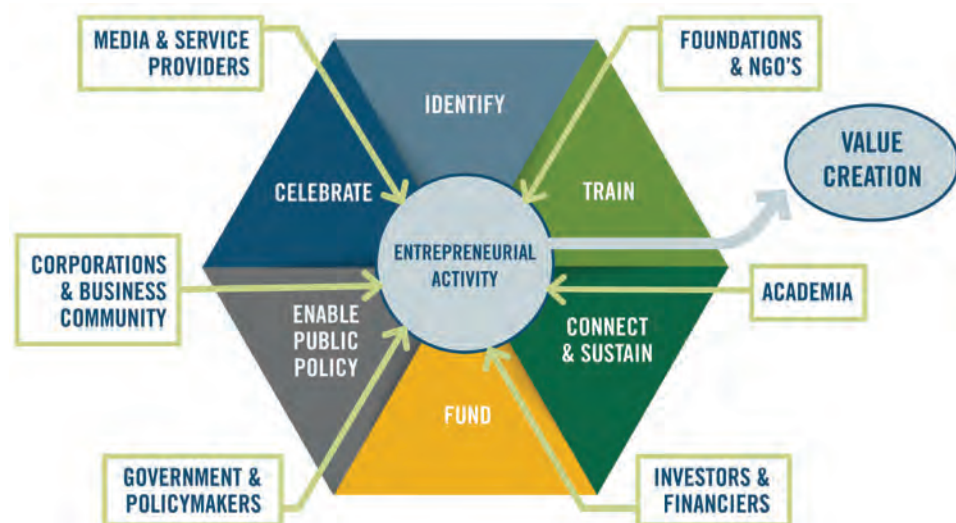
BEST PRACTICES AND DISRUPTIVE NEW MODELS

The way in which equity investors engage, or do not engage, with new and growing businesses is problematic for most entrepreneurs, particularly for those who do not fit the existing model. However, new models are emerging that are disrupting many parts of the funding process and areas of the equity entrepreneurship ecosystem. Given that the focus of the Diana Project has always been about research on gender and women entrepreneurs, we used this conference to gather encouraging new and disruptive approaches, recognizing that there are many types of players who can make a difference in the funding ecosystem.

A number of factors, organizational and individual, impact the funding ecosystem, and each has a role to play. The concept of an entrepreneurial ecosystem refers to the collective and systemic nature of entrepreneurship, where individual entrepreneurs interact with the external business environment. The framework below is adapted from several authors who identify framework conditions and other influences that lead to a successful ecosystem. (See Figure 3.)³⁴ The stakeholders in ecosystems include foundations, NGOs, media, service providers, academia, investors, financiers, corporations, business community, government, and policymakers. Importantly, these stakeholders engage in many processes that promote entrepreneurs and eventually result in value creation.

Six primary processes in an ecosystem drive entrepreneurial development: identifying, training, connecting and sustaining, funding, enabling public policy, and, just as necessary, celebrating.³⁵

Figure 3. Ecosystem Structures and Processes



³⁴Figure 2, included with permissions, Manolova, T.; Brush, C.; Edelman, L.; Robb, A.; & Welter, F.; 2017. Entrepreneurial Ecosystems & Growth of Women Entrepreneurship: A Comparative Analysis. Northampton, MA: Edward Elgar Publishing. Framework adapted from Feld, B. 2012. Start-up Communities: Building an Entrepreneurial Ecosystem in Your City. New York: Wiley; Stam, E., 2015. Entrepreneurial ecosystems and regional policy: A sympathetic critique; Utrecht School of Economics, Discussion Paper Series, 15-07; Isenberg, D.J., 2010. How to start an entrepreneurial revolution. Harvard Business Review. Reprint R100A; Koltai, <http://koltai.co/wp-content/uploads/2014/04/KoCo-Backgrounder.pdf>.

³⁵Koltai, S., <https://www.koltai.co/>.

Below we present funding innovations and best practices across each of these six activities emerging from the participants at the conference.

1. Identify

The pipeline for women into equity funding opportunities is changing with an emerging new juncture: one path for women entrepreneurs heading toward innovative models of equity funding and another still leading to the existing models. Notably, they are not mutually exclusive and ideally can reinforce each other. Finding and matching the entrepreneurs and the funders is a challenge, particularly when recognizing network differences between women and men as well as the geographic concentration of equity investment dollars. In other words, it is not about women entrepreneurs filling the pipeline or getting into the pipeline. The point is that we need to refine the pipeline processes already there and create new models for funding women entrepreneurs that differ from the conventional VC model.

Next Wave Impact CEO Alicia Robb offered this comment:

“Next Wave Impact is an early-stage venture fund with 99 women investors, 25 of them women of color, led by an experienced investment committee of 10 women working to increase diversity, inclusion, and impact in early-stage investing. We have partnered with Walker’s Legacy to build a coalition of investors that are committed to investing in and supporting underrepresented entrepreneurs. By syndicating investments with a number of funders, we can build out a more diverse and inclusive pipeline of scalable companies led by women of color.”

Pipeline Angels works to build the pipeline by breaking the stereotype of women as a homogenous group. They address both the language and the model of investing, changing the face of angel investing and creating capital for women and femme social entrepreneurs (anyone identifying with womanhood—trans, cis, non-binary). While entrepreneurial lore says that the first round of funding is from friends and family (and we strongly push back on the “fools” verbiage that sometimes accompanies this saying), Pipeline Angels recognizes that not all friends and families have that extra set of resources; therefore, Pipeline Angels participants serve as the friends and family round for entrepreneurs who may not have support at that critical stage. This group currently works in 20 cities to intentionally activate local capital for local entrepreneurs, building and strengthening the pipeline through boot camps and pitch summits. <https://pipelineangels.com/>

According to Natalia Oberti Noguera, Founder and CEO of Pipeline Angels:

“We need to get systems to lean in. When the most marginalized are leading the conversation, that’s when inclusion happens.”

Revolution, the D.C.-based venture capital fund of Steve Case, founder of AOL, is also aggressively expanding the geographic pipeline. Case’s Rise of the Rest bus tours have hit 38 cities in the last five years to find and fund entrepreneurs outside of the “usual suspect” regions. Rise of the Rest is not defined or limited by gender, representing a broadly inclusive demographic approach.

We particularly find it a best practice in that the limited partners include not only the usual suspects but also represent a diverse perspective through people such as Tory Burch LLC CEO Tory Burch, Spanx founder Sara Blakely, and former Hewlett-Packard CEO Meg Whitman. Revolution focuses on their best practice of reaching into new markets for investing opportunities, thereby building the pipeline. <https://www.revolution.com/entity/ventures/>

SheEO is a global community of radically generous women supporting women-led ventures working on the World's To Do List. A Toronto-based non-profit, SheEO recruits groups of women "activators" who each donate \$1,100 to a fund that makes zero-interest loans of \$100,000 to companies founded and run by women. The goal is to reach one million activators, 10,000 women-led ventures, and a \$1 billion perpetual fund to support women for generations to come. CEO Vickie Saunders describes SheEO's *radical generosity* as the key path to creating a better world. <https://sheeo.world/>

2. Train Investors

Training may be the most critically important part of advancing the funding ecosystem. While the focus historically has been on training women entrepreneurs, instead participants identified a strong need for training each of the ecosystem players, including new investors AND existing investors in traditional venture capital firms. While the topics may be different, the need is clear. From the perspective of new investors,

women control 51% of personal wealth in the United States,³⁶ but they tend to invest in philanthropy rather than entrepreneurial companies.

Innovations in training for women investors can open the tap to allow a new flow of capital to women-owned and women-led businesses. A growing number of companies are committed to bringing more women into the investing fold with training approaches which vary by population, content, and delivery systems. For instance:

500 Startups offers VC Unlocked as an executive education program for those who want to learn "how Silicon Valley really works." The program is delivered face-to-face over two days using a delivery model of lectures, practical exercises, and a Demo Day with topics including setting up a fund, picking start-ups, and structuring deals. <https://500.co/>

37 Angels is building a community of women investors with a mission of educating early-stage investors. This company offers training through either online self-paced learning or a hybrid approach blending classroom learning with online remote work. Classes are intentionally small with built-in mentoring and networking programs. The curriculum, developed by Angela Lee, Associate Dean at Columbia Business School, includes topics ranging from learning who the players are (Intro to Ecosystem), to due diligence and portfolio strategy. All content is focused on practical application.

<http://www.37angels.com/>

³⁶http://images.go.newyorklife.com/Web/NewYorkLifeInsuranceCompany/%7B9b3d2d3d-7e42-481e-8f7c-d50463424249%7D_NYL_Women_and_Investing_Infographic.pdf

Women Investors Academy is a newer player recently launched by Portfolia. As a non-profit, WIA includes education for investors to learn how to add value to their portfolio companies. WIA also offers educational conferences for accredited women investors, with the most recent held at the Kauffman Foundation, focused on building personal roadmaps to investing success. <https://www.portfolia.co/>

Female Funders Angel Academy is committed to demystifying the path to becoming an angel investor, and to increasing diversity in the investment and technology ecosystems by empowering female leaders to become investors. <https://femalefunders.com/>

Many Diana Impact Day attendees suggested training for those working inside traditional venture capital firms, therefore mostly men, to help them understand how to be more “gender aware.” The assumption was that in order for the entire ecosystem to change, investors need training on how to shift their attention to opportunities they are missing as a result of latent gender bias. After the last Diana Report was released, the Babson Diana team received a stream of requests from venture capital firms asking for advice on how they could change internally and help drive change in others. Interestingly, during the conference, innovations around funder training largely went beyond programs or types of training to focus on new tools.³⁷

In the words of Professor Patricia Greene:

“I have committed to myself that I will no longer design or fund entrepreneurial development programs that do not include a segment on how women business owners can invest in other women-led businesses. We have done this so far in both Zambia and Bangladesh.”

The **New Voices Fund** is a male-founded venture capital firm that focuses on partnering with and investing in women of color. The fund has raised more than \$100 million to provide capital for start-ups, established businesses, and community-based enterprises led by women of color entrepreneurs. New Voices provides the following: access, capital, and expertise; opportunities for economic inclusion and wealth creation; and a supportive network of investors, partners, and entrepreneurs. This encourages true diversity in collaboration. <https://www.newvoicesfund.com/#capital>

Blendoor is a female-founded, mobile, job-matching app that promotes diverse hiring in the technology space by hiding candidate names and photos, thus directing the hiring emphasis to an applicant's experience and capabilities. The objective is for this tool to be in the venture capital space.³⁸ <https://www.crunchbase.com/organization/blendoor>

³⁷Babson College's Center for Women's Entrepreneurial Leadership has led several programs on diversity, inclusion, and gender acumen for business executives, entrepreneurs, and students. <https://www.babson.edu/academics/centers-and-institutes/center-for-womens-entrepreneurial-leadership/cwel-programs/>. Also see <https://www.babson.edu/academics/executive-education/custom-programs/corporate-solutions/> for information about inclusive leadership custom programs.

³⁸Our thanks to Angela Lee, Dean at Columbia University, who provided Blendoor and Textio as resources to the participants at the event. Marlow, S., & McAdam, M., 2012. Analyzin

Textio is an augmented writing company that ensures there is no implicit gender bias in job descriptions during hiring. This is potentially an extremely useful tool for male venture capitalists at existing firms to leverage in order to raise their awareness and guide behavioral change, while also promoting more diversity in their hiring. <https://textio.com/>

3. Connect and Sustain

Programs such as accelerators, foundries, factories, incubators, and so forth were also built from a very early model including almost entirely men. Indeed, research supports the idea that both the business building process, and individual (entrepreneur) identity creation process of incubator-like programs, tilt heavily toward the masculine. While the founding premise may have been that the social and physical space are neutral, this has been largely not the case.³⁹

However, the area of co-working entrepreneurial development spaces is undergoing significant change. Accelerators focused on women founders are an improved opportunity for female entrepreneurs to access resources, including their networks, thereby increasing their chances of accessing growth capital in the future. There are currently approximately 30 women-focused startup accelerators across the United States that provide training, support, and funding.⁴⁰

All Raise is working to change the tech culture in the country by offering solutions for the tech ecosystem. Founded by a group of women venture capitalists, All Raise works

from both the employer and employee viewpoint to drive change surrounding diversity in large venture capital funds. They alert women to job opportunities at top VC firms through their monthly newsletter, while constantly working with venture capital firms to reach women and bring them into the firms. All Raise has a goal of doubling the percentage of female partners at U.S. tech venture firms with a fund size of more than \$25 million from 9% to 18% over the next 10 years. <https://www.allraise.org/>

Aviatra focuses on female founders in Ohio and northern Kentucky, providing different programs depending on what stage the business is in — Explore, Launch, and Grow. Across stages, they have been able to help 1,800 women with a business success rate of 80%. They have also been able to facilitate \$1 million in loans and more than \$10 million in follow-on funding for the businesses in their programs to date.⁴¹ <https://aviatraaccelerators.org/#!/about-us>

Founders for Change is an organization of venture-backed company founders who demand a commitment to increased diversity by the venture firms funding them.⁴² Like All Raise with whom they sometimes partner, they are working to change the culture of the tech industry by increasing diversity of the players. With more than 1,000 founders and CEOs joining their movement, they are intent on creating a more diverse and inclusive approach to business creation and growth. <https://www.foundersforchange.org/about/>

³⁹Marlow, S., & McAdam, M., 2012. Analyzing the Influence of Gender upon High-Tech Technology Venturing within the Context of Business Incubation. *Entrepreneurship Theory and Practice*, 36(4), 655-676.

⁴⁰<https://www.startupfunding.co/blog/31-top-accelerators-and-incubators-for-women>.

⁴¹<https://fundingsage.com/accelerators-focus-women-led-startups/>

⁴²<https://www.fastcompany.com/90233436/this-is-how-we-get-more-women-in-venture-capital>



Patricia Greene Pihl
President/CEO
Pihl & Associates

DIANA INTERNATIONAL
IMPACT SURVEY
6.5.19
Advancing the Impact of Women

Dr. Susan M. Hill
President
Susan Hill & Associates

The Riveter, an XFactor portfolio company, is a co-working space and community built by women for everyone. They provide a national platform for women and allies to promote and develop the opportunity to make equity a reality. In addition to a co-working space, they provide world-class events, as well as diversity, equity, and inclusion training, a fellowship program, and more. They currently have locations in Seattle, Los Angeles, Austin, Dallas, Minneapolis, Denver, and Portland. Their memberships start as low as \$19 per month in an effort to remove any financial barrier to participating in the community.

<https://theriveter.co/>

The Wing is a highly disruptive company driving change throughout all aspects of women in business. The Wing is a female-founded, venture-backed, co-working, event and social space curated by women for women. They offer networking for female founders and investors, as well as educational events for women in business. They have a long list of amenities to accommodate issues specific to women, such as access to feminine care products and toiletries at all times, and a pump room. The

provision of childcare at some of their locations is one of the most critically relevant differences. Their goal is to make it easy for female founders and businesswomen to thrive. <https://www.the-wing.com/>

The Women Innovating Now (WIN) Lab accelerator at Babson College is designed and operated to support female entrepreneurs in Boston and Miami. This five-month program requires participants to have at least one female founder. To date, the Lab has served 184 founders who have raised more than \$16 million in funding. This comprehensive program intentionally curates a diverse, peer, learning community while providing the following: an intensive, research-based, gender-focused curriculum; expert mastermind groups; entrepreneurs-in-residence; compatibility-matched, one-to-one coaching access to investment and resource networks; public platform opportunities; and alumnae programming. Founded on principles of high aspiration and achievement, WIN LAB requires participants to set goals at the beginning of the program and WINners must demonstrate significant traction toward their goals to continue in the Lab experience.

<http://www.thewinlab.org/>



“There is a massive funding gap in the industry for women entrepreneurs looking to raise capital that needs to be addressed. The venture capital industry is ripe for disruption. We need more investors to take the lead on addressing this by looking outside their networks and creating new models to invest in women founders if we are going to bridge the gap.”

- Suzanne Norris,
Managing Partner, Victress Capital

4. Fund

Professional investors recognize the need for better funding models and industry disruption to address the funding gender gap in private equity. Participants at the conference were adamant that venture capital firms need to hire more female decision-making investors, stressing the need for intentional action by the top venture capital firms to reach outside their current network into other networks to acquire female investors.

Increasing the diversity in existing funds is one path toward change. Another can be seen in the new funds growing a more inclusive focus on both the supply and demand side: **more women providing funds and more women receiving them.** These funds are showing up all over the country. In another emerging practice, many if not most of these funds were raised by women.

In addition to the funds featured below, others to watch include Backstage Capital, Aligned Partners, Female Founders Fund, BBG Ventures, Halogen Ventures, Forerunner Ventures, SoGal ventures, and the Jump Fund.

Portfolia, now raising its 8th fund, is a highly

innovative model allowing women to select a fund in an area they are interested in and invest in that fund by engaging in an educational investment process. Each fund shares the same model: 249 investors (the regulatory limit) investing between \$10,000 and \$100,000 into 10 companies, coordinated by five experienced lead investors, while the investors learn how to improve their investing and how to create value for their companies. As mentioned earlier in this report, Portfolia also launched a non-profit organization, Women's Investor Academy, to support these learning experiences. <https://www.portfolia.co/>

The Golden Seeds Venture Fund invests in entrepreneurial teams that promote gender diversity with operating branches in Atlanta, Boston, Dallas, Houston, and Silicon Valley. The Fund focuses primarily on B2B technology and health care spaces. Uniquely, their sourcing process is tied directly to their independent angel network, giving them insight to the entrepreneur applications requesting angel funding.

<https://goldenseeds.com/venture-capital/>

“

“Portfolia is designed to activate women as a catalytic force in early stage investing. Only when women are at the core as early-stage investors will we get the new technology and innovation we want in the world. Portfolia’s model of investing is not a “pink” version of traditional venture capital. We believe it is a smarter, more successful and disruptive form of investing that utilizes the knowledge, networks and market power of women to create a better world.”

- Trish Costello,
Founder and CEO, Portfolia

Plum Alley is a new way of investing through a private membership platform allowing individuals and institutions to invest in the most promising female entrepreneurs and gender-diverse teams. They believe a broader base of investors should have an opportunity to invest in the future. They do all the heavy lifting and allow members to invest via a syndicate, creating a broader pool of investors and giving diverse founding teams access to capital. <https://plumalley.co/>

Victress Capital is an early-stage, consumer-focused, venture firm. They operate on the principle that diverse teams will deliver outsized returns, combining capital, mentorship, and networking to empower tenacious entrepreneurs. Within the consumer space, they look for companies that are both innovative and tech-enabled to seek new and better approaches to solving problems. <https://www.vitresscapital.com/#>

XFactor Ventures focuses on investing in companies that are founded by at least one woman. However, more specifically they focus on companies with billion-dollar market opportunities in areas ripe for disruption. They invest at the pre-seed and seed stage in these companies. The investment partners are current successful operators, looking to change the process they endured. They believe strongly that diversity extends beyond gender and that mixed gender and diverse founding teams will outperform all-male founding teams. <https://www.xfactor.ventures/>

Rethink Impact is a venture capital firm investing in female leaders using technology

to solve the world's biggest problems. They believe that the next generation of extraordinary companies will find success through their relentless pursuit of mission, for the benefit of all communities. <http://rethinkimpact.com/>

Overall, these best practices begin with small changes. In the words of Jenny Abramson, Founder and Managing Partner of Rethink Impact:

“We (at Rethink Impact) are investing in a set of entrepreneurs that are often overlooked. These underrepresented leaders are building massive tech businesses primarily outside of the lifestyle sector—businesses that are accessible, affordable, and offer tools to support working families and others. These are businesses with significant potential to scale.”

5. Enable Public Policy

Regulatory issues crisscross all parts of the investing ecosystem, largely at the federal level. For entrepreneurship, this translates into two extremes. At one end of the spectrum, it means that most federally funded training, and programs for small businesses, address the “economic core”⁴³ type of business, perceived as limited in innovation and growth opportunities (commonly referred to as “mom and pop”). At the other end of the spectrum, policy and programs focus almost exclusively on finding and developing unicorns. There is very little programming available in between. However, there are signs that change is afoot.

⁴³ Kirchoff, B. A., 1994. *Entrepreneurship and dynamic capitalism: The economics of business firm formation and growth*. ABC-CLIO.

Importantly, advocacy organizations are catalyzing new ideas, with change and policy support to address diversity, start-up, growth, and funding, especially for high-growth women entrepreneurs with a range of definitions of what is a successful outcome.

Ascent⁴⁴ is an online learning platform yet to be released. It will provide learning paths for women working to grow their businesses. As a partnership between the SBA, the U.S. Treasury, and the Women's Bureau of the U.S. Department of Labor, it allows women to access the learning they need, exactly when they need it, and to apply it directly to their businesses. Information about access to both debt and equity is included to facilitate informed choice on what best fits a woman and her business at that point in time. The platform also includes training on how to invest in other entrepreneurs.

6. Celebrate

It is equally important to celebrate, advocate, and provide visibility for successful women entrepreneurs, funding successes, and their performance. Storytelling becomes a vehicle for creating role models and giving women confidence and permission to grow and scale. Some examples include the following:

Apple highlighted the stories and work of female developers, musicians, artists, photographers, and entrepreneurs last March through the launch of the Apple Entrepreneur Camp for organizations founded and led by women. As part of this initiative, the app store featured apps developed or led by women.

<https://developer.apple.com/entrepreneur-camp/>

Estee Lauder Companies, Nordstrom, UGG, and Williams-Sonoma, Inc. are realizing the power of partnerships by coming together to raise the profile of women leaders across global supply chains through the "This is a Leader" campaign, coordinated by Business for Social Responsibility's HERProject.

<https://herproject.org/>

Spanx by Sara Blakeley Foundation supports women to help them SOAR through education, entrepreneurship, and the arts. The foundation supports low-income female entrepreneurs through micro-loans, micro-credit, and asset-building services.

<http://www.spanxfoundation.com/>

Tory Burch Foundation provides programs and initiatives that invest in the success and sustainability of women-owned businesses including: The Fellows Program, offering increased visibility, mentorship, education, grants and an extensive network for women entrepreneurs; Embrace Ambition, an annual summit highlighting global women leaders and their inspiring stories; and a capital program that provides funding through a special partnership with Bank of America.

<http://www.toryburchfoundation.org/>

Sheownsit is an online source that empowers women to write their own success stories and share them. The purpose is to celebrate, support, and connect women entrepreneurs.

<https://sheownsit.com/>

⁴⁴ Forthcoming here: <https://www.sba.gov/business-guide/grow-your-business/women-owned-businesses>.



Small name tag on the man's lapel, partially obscured.

Small name tag on the woman in the center, partially obscured.

Salimata Bangoura
Entrepreneur

CATALYZING CHANGE- NEXT STEPS FOR EVERYONE

Change does not happen overnight. Our keynote closing speaker, Professor Patricia Greene, former Director of the Women's Bureau at the U.S. Department of Labor and Professor Emeritus at Babson College, pointed out four key assumptions that need to be challenged in order to move forward in creating new models to finance women entrepreneurs. These assumptions about women entrepreneurs play into narratives about the mis/understanding of women and their businesses that are perpetuated over time.

- Women entrepreneurs are a homogenous group- FALSE. In fact, women entrepreneurs come from every geography, income-level, race, and ethnicity.
- Being a unicorn is an aspirational goal for all- NOT ALWAYS. Not all entrepreneurs can, should, or even want to be unicorns; rather, there are multiple pathways leading to economic performance and entrepreneurial success.
- Money is the most important resource- NOT ALWAYS. Money is one resource, but support, advising, networks, and information are also critical to growth.
- Family and friends are the first source of funding- NOT ALWAYS. Not all women entrepreneurs have family, friends, or networks of means.

Change is generally a series of small steps, small experiments, much like the entrepreneurial process. In the course of the Diana International Impact Day, the participating stakeholders suggested next steps for all major participants in an ecosystem. It is time to stop focusing on prescriptions for women to change their behaviors, to be better prepared, or be trained differently to fit into the existing equity funding model. At the same time, we need to ensure that this is not about men and women working in different systems.

“Men always hear that they are part of the problem. Let's switch this dynamic and engage them to be part of the solution. We need a collective model that focuses on the solutions and not the problems.”

- Roundtable Group Summary

It is time for all stakeholders to commit to and take steps to change and improve the system, with action needed from investors, policymakers, corporations, the business community, media and service providers, foundations, NGOs, and academic institutions. Below we suggest steps that each stakeholder group might take, based on the ideas provided during the event.

DIANA CHANGEMAKER AWARD WINNERS

The Diana International Impact Day established the Diana Changemaker Awards to recognize individuals of the global entrepreneurial ecosystem who have made significant contributions to the advancement of women's entrepreneurship in the United States and around the world. There are six award categories: Investor, Researcher, Entrepreneur, Educator, Policymaker, and Ally. Recipients are selected annually and recognized at Diana International Impact Day. As a vital part of the ecosystem, Babson College and the Global Diana team are honored to recognize these individuals. *(For details on the selection criteria, see Appendix 2.) The Diana Changemaker Award Winners for 2019 are:*



INVESTOR

Jenny Abramson
Founder & Managing Partner
Rethink Impact
(Washington, D.C.)



RESEARCHER

Susan Coleman
Professor of Finance
at the University of Hartford
(Hartford, CT)



ENTREPRENEUR

Carla Walker-Miller
President and CEO
Walker-Miller Energy Services, LLC
(Detroit, MI)



EDUCATOR

SherRhonda Gibbs
Alvin Williams Chair of
Minority Entrepreneurship
at the University of Southern
Mississippi (Hattiesburg, MS)



POLICYMAKER

Patricia Greene
Patricia Greene, Professor
Emeritus, Babson College and
Former Director of the Women's
Bureau at the U.S. Department of Labor
(Austin, TX)



ALLY

Magnus Aronsson
Managing Director at the Entrepreneurship
and Small Business Research Institute
(Stockholm, Sweden)

INVESTORS

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“Changing pipelines requires changing networks, but when that happens it can have a huge impact quickly.”

- Chip Hazard, General Partner, Flybridge Capital and General Partner at XFactor

A majority of conference attendees noted that an important issue facing women entrepreneurs had to do with institutional bias in funding structures, generally seen as a function of the geographic concentration and tightly bonded social network of the venture capital community. In the words of Nina Roque, Executive Director of the National Women's Business Council,

“Overcoming some of these challenges requires venture capitalists and investors to recognize some of their own internal implicit associations with diverse entrepreneurs and unique or different business ideas. The vast majority of investors continue to be men,⁴⁵ some of whom may find it difficult to understand or relate to a product that they will not personally be able to use. A recent story I read about an entrepreneur seeking capital for her smart breast pump comes to mind.⁴⁶

In that case, she found great success in funding her venture through Kickstarter.”

1. Recognize that the gender of the entrepreneur does not determine the level of risk.

Diana Project research shows that valuations of venture-capital-funded companies led by men and women entrepreneurs are quite similar; and also, companies led by women were just as likely to have a positive exit or remain in business.⁴⁷ These findings prompt the question, if the performance of companies led by women and men entrepreneurs is equivalent after venture capital funding, why wouldn't you expand your talent pool?

2. Look outside your network.

Connections can be made outside your social group, homophily connections and comfort zone. Look for the unexpected business or woman of color entrepreneur, while not diminishing the importance of focusing on the market size and impact. Including women in the due diligence process is one way to expand networks.

⁴⁵<https://www.nbcnews.com/better/business/why-women-invest-40-percent-less-men-how-we-can-ncna912956>.

⁴⁶<https://business.financialpost.com/entrepreneur/fp-startups/startup-behind-smart-breast-pump-mothers-love-it-vcs-dont-1>.

⁴⁷Brush, C., et al., 2018.

3. Train to recognize unconscious bias and stereotypes.

Follow the lead of many Fortune 500 companies who are focusing on diversity and inclusion. Consider creating or attending training programs to help you and others in your funding process to recognize and address any areas of unconscious bias prompting faulty assumptions.

4. Consider new venture investment opportunities.

Look for various types of businesses, those producing steady returns and those solving big problems. This may mean smaller investments in a diverse set of businesses and diverse set of entrepreneurs, rather than mega-million-dollar investments in a few businesses.

5. Expand your geographic horizons.

Angel groups in particular throughout the United States can be more aware of funding opportunities in rural or suburban areas in the South and Midwest and Southwest. Training local investors supports an even stronger entrepreneurial ecosystem that matches the local current and aspirational needs.

GOVERNMENT & POLICYMAKERS

Government policy exists to guide decisions that lead to positive outcomes for those being governed. Economic growth is almost always a central goal of public policy. Helping women entrepreneurs to access growth capital can create jobs and in turn tax revenues, representing an important source of economic growth. Therefore, it advances the agenda of economic policy for policymakers to be involved with and supportive of women business owners.

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“Policymakers need to ensure that the economic development processes are actually designed to include everyone. Individuals in the economic development process need to be actively engaged in changing the system to be oriented to equity.”

- Roundtable Group Summary



Growth-oriented women entrepreneurs need the support of federal agencies and other organizations such as the National Women's Business Council, Small Business Administration, and Women's Bureau in the Department of Labor. But equally important are regional activities. Participants in the Diana International Impact Day noted two specific points.

1. Accelerators and co-working spaces

Local policymakers can advocate for and fund accelerators that operate in a manner that advances growth-oriented women entrepreneurs. Despite a wide network of accelerators across the United States, it is estimated that less than 20% of participating businesses are led by women.⁴⁸ In 2016, it was estimated that 579 accelerator programs supported more than 11,300 start-ups.⁴⁹ Of these, fewer than 50 focused on women entrepreneurs. Conference participants also noted that many of these accelerators are located in cities, making it difficult for women in rural areas to access resources. It was suggested that regional and local governments should not only consider creating accelerators, perhaps with corporate partners or foundations, but also providing other tools such as podcasts and virtual resources to reach women entrepreneurs in rural areas. For those accelerators and co-working spaces located in cities, child-care continues to be a big issue, and there was a strong belief this service should be provided.

2. Regional investment funding models

While women in cities and vibrant ecosystems face challenges in raising money, for those women entrepreneurs in less developed

communities and rural areas, it is a more severe challenge. Participants suggested the development of cooperative funding models that might support seed or growth funding, development of local angel networks, and new funding models. Technology can be leveraged to better support minority and rural women entrepreneurs.

WOMEN ENTREPRENEURS

Women entrepreneurs can work to better position their businesses and be more visible to the funding community. Participants in the Diana Impact Day suggest the following actions.

1. Development of leadership capabilities

To scale and grow, women entrepreneurs need to see themselves primarily as leaders rather than managers. Growing and scaling a business requires setting the vision of a business, aligning strategy and capabilities, acquiring resources, and motivating employees. This means letting go of day-to-day problem-solving, operations, and other activities. Key to leading a business for growth involves “claiming your power and your space.” Further, in the words of Marjorie Perry, President and CEO of MZM Construction and Management Company, “You need to know your numbers and your metrics.”

⁴⁸ <https://www.fastcompany.com/3061996/inside-the-fastest-growing-accelerator-for-women-and-minorities>.

⁴⁹ <https://medium.com/swlh/startup-accelerators-the-industry-and-its-current-state-in-2018-e40dd61ceb39>.

Confidence is key, so focus on a positive story and tell it well. Two key tactics are ask for feedback frequently, but be careful not to take things personally, and find female role models you can emulate.

2. Social network expansion

Intentionally identifying whom you need in your network, then building and managing those relationships, is critical for your business success. More specifically, women entrepreneurs were urged to work on relationships in financial sectors. In the words of one participant, **“Your banking relationship is more than just knowing your teller. Spend time with your banker as he/she is really part of your business. At the same time, understand what outcomes funders are looking for; investors want profit maximization and returns.”**

3. Business positioning

Demonstrate that you have specific growth goals and an effective business model, then plan how to be visible to potential funders. This also means building strong channels with your target audience and getting your brand out there, so your business is known to the investment community. Carla Walker Miller, Founder, President, and CEO of Walker-Miller Energy Services, suggested the following:

“First, get out of your comfort zone and find other people to look out for you. Second, BE visible—investors don't invest in “invisible” companies. Get certifications and endorsements from reputable board members and people, and lead like you know the game!”

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4. Role models

Find female role models and mentors, particularly successful women entrepreneurs who have raised money and scaled their businesses. Study how they did it. How did they manage gender stereotypes in the process? What were key ingredients to success? Further, not only is it important to find role models to learn from, but also it is important to BE a role model, especially to set examples for younger women in high school. This can be particularly impactful when done by women who run businesses in non-traditional areas (e.g., engineering or high tech).

In the words of Dr. Maura McAdam,

“So my key message is to be aware that you do not have to wait to until you get a degree, gain 10 years of experience, or reach some other self-prescribed milestone before you can be an entrepreneur. Just do it. Only through action can you see actual results. Then, based on that data, you can determine what your next steps will be. As an entrepreneur, you have permission to act. So rather than waiting for permission, the right time, and right circumstances, be ready to act.”

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FOUNDATIONS, NGOS & ECOSYSTEM SUPPORTERS

Catalyzing change in local ecosystems to support women's entrepreneurship needs regional or community efforts to develop and maintain their vibrancy. New firms emerge and grow not only because talented and visionary individuals (entrepreneurs) created them and develop them, but also because they are located in an environment of private and public players. The participants at Diana International Impact Day identified three actions that individuals and organizations in the local ecosystem might pursue to further support women entrepreneurs seeking growth capital.

1. Service Providers

Learn about and support growth of new ventures. Most business professionals were academically trained for a context of large corporations. Learn about the differences in starting and growing new and small businesses and the entrepreneurs who undertake these efforts. You can then be more effective in assisting with the provision of your services, including providing networking and endorsements. The Diana International Impact Day participants also called for industry-specific mentoring programs for growth-oriented women entrepreneurs.

2. Media

A key aspect of creating a vibrant ecosystem is to convene and publicize successes of entrepreneurs⁵⁰ in order to inspire and instruct others. Event participants noted that

the questions reporters often ask about women entrepreneurs haven't changed in decades. Media can help by understanding the facts, such as the actual state of business ownership by women, and questioning the assumptions of themselves and others when investigating and writing news stories. Importantly, local media need to be intentional about showcasing women entrepreneurs as well as men entrepreneurs. Too often, entrepreneurs featured in the news or media are not representative of the population of women entrepreneurs, either focusing on industries considered to be dominated by women (e.g., retail, consumer products), or less often including women of color or of different ethnic backgrounds.

3. Large Companies

Ecosystems include large companies that support entrepreneurial ventures through direct funding as vendors, suppliers, or customers. Large companies can and should model behavior for younger start-ups, especially as this relates to customer and vendor portfolios, women in leadership, and governance of these companies. Currently, many large but still relatively young, venture-backed, technology companies have questionable practices regarding inclusion of women in leadership teams and on boards. Take the opportunity to be a company role model when it comes to gender and diversity. In the words of Professor Patricia Greene, Professor Emeritus,

“Diverse boards lead to better business performance; diverse C-suites lead to better business performance; diverse entrepreneurial equity-funded teams lead to better business performance.”

⁵⁰<https://www.koltai.co/>

ENTREPRENEURSHIP EDUCATORS

The Diana Project founders arose from the academic community and recognized the power of change supported by research to drive new content and means of delivery for teaching, designing improved methods of practice, and informing more effective and efficient policy. Following this important premise, two main ideas were suggested.

1. Course and Curriculum Content

For programs teaching women entrepreneurs, there were very specific requests for programming and modules that covered the following:

- Types of funding: how to match financial sources and uses of funding to a business
- Tactics for networking: how to enter financial networks, and in particular, how to design and maintain a network needed to support business growth, particularly through use of lawyers, consultants, bankers, and accountants
- Pitches and presentations: how to best answer questions and be aware of promotion and prevention questions
- Funding basics: how to understand the due diligence process, term sheets, and exits
- Gender biases: how to identify and overcome gender stereotypes and biases

- Role models: provide role models that are diverse in both race and gender as guest speakers, on panels and in teaching materials
- Course materials: review course descriptions for language that is welcoming to all types of entrepreneurs

2. Gender Acumen Workshops and Training

“Leading innovation means being unafraid to chart your own path and do things differently, even in the face of insurmountable odds. Innovators set a vision, find like-minded individuals to collaborate with and take action.”

– Professor SherRhonda Gibbs, Educator Interim Director, School of Management, and Williams Chair of Minority Entrepreneurship in the College of Business and Economic Development at the University of Southern Mississippi

A key theme throughout the day was how to raise the awareness of investors and other ecosystem participants of their own gender and racial stereotypes and biases. Research suggests that conscious and/or unconscious biases may directly influence women's access to funding. Angela Lee, Founder of 37 Angels and CIO and Associate Dean at Columbia Business School, pointed out that everyone has implicit biases. In the usual funding process where the stereotype of a successful entrepreneur is a white male, workshops for

investors or ecosystem participants involved in the funding process might benefit from gender acumen training.

A related component is awareness of preventive and promotive language, where research by Professor Dana Kanze of London Business School shows that women entrepreneurs are often asked questions framed in a preventive way, whereas men entrepreneurs are asked questions framed in a promotive way.⁵¹ Golden Seeds, an angel group, has already conducted training for their investors to help them become more aware of implicit bias.

RESEARCHERS

In all, educators need to be intentional and innovative in how they support and train women entrepreneurs and practitioners. In order to truly catalyze change and innovation and move forward, rigorous and

theoretically driven research needs to be a key component. Research was the foundation of the Diana Project. (See Appendix 3.) Diana International Impact Day conference participants strongly suggested that research continues to be needed as the foundation for catalyzing change and innovation. In the words of Lisa Thompson, Founder and CEO of Sturbridge Growth Partners, and Board Chair at the Babson College Center for Women's Entrepreneurial Leadership:

“This report evolved from an event that was designed to connect important research to practice and policy because without the connection, real change won't occur. We need to make that 3% statistic a thing of the past, and it will take a village to make that happen.”

While many research questions were presented, the core topics for future research were noted in these seven areas:

⁵¹<https://blog.goldenseeds.com/promotion-vs-prevention-how-entrepreneurs-can-deal-with-bias-in-pitch-meetings-82434546f7ea>.



1. Ecosystems

How do ecosystems influence women and how do women entrepreneurs influence ecosystems?

2. Gender equity

What is the impact of gender equity on business performance? How and when does it matter?

3. Technology and women entrepreneurs

How do technology companies incubate women entrepreneurs?

4. Incubators and accelerators

How do incubators and accelerators attract, develop, and grow women-led businesses? Do intermediary organizations replicate the gender barriers of entrepreneurship? If so, how and does it matter?

5. Venture capital system

What are the systemic factors influencing funding access for women entrepreneurs and in particular, women of color entrepreneurs?

6. Growth

How do women entrepreneurs position for growth? How do they negotiate terms, project finances, and create business models? Is this similar or different from how men conduct these same activities and does this make a difference?

7. Performance

What is causation between gender equity and measurable changes/business impact? Professor Susan Coleman, Researcher and Professor of Finance, Barney School of Business, University of Hartford, notes:

“The innovative nature of my research has been inspired by the remarkable women entrepreneurs who have been willing to spend time with me discussing their financial challenges and strategies. Their insights have helped me zero in on financing gaps and opportunities as well as policies geared toward strengthening the entrepreneurial ecosystem in ways that will benefit women.”

COMMITMENTS

EVERYONE HAS A ROLE IN CATALYZING CHANGE

The Diana International Impact Day ended with verbal commitments from participants, each making a personal pledge for what they would individually do to make a difference. Following are some examples of the personal pledges:

- Personal- Take the Implicit Bias Association Test.
- Entrepreneurs- Understand funding models and build your business with investors' goals in mind.
- Educators- Identify the educational and gender gaps—including curriculum, mentoring, coaching—and fill them. What else do we need to learn?

- Researchers – Ask difficult questions about gender and women's entrepreneurship and find ways to obtain answers.
- Investors – Write checks and invest in women of all colors. Share information with educators about how equity investors really work.
- Policymakers – Consider input of all stakeholders in crafting policies and programs, and focus more broadly than just on training women entrepreneurs.
- Ecosystem supporters – Push back on the media to improve accuracy and inclusion, and get out there and tell the women's entrepreneurship stories. Focus on brokering connections between women entrepreneurs and potential funders.
- Everyone – Reflect on and wear your identity proudly, recognize that stereotypes and biases are prevalent but be confident in your ability to overcome these.

CONCLUSION

Investing in women entrepreneurs is an opportunity to expand innovation and economic development. Women entrepreneurs' access to growth capital is a serious and continuing problem. The goal is to create a new reality for the process and benefits of investing in women entrepreneurs.

This report summarizes and synthesizes

the nature of the obstacles facing women entrepreneurs in raising capital and most importantly presents innovative new models for breaking down barriers to their growth. We collected detailed information from the Diana International Research Conference in June 2019 that allowed us to explore challenges and opportunities across the unique perspectives of all stakeholders, rather than just focusing on women or investors alone. We articulated (and challenged) the perceptions that women don't measure up to the ideal type of entrepreneur and venture, that structural barriers exist in the venture capital industry, and that a lack of network support continues to be a hurdle for women. And finally, we emphasized that gender stereotypes skew the determination of risk in investing in women entrepreneurs.

As one step in surmounting these challenges found in the conventional models of equity investing, we highlight the roles stakeholders can play to move forward and catalyze change: identifying, training, connecting and sustaining, funding, enabling policy and celebrating growth-oriented women entrepreneurs. And most importantly, we recognize the need for, and progress in, inventing new models of funding. We emphasize the need for new models, and note, it is not just women entrepreneurs who need to change, but all stakeholders in all roles (both men and women) are essential to the development of new models. Importantly, disruptive new financing models should allow for specific outcomes as follows: Investors to achieve significant returns, women to have access to growth capital, society to benefit from innovations in industries funded less often, and ecosystems to become more dynamic and vibrant through entrepreneurial growth.

1 APPENDIX

PROGRAM FOR DIANA INTERNATIONAL IMPACT DAY

7:30 - 8:30AM	Registration
8:30 - 8:40AM	Introduction/Welcome Address: <i>Lisa Thompson, Founder & CEO of Sturbridge Growth Partners</i>
8:40 - 9:00AM	Opening Keynote: Why We Need New Models for Financing Women Entrepreneurs Fireside Chat: <i>Karen Reynolds Sharkey, Managing Director & National Business Owner Strategy Executive at Bank of America, Private Bank</i> <i>Asmau Ahmed, Founder, Plum Perfect</i>
9:00 - 10:00AM	Panel: New Models/Disruptions in Financing Women Entrepreneurs Moderator: <i>Suzanne Norris, Founding Partner of Victress Capital</i> Panelist #1: <i>Jody Rose, President of the New England Venture Capital Association</i> Panelist #2: <i>Trish Costello, Founder & CEO of Portfolia</i> Panelist #3: <i>Lisa Carroll, Vice President & Small Business Solutions Advisor at Bank of America</i> Panelist #4: <i>Natalia Oberti Noguera, Founder & CEO of Pipeline Angels</i>
10:00 - 10:15AM	Break
10:15 - 12:15PM	Session A: Connecting Research and Practice: Pipeline Issues and Implicit Bias <i>Short talk and round table discussions to harness the collective insights of all Impact Day attendees, followed by a collective debrief and policy wrap-up</i> Moderator and Policy Wrap-Up: <i>Nina Roque, Executive Director, National Women's Business Council</i> Round 1 Speakers: Pipeline Issues Researcher: <i>Alicia Robb, Founder & CEO of Next Wave Impact</i> Investor: <i>Chip Hazard, General Partner at Flybridge Capital Partners and Investment Partner at XFactor Ventures</i> Entrepreneur: <i>Carla Walker-Miller, President & CEO of Walker-Miller Energy Services</i> Round 2 Speakers: Implicit Bias Researcher: <i>Maura McAdam, Professor of Management & Director of Entrepreneurship at Dublin City University</i> Investor: <i>Angela Lee, Founder of 37 Angels & Chief Innovation Officer & Associate Dean at Columbia Business School</i> Entrepreneur: <i>Marjorie Perry, President & CEO of MZM Construction</i>

12:15 – 12:30PM	Break
12:30 - 1:30PM	Lunch
12:30 - 12:45PM	Research Announcement & Keynote Introduction: <i>Kathleen Auth, Senior Vice President & Market Executive at Bank of America Private Bank</i>
12:45 - 1:30PM	Keynote Speaker: <i>Darryl Thompson, Chief Investment Officer of New General Market Partners & Managing Partner of the New Voices Fund</i>
1:30 – 1:45PM	Break
1:45 - 3:10PM	Session B: Ideas in Motion – Collective Problem Solving <i>Round table discussions seeking the collective wisdom and experience of participants to offer actionable solutions to challenges faced by participants as they advance women founders through research, investment, education/ acceleration, and policy.</i>
	Moderators: <i>Susan Duffy, Executive Director of the Babson College Center for Women's Entrepreneurial Leadership</i> <i>Cheryl Kiser, Executive Director of the Lewis Institute and the Babson College Social Innovation Lab</i>
3:10 - 3:20PM	Break
3:20 - 3:35PM	Closing Summary – Linking Research, Practice, and Policy: <i>Patricia Greene, Former Director of Women's Bureau, U.S. Department of Labor & Professor Emeritus, Babson College</i>
3:35 - 4:00PM	Diana International Impact Day Awards: <i>Sмайра Million, Senior Director of Strategic Initiatives, Babson College</i>
4:00 - 6:00PM	Reception



APPENDIX 2

DIANA CHANGEMAKER AWARDS: SELECTION PROCESS AND CRITERIA

Overview

In 2019, the Diana International Research Institute established the Diana Changemaker Awards to recognize individuals of the global entrepreneurial ecosystem who have made significant contributions to the advancement of women's entrepreneurship in the United States and around the world. There are six award categories: Investor, Researcher, Entrepreneur, Educator, Policymaker, and Ally. Recipients are selected annually and recognized at Diana International Impact Day. As a vital part of the ecosystem, Babson College and the Global Diana team are honored to recognize these individuals.

Selection Process

To identify candidates for each of these awards, we solicit nominations from a curated list of stakeholders in the global entrepreneurial ecosystem. The nominations received are supplemented with candidates who represent minority groups to ensure fair presentation and recognition of contributions.

Selection Criteria

- **Investor** – made significant contribution to (equity) funding access for women entrepreneurs, having a significant portion of portfolio including women-led businesses, number of deals led with women on entrepreneurial team, including women on the deal team.
- **Researcher** – made significant contribution to research on women entrepreneurs, including foundational studies that created or con-

tributed to important new research streams, with significant impact on other researchers (e.g., citations), identification of gaps in the literature, and influence on policymaking and entrepreneurial practice.

- **Entrepreneur** – raised significant private equity funding for venture with measurable business impact, including job creation, voice on government support and personal leadership, and community involvement in entrepreneurial ecosystem.
- **Educator** – made significant contribution to education programming for women entrepreneurs, including advances in pedagogy, new programming, new curriculum, and train-the-trainer models inside and outside of academic settings.
- **Policymaker** – made significant contribution to policymaking in support of women's entrepreneurship, including but not limited to bringing awareness to key government officials, mobilization of capital, and funding of entrepreneurial support organizations with targeted programming for women entrepreneurs.
- **Ally** – male who made significant contribution to establishing research focus on women's entrepreneurship in management studies, advocacy and support for visibility of WE, and who showcases women entrepreneurs at conferences.

3 APPENDIX

BACKGROUND ON THE FOUNDING OF THE DIANA PROJECT

Established in 1999 by five founding scholars,⁵² the Diana International Research Conference is the premier international research conference on women's entrepreneurship, gathering the collaborative network of researchers studying women's entrepreneurship from more than 60 countries. The Diana Project was internationalized in 2003, when the first Diana International Conference was held in Stockholm, Sweden, hosting 25 participants from 10 countries. The mailing list of scholars participating in the Diana International Conferences includes over 600 scholars from 47 countries who have submitted papers or attended the events since 2003. Over the years, Diana International scholars have published nine, soon to be 10, edited volumes of academic research on women's entrepreneurship around the world (Edward Elgar Publishing), in addition to nine special issues of top entrepreneurship research journals. Research emerging from the Diana Conferences has been the foundation for providing information and data about women's access to growth capital and catalyzing changes in education and programming.



From left:
Dr. Candida G. Brush
Dr. Patricia G. Greene,
Dr. Elizabeth J. Gatewood,
Dr. Nancy M. Carter,
and Dr. Myra M. Hart.

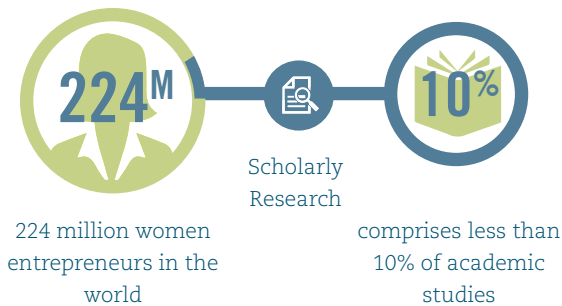
⁵²The Diana Project Founders are Professors Candida Brush, Nancy Carter, Elizabeth Gatewood, Myra Hart and Patricia Greene.

APPENDIX

DIANA INTERNATIONAL RESEARCH INSTITUTE (DIRI)

The Diana International Research Institute (DIRI) is the premier global research institute dedicated to being the source of all research, policy, practitioner, and educator information for women's entrepreneurship. By supporting and connecting a worldwide community of stakeholders, we bring together the brightest minds conducting, translating, and disseminating rigorous research and data about women's entrepreneurship that can directly impact teaching, policy, and practice.

Empowering women entrepreneurs will create jobs, increase incomes, lift thousands of households out of poverty, and lead to greater economic and social transformation. **Even though 224 million women entrepreneurs run businesses around the world, there are only seven countries where men and women start businesses at an equal rate.** Globally, women own about 30 percent of the businesses currently operating, but only employ around 6 percent of the workforce.



Imagine then, how women entrepreneurs could shift the economic trajectory of the world, if we better understood how to enable them to launch and grow successful ventures through research. Despite the significance and size of this potential impact, **scholarly research including or focusing on women entrepreneurs comprises less than 10% of all academic studies.** This means that most of what we know about entrepreneurship is based almost exclusively on research about men. We lack research that allows us to understand the differences between men and women in the ways they start, lead, or grow their ventures.

THE SOLUTION

Without research and data, designing effective policies and programs for women entrepreneurs that will meet their needs is nearly impossible. To solve this problem, Babson's Center for Women's Entrepreneurial Leadership has created the Diana International Research Institute, the first, and only, research institute in the world dedicated to studying women's entrepreneurship. This Institute is comprised of the following:

Membership Organization:

A community of scholars, educators, policy-makers, investors, and practitioners dedicated to changing the landscape of women's entrepreneurship. Members share best practices and findings through research papers, discussion forums, newsletters, and webinars.

Research:

Applied research developed by leading scholars and supported by organizations and institutions dedicated to moving the needle forward for women entrepreneurs

Annual Research Conference:

The only research conference that brings together top international scholars on women's entrepreneurship annually

Impact Day:

A series of global convenings of investors, accelerator directors, policy-makers, researchers, entrepreneurs, and other disrupters who are dedicated to changing the landscape of financing for women entrepreneurs

To learn more about DIRI and become a member, visit: bit.ly/babsondiri



**Sponsored by the Diana International Research Institute at the
Center for Women's Entrepreneurial Leadership, Babson College**

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