



THE PATH FORWARD

ADVANCING THE FUNDING JOURNEYS OF BC WOMEN BUSINESS OWNERS



ABOUT WOMEN'S ENTERPRISE CENTRE

Women's Enterprise Centre is a non-profit organization devoted to helping BC women start, lead and grow their own business.

For over 25 years, we have provided business loans up to \$150K, plus integrated services including business advice, skills training, mentoring, practical resources and a supportive community to help women business owners gain the skills, mindset, financing and networks they need to realize their business potential.

OUR PURPOSE

To empower women entrepreneurs to make an impact in the world by offering integrated services and capital that recognize, value and support their unique approach.

OUR VISION

We envision an equitable world in which all women entrepreneurs realize their full business potential.

ACKNOWLEDGMENTS

We gratefully acknowledge the financial support of Western Economic Diversification Canada.

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TABLE OF CONTENTS

IN BRIEF: THE PATH FORWARD.....	1
KEY TAKEAWAYS.....	2
INFOGRAPHIC: FUNDING EXPERIENCES OF BC WOMEN BUSINESS OWNERS.....	3
WHY THIS IS IMPORTANT	4
THE OPPORTUNITY	4
THE CHALLENGES	4
OUR RESEARCH APPROACH	5
THE FINDINGS	6
SPOTLIGHT: THE WEC LOAN PROGRAM: A SUPPORTIVE APPROACH TO CAPITAL.....	7
PRE-COVID PATHWAYS	8
SPOTLIGHT: VANCITY UNITY WOMEN ENTREPRENEURS PROGRAM	12
PANDEMIC IMPACT	15
FORGING AHEAD: FUTURE NEEDS OF WOMEN BUSINESS OWNERS.....	21
RECOMMENDATIONS FOR FUNDERS.....	23



IN BRIEF

THE PATH FORWARD: ADVANCING THE FUNDING JOURNEYS OF BC WOMEN BUSINESS OWNERS

In November 2020, Women's Enterprise Centre (WEC), conducted a survey with 419 BC women business owners to find out what funding they need, whether they're able to access it and what support can help them—during Covid recovery and beyond.

We asked both WEC-Funded and Non-WEC-Funded women business owners to share their funding experiences over three time periods: the past three years prior to March 31, 2020 (Pre-Covid); from April 1, 2020 to November 1, 2020 (During Covid); and looking ahead to the next two years.

Many recent studies have shared how women entrepreneurs have been disproportionately impacted by the pandemic; as a result, we run the risk of eroding the progress we've made in advancing women's entrepreneurship in Canada. As we look towards economic recovery, funding will play a critical role, so it's essential to understand the unique needs and growth pathways of women entrepreneurs.

This report outlines how funders and ecosystem partners can improve their strategies and funding models to ensure women entrepreneurs have the support and tools to be full contributors to the economy in BC, and across the country.

WHAT WOMEN BUSINESS OWNERS TELL US

1

SMALL LOANS = BIG DIFFERENCE.

Women entrepreneurs most often request less than \$50,000, yet smaller amounts don't mean small plans. Among the top uses of funds are marketing, purchasing equipment, hiring more people and increasing operational capacity—all indicators that women business owners have goals to grow their businesses.

2

EARLY STAGE FUNDING IS CRITICAL FOR FUTURE GROWTH.

Sixty-five percent of WEC-Funded women feel confident that other funding sources (beyond WEC loans) would fit their needs vs. 44% of Non-WEC-Funded women. Building positive relationships with the lending ecosystem early on can improve access to capital long-term.

3

THE CURRENT APPLICATION PROCESS NEEDS AN UPGRADE.

Over half of respondents find the process of applying for [Non-WEC] funding to be somewhat or very difficult. Since the pandemic, we see a 4% increase in the number of women who feel the application process is too difficult or time-consuming. Pair that with the 28% of Non-WEC-Funded women who have not applied for funding because they feel they wouldn't qualify, and the result is a significant gap in access. We have an opportunity now to reduce this gap by re-designing the application process with an inclusive lens.

4

SUPPORT ALONG THE WAY INCREASES CHANCES OF SUCCESS.

An integrated approach combining capital with wrap-around support is offered by WEC and appears to be effective. Seventy-seven percent of WEC-Funded women indicate their WEC loan was somewhat or very easy to apply for, and 59% of WEC-Funded women received the full amount requested vs. 42% of Non-WEC-Funded WBO requests. Over 40% of respondents recommend business advisory support to complement a simplified application form by Non-WEC lenders.

5

NEW MODELS WILL INCREASE ACCESS.

The majority of respondents (56%) do not feel that the types of funding currently available fit their needs. This may be due to misaligned growth expectations, a difficult application process or inflexible terms. Suggestions for new models include: funding for small businesses, sole proprietors and self-employed women; alternatives to a personal credit check in the eligibility criteria; and offering smaller amounts of funding over time.

6

BROADER QUALIFICATION CRITERIA WILL ENCOURAGE DIVERSITY AMONG ENTREPRENEURS.

About one-third of respondents' requests for Non-WEC funding in the past three years were declined. Of those, the majority of women say they were turned down because they didn't have enough collateral. Broadening the qualification criteria, including redefining risk, will attract a more diverse group of entrepreneurs. Some women may have a higher risk profile up front, but startups founded and co-founded by women are reported to perform better over time.

7

GROWTH MINDSET IS STRONG.

Despite the pandemic, 91% of women entrepreneurs are optimistic about the future, and are focused on attracting new customers and enabling growth (47% expect to hire new employees in the near future). Nearly 80% of women entrepreneurs plan to apply for funding in the next two years. This suggests that women entrepreneurs want to grow, but at their own pace. A recent study by the Brookfield Institute for Innovation and Entrepreneurship finds that women entrepreneurs are reframing the "growth at all costs" mindset into a more holistic, balanced approach that suits their life circumstances and needs. New funding models aligned with this approach will support existing gaps.

FUNDING EXPERIENCES OF BC WOMEN BUSINESS OWNERS

PRE-COVID PATHWAYS

No two journeys are the same

63%

of women business owners request less than \$50k

61%

of requests approved, with many funds used for growth-oriented purposes

60%

of respondents did **not** apply for funding.

Women thought they would get turned down

PANDEMIC IMPACT

A bump in the road

63%

experience revenue decline

43%

forced to temporarily close business

12% due to lack of childcare

>60%

access advisors, online education and/or mentorship

26%

apply for government funding and grants

FORGING AHEAD

Women are optimistic, but change is needed

91%

optimistic about future

61%

of women say current funding models don't fit their needs

77%

anticipate needing funding



INTEGRATED APPROACH

To support their success, women want access to Business Advice/Coaching; Workshops and webinars; and Mentoring



WHY THIS IS IMPORTANT

THE CHALLENGES

Access to capital is a critical factor that impacts the startup and growth of women-owned businesses. Insufficient capital and financing has been found to be a more significant reason for business discontinuance among women than men, and access to funding is one of the main barriers to growth for women entrepreneurs, which has significant implications for the global economy.

BC women entrepreneurs are less likely to have paid employees or operate in high-growth industries, which again can affect their ability to access different funding sources. Several studies have found that women entrepreneurs are less likely to seek and receive financing than men.

The pandemic has had a significant effect on small businesses in BC, including lower sales, staff layoffs and reduction in staff hours (BC Stats, 2020). The current crisis has exacerbated the challenges and disadvantages that women-owned businesses already experience.

A significant proportion of women-owned businesses are micro-enterprises, and many represent sectors hardest hit by the pandemic including tourism and the service industry. In addition, women still carry the majority of household care responsibilities; 24% of women business owners have kids under 18 and 53% have increased their time spent on childcare since the pandemic.

THE OPPORTUNITY

Women make up 38% of all business owners in BC; self-employment among women is growing faster than the growth rate for men; and the percentage of women requesting external financing nearly doubled between 2007 and 2017.

Prior to the pandemic, it was projected that advancing women's economic empowerment in Canada could add \$150B in incremental GDP by 2026.

Women entrepreneurs have made significant progress in recent years:

- **Exporting** – The share of women entrepreneurs that export increased from 5.9% in 2007 to 11.2% in 2017.
- **Innovation** – Nearly 40% of women entrepreneurs engage in at least one type of innovation (product, process, organization or marketing).
- **Growth** – Women-owned SMEs make up over 18% of medium- to high-growth firms, with an annual sales revenue growth rate above 10%.
- **Social impact** – Women invest up to 90% of their money in their families' health, education and well-being. Furthermore, 69% of BC women entrepreneurs integrate social impact and 63% integrate sustainability into their business.

OUR RESEARCH APPROACH

Women’s Enterprise Centre conducted a survey to understand the past, present and future funding journeys of women entrepreneurs in BC, so we can identify gaps and opportunities to support their future needs.

We created two surveys: one for clients who had received a loan from WEC within the past 3 years, and a second for women entrepreneurs who had not borrowed from, or may not have been familiar with, WEC.

As Women’s Enterprise Centre has developed a woman-focused lending model over the past 25 years (see callout on page 7), we wanted to compare the experiences of WEC-Funded women business owners (WBO) to Non-WEC-Funded WBO to see if this unique program format leads to improved outcomes. The contrasts are highlighted throughout this report.

Our Business Advisors sent the survey for WEC-Funded WBO to all clients with active WEC loans in the past three years. The version for Non-WEC-Funded WBO was distributed via email, social media and our partner network. We received responses from 97 WEC Clients and 322 Non-WEC-Funded WBO, for a total of 419 responses. Respondent characteristics are shown in Figure 1.

RESPONDENT PROFILE

Figure 1

* This data was not collected in the survey of WEC-Funded loan clients, so numbers presented are from the current loan portfolio

	Survey of WEC-Funded WBO	Survey of Non-WEC-Funded WBO
YEARS IN BUSINESS		
Less than 1	15%	23%
1-5 years	44%	42%
6-10 years	24%	16%
11+ years	17%	19%
LOCATION*		
Lower Mainland/Southwest	58%	57%
Vancouver Island - Coast	22%	20%
Thompson-Okanagan	13%	14%
Northern BC	2%	7%
Kootenays	4%	2%
INDUSTRY*		
Professional services	7%	24%
Retail	8%	13%
Accommodation/Food Services	34%	10%
Arts, Entertainment & Recreation	3%	11%
Manufacturing	9%	7%
Healthcare and Social Assistance	-	9%
Educational Services	-	6%
Other	39%	19%
NUMBER OF EMPLOYEES		
0	Not Available	40% FT / 40% PT
1		38% FT / 22% PT
2		10% FT / 16% PT
3-10		10% FT / 17% PT
11-30		1% FT / 2% PT
DEMOGRAPHICS*		
Visible Minority	Not available	15%
Rural	65%	12%
Indigenous Peoples	Not available	10%
Persons with Disabilities	Not available	9%
New Canadian	28%	7%
LGBTQ2+	2%	7%
Youth	15%	6%
Prefer Not to Say	N/A	6%
Francophone	Not available	3%



THE FINDINGS

EXPLORING THE MANY PATHS TO FUNDING

We know there are many avenues to funding, and in this study we set out to map three paths:



WEC-Funded Women

who had an active loan from Women's Enterprise Centre in the past 3 years (97 respondents)

Of the 322 respondents who did not access funding from WEC:



Non-WEC-Funded Women
who have requested funding from another source in the past 3 years (39%)



Self-Funded Women
who have not requested funding from another source in the past 3 years (61%)

For this study, we are looking at two time periods: funding requests made over the past three years leading up to March 31, 2020 ("Pre-Covid"), and the period between March 31 and Nov 21, 2020 ("During Covid").



THE WEC LOAN PROGRAM A SUPPORTIVE APPROACH TO CAPITAL

Women's Enterprise Centre is part of the Women's Enterprise Initiative (WEI), a program which was created over 25 years ago by Western Economic Diversification Canada (WD) to address the unique needs of women entrepreneurs in the four Western provinces of Canada.

Under the WEI, non-profit organizations in each province, including WEC in BC, administer a \$5 million loan fund for women entrepreneurs who are not typically eligible for funding from traditional financial institutions due to the type or stage of business. The WEC loan program provides loans up to \$150,000 using an integrated approach of providing capital, combined with ongoing support and resources. The program is considered a best practice nationally and internationally in supporting women entrepreneurs to start, scale and export. Notably:

- WEI-assisted firms grow more in terms of employment and sales, they stay in business longer and their labour productivity is higher.
- This model creates more jobs per dollar lent than any other federally-funded loan program.
- 75% of WEC loan clients are still in business after five years, compared to the national average of 65%.
- Our loan repayment rate is over 94%.

Since 1995, WEC has provided over \$72.8M in direct and leveraged financing, generating more than \$2.18B in economic activity in BC. We also host workshops and webinars throughout the year and offer mentoring programs to enhance sustained connection and learning.

As a development lender, we offer a thorough and thoughtful process that provides the client with a comprehensive understanding of their business model. Our team works proactively with loan clients and adapts payment terms or offers additional support services based on their circumstances. If it is necessary to decline a client, we provide additional support through business advisory services, mentorship and access to educational programs. Many clients then re-apply with a much stronger plan, or are referred to other resources.



"I am grateful for the funding I've received through WEC. It has allowed me to decrease my anxiety about keeping my doors open long enough to pivot and make my business profitable again."



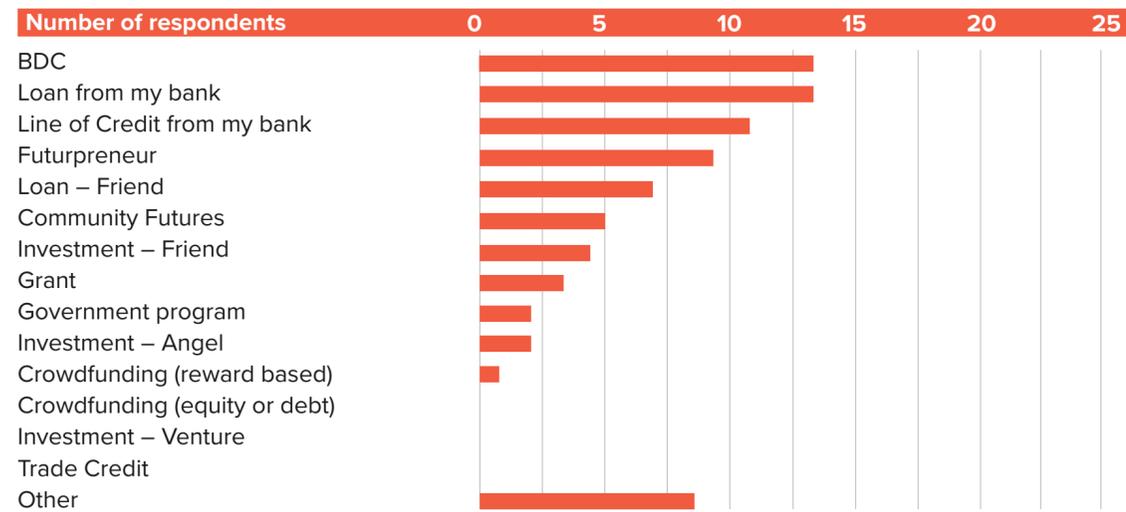
PRE-COVID PATHWAYS



PATH 1: WEC CLIENTS

To understand how WEC loans fill funding gaps for women entrepreneurs, we asked WEC Clients if they applied for additional funding outside of their WEC loan. Of the 47% of WEC clients who did apply for other sources of funding, the most frequent sources Pre-Covid were BDC, a bank loan and a bank line of credit.

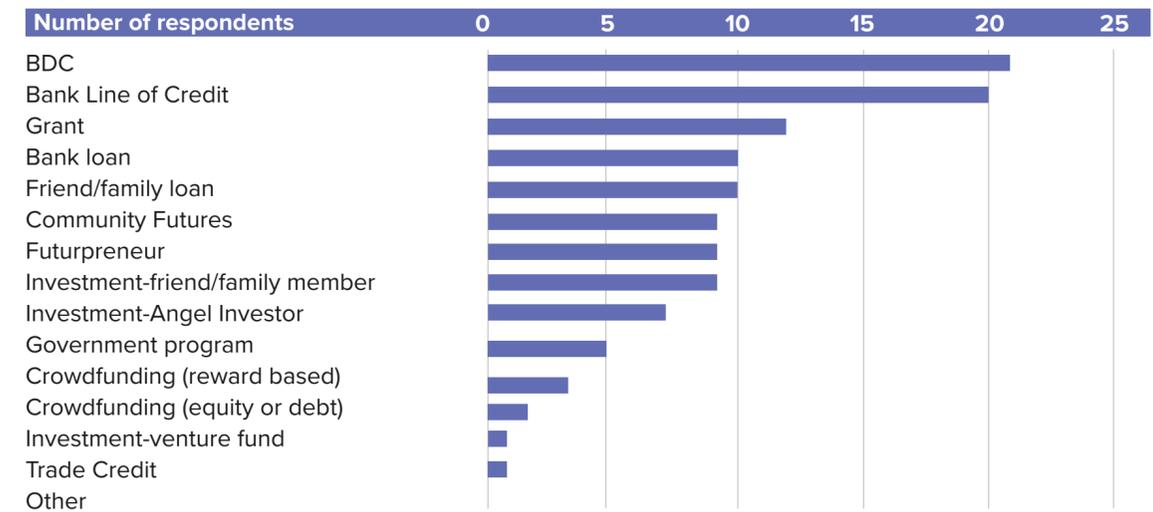
Figure 2: WEC-Funded WBO: Which types of funding, other than a WEC loan, did you try to access in the past 3 years?



PATH 2: NON-WEC-FUNDED WOMEN ENTREPRENEURS

Many of the women who requested funding in the past three years have approached more than one source. The most popular sources pre-Covid were BDC, a bank line of credit and grants.

Figure 3: Non-WEC-Funded WBO: Which types of funding did you try to access in the past 3 years?



PATH 3: SELF-FUNDED (see page 14)



HOW WOMEN USE FUNDS

Non-WEC-Funded and WEC-Funded women have used or expect to use the funds in similar ways, and most (76%) had multiple uses for the funds.

While covering monthly expenses and start-up costs rank in the top 5, many applications were for growth-oriented purposes, such as marketing and business development, purchasing inventory or equipment, product development, accessing new markets and hiring more staff.

The greater frequency of WEC-Funded women using funds for start-up costs could be partially attributed to the fact that WEC is more likely to approve startups (which are considered high risk) than traditional lenders.

WEC FUNDED

-  1. Cover monthly expenses
-  2. Purchase inventory
-  3. Cover start-up costs
-  4. Marketing
-  5. Hire more people
-  6. Increase operational capacity
-  7. Access new markets

NON-WEC FUNDED

-  1. Marketing
-  2. Purchase inventory
-  3. Cover monthly expenses
-  4. Product development
-  5. Cover start-up costs
-  6. Access new markets
-  7. Hire more people



FUNDING OUTCOMES

Across both surveyed groups, the majority of funding requests (83%) were for less than \$150,000.

Forty-three percent of the applications requested between \$10,000 and \$50,000. Very few (12%) applications received partial amounts; they either received the full amount requested or were declined.

Approximately one third of the funding requests were denied. While 42% of Non-WEC-Funded WBO requests received the full amount requested, 59% of WEC Client requests received the full amount. WEC works with clients to determine if a partial amount based on need and the business model makes sense. This more flexible approach results in a higher chance of funding for women entrepreneurs, helping them to move forward to the next step. Many funders have an approve/decline formula or structure, which does not necessarily serve women entrepreneurs well if they need some advisory support to determine the optimal amount for their business needs.

These findings are consistent with other research, which shows that women tend to request smaller amounts of funding.

According to the most recent Credit Conditions Survey (2019), the funding request and approval rates for women (33% and 89%) were slightly higher than those of men (31% and 88%) prior to COVID. However, the average amount authorized is significantly less—\$98,475 compared to \$545,657 authorized to men.

It is often concluded that women business owners should be educated to ask for more funding to fit with existing models. While it has been proven that the appropriate amount of funding at the right stage of business can help entrepreneurs to succeed, women business owners have also shown that small and consistent use of lending can be a unique path to growth that funders should embrace.

A recent study by the Brookfield Institute for Innovation and Entrepreneurship finds that women entrepreneurs are reframing the “growth at all costs” mindset into a more holistic, balanced approach that suits their life circumstances and needs. New funding models aligned with this approach will support existing gaps.

MORE TYPES OF FUNDING ARE NEEDED

A majority of **Non-WEC-Funded respondents (61%)** feel that the **types of funding currently available do not fit their needs**, compared with 35% of WEC-Funded Clients who feel funding options other than WEC loans do not fit their needs. This may be due to misaligned growth expectations, a difficult application process or inflexible terms.

Suggestions for new models include: funding in early stages and in smaller amounts; funding for smaller businesses, sole proprietors and self-employed; and selecting an alternative to a personal credit check.

This suggests that women entrepreneurs who participate in the WEC loan program are better prepared to access other types of funding, and are more likely to seek additional funding, increasing the probability of sustained growth. This is supported by the statistic that 65% of Canadian small businesses survive past five years, while 75% of WEC clients are still in business after five years.

 *“The gig work economy in Canada is enormous and organizations providing funding need to think more about how businesses are being run than how businesses have been run in the past when developing their eligibility requirements.”*

FUNDING ROADBLOCKS

When WEC-Funded respondents were asked why some of their applications with other funders were not successful, 78% cited that they did not have enough collateral to meet the loan requirements. Some respondents (33%) did indicate that their credit score was not high enough and 28% shared they did not have enough money invested in the business.

Of the Non-WEC-Funded women entrepreneurs who applied for funding, approximately **half didn't have enough collateral (53%)** or **their credit score was not high enough (47%)** to secure the funding requested.

SPOTLIGHT: EQUAL ACCESS TO CAPITAL PROGRAM

Women's Enterprise Centre has identified that not all women entrepreneurs have collateral or security to provide against a loan. So, in 2014, we created the Equal Access to Capital (EAC) loan program, which provides up to \$50,000 for those without security to apply against the loan. Since 2014:

- 94 women have accessed the program, totalling \$10,227,047 in direct and leveraged financing and 174 jobs created
- 4 EAC clients have gone on to access our core loan program
- 32% of loans were provided to women who identified as Indigenous, Immigrant, LGBTQ2+ and/or persons with a disability



VANCITY UNITY WOMEN ENTREPRENEURS PROGRAM

Vancity, the largest credit union in Canada, has always taken a progressive approach to the design of its products and services. From investing in affordable owned and rental housing to developing specific programs for small social impact businesses. This values-based approach improves the financial well-being of its members while at the same time helping to develop healthy communities that are socially, economically and environmentally sustainable.

In 2020, Vancity partnered with Women's Enterprise Centre to design the Unity Women Entrepreneurs Program. This holistic program recognizes the unique needs of women entrepreneurs and includes financing, complimentary online education and resources on financial management, as well as professional business support and connections with a community of other women business owners throughout BC. This program went beyond marketing to the creation of a new set of lending policies including:

- Two types of financial products
 - Up to \$20K auto-approval line of credit
 - Up to \$100K term loan
- Change in definition of a new business to one that has been in operation for 6 months vs. 12 months;
- Ongoing wrap-around support services.

Historically, traditional lending patterns have been gender regressive and the Vancity's credit solutions team has created a personalized approach to the financing component of the program to make it more accessible to those who need it, and with a greater understanding of the different growth paths taken by women entrepreneurs to meet them where they are at. This shift in policy will support equitable long-term economic growth.





SUPPORT COULD EASE THE APPLICATION PROCESS

The majority of WEC-Funded women (77%) find the application process somewhat or very easy for a WEC loan, and 28% feel there is no need to make the WEC loan application process easier.

When asked about the application process for other sources of funding, 54% of WEC-Funded women and 50% of Non-WEC-Funded women feel that the process is somewhat or very difficult.

In addition, only 15% of WEC-Funded women and 22% of Non-WEC-Funded women feel there is no need to make the process easier, indicating room for improvement. Additional support provided by WEC during the application process may be a factor in improving the ease of experience for WEC-funded women.

FIGURE 4: What would have made the application process easier?

	WEC-Funded WBO		Self-Funded WBO
	Non-WEC loan	WEC loan	
Business Advisory support through the application process	(#1) 25%	(#1) 28%	(#1) 49%
Simplified application form	(#2) 20%	8%	(#2) 47%
Access to professional advice (ie. Legal, accounting)	(#3) 15%	(#2) 13%	(#3) 34%
Participating in a peer group to learn from, and support, each other	8%	(#3) 10%	26%
Access to education to prepare me for the process	10%	8%	15%

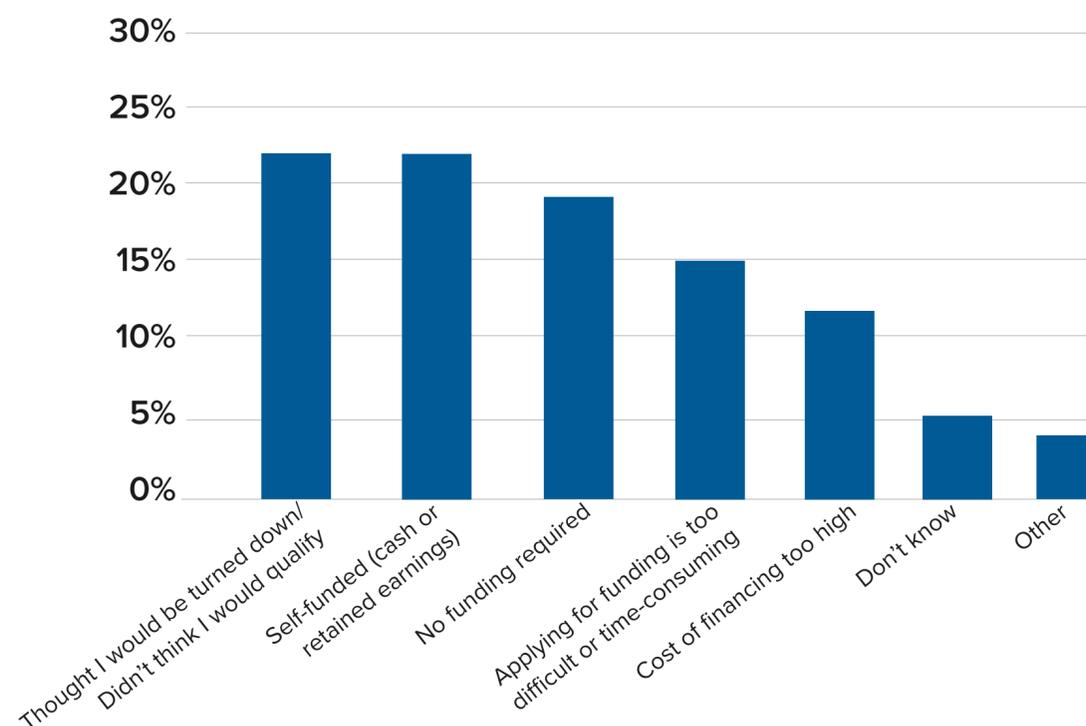


PATH 3: SELF-FUNDED WOMEN ENTREPRENEURS

Sixty percent of women who are not WEC loan clients have not applied for any type of funding in the past three years. As shown in Figure 5, the top three reasons for not applying Pre-Covid are: 1) they thought their application would be turned down or that they wouldn't qualify; 2) they were self-funded; or 3) they felt no funding was required.

This is consistent with a recent global survey, in which a third of respondents report encountering gender bias when trying to raise capital. Women are typically more conservative when valuing their businesses, and they tend to not seek out external funding, partly because of existing or perceived biases.

Figure 5: Why didn't you attempt to access funding for your business in the past 3 years?



“One of the reasons I didn't apply for funding when I started my business in 2016 and just relied on a line of credit, was a fear of debt. I didn't want to be stuck owing money and having to keep working if my business was a failure just to pay off the loan.”



PANDEMIC IMPACT

A BUMP IN THE ROAD

The Canadian Federation of Independent Business (CFIB) reported in January 2021 that up to 20% of businesses across Canada risk closing their doors by the end of the pandemic. Research has also indicated that women entrepreneurs are disproportionately impacted by the pandemic due to the size of business, the sectors they operate in and increased care responsibilities.

BUSINESS CLOSURE

Nearly half (43%) of BC women entrepreneurs were forced to close their business due to Covid-19 for some time between March and November 2020. Most entrepreneurs who closed cite multiple reasons for doing so.

By far the most frequent response is that they were forced to close during the initial lockdown in March/April 2020. It's worth noting that this survey was conducted in November 2020 during the holiday shopping season and just as the new public health restrictions came into effect on November 19, 2020.

As seen in Figure 6, 61% were forced to close and 24% closed due to financial limitations. Other reasons cited were health related, a lack of clients or unwillingness of clients to meet with them. In Canada, 24% of female small business owners have children under the age of 18, and we see this reflected in the 12% of businesses that closed due to lack of childcare.

Figure 6: Reasons Women Temporarily Closed Their Businesses During Covid





CHANGES TO BUSINESS

It's no surprise that the majority of women entrepreneurs report that several aspects of their business have either remained the same or decreased due to the pandemic.

As seen in Figure 7, approximately **64% of WEC-Funded women and 58% of Non-WEC-Funded women have experienced a decline in revenue**. Almost half of Non-WEC-Funded women entrepreneurs and 35% of WEC-Funded women are able to maintain the same number of employees, but a third of WEC-Funded Women have had their number of employees decrease due to Covid.

Figure 7: Did anything change in your business in 2020 due to Covid?

	Increased		Remained the same		Decreased		Not sure/ not applicable	
	WEC	NON-WEC	WEC	NON-WEC	WEC	NON-WEC	WEC	NON-WEC
Number of employees	15%	9%	35%	48%	33%	20%	17%	19%
Number of products/services	23%	20%	36%	36%	30%	29%	10%	12%
Operations – Processes	22%	22%	23%	25%	37%	34%	17%	16%
Operations – Supply chain	9%	7%	26%	30%	31%	25%	35%	33%
Revenue	17%	15%	9%	12%	64%	58%	9%	14%
Success in securing funding	18%	9%	22%	19%	22%	16%	39%	53%

WHERE WOMEN HAVE TURNED TO FOR FUNDING

During Covid, government programs and grants increased significantly in both availability and importance. As part of the Government of Canada's COVID-19 Economic Response Plan, direct support measures were in excess of \$214B (Government of Canada, 2020). As shown in Figures 8 and 9, after March 31, 2020, we see a significant shift toward both WEC-Funded women and Non-WEC-Funded women applying for government programs and grants to fund their businesses.



“Honestly I feel the stresses of mom entrepreneurs are overlooked. We’ve been juggling kids at home, running our business, while qualifying for no support. The supports are for brick and mortar businesses. When I’ve brought it up I’ve been told—someone always falls through the cracks but we recognize working moms. Umm—no you don’t.”



Figure 8 | Path 1: WEC-Funded WBO: Which Types of Funding have you tried to access since March 31, 2020?

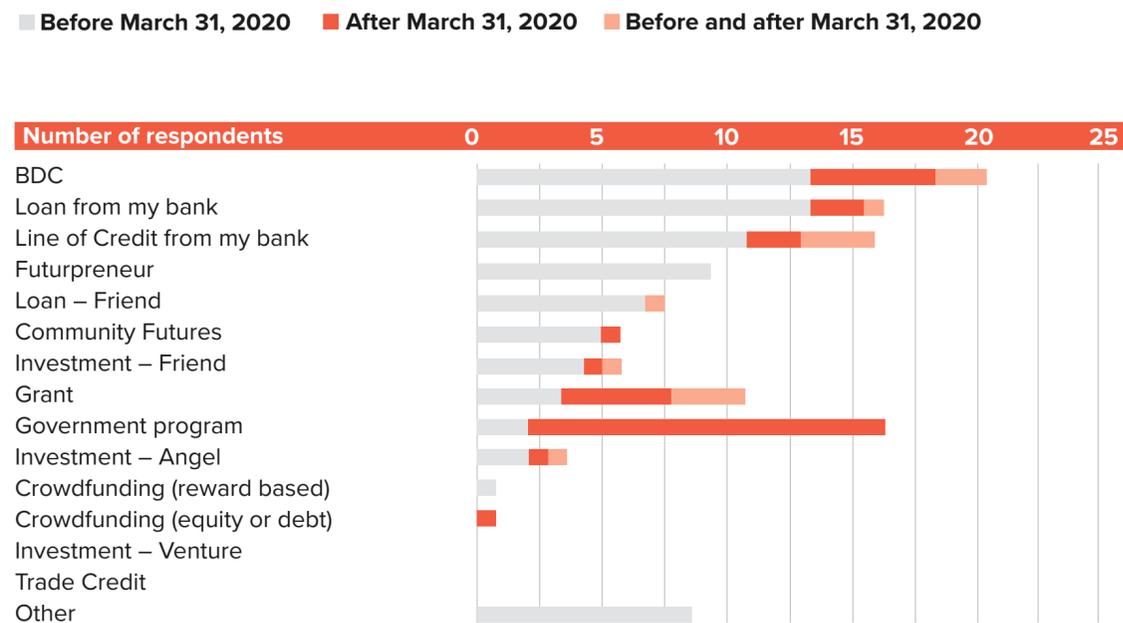


Figure 9 | Path 2: Non-WEC-Funded WBO: Which types of funding have you tried to access since March 31, 2020?

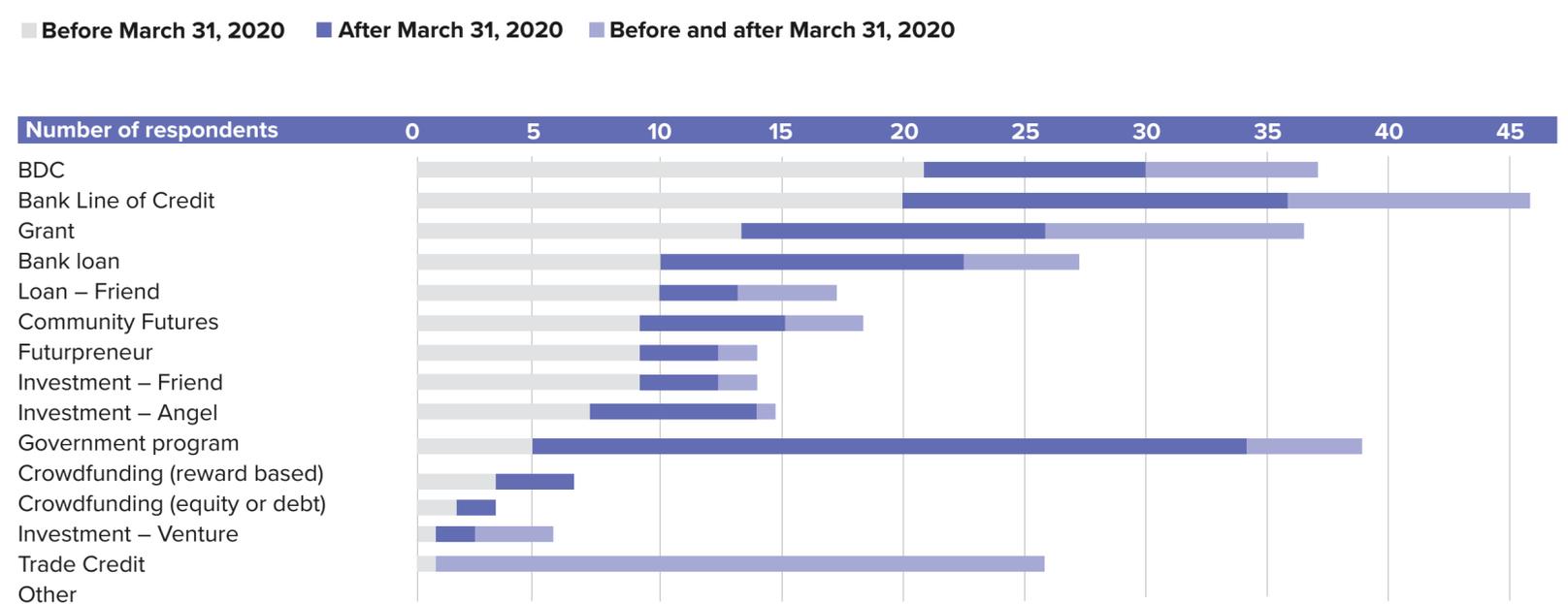
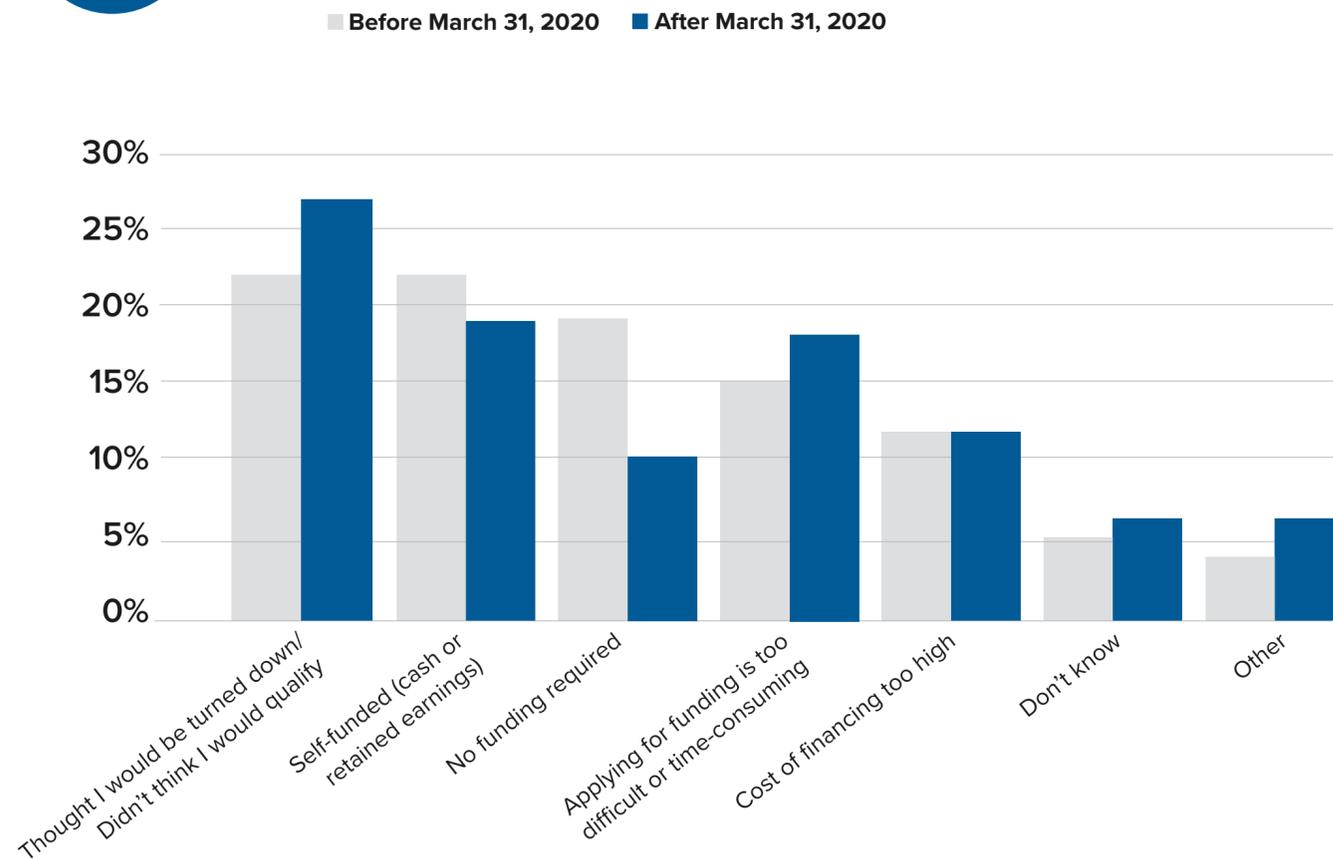




FIGURE 10 | Path 3: Self-Funded WBO: Why haven't you attempt to access funding for your business since March 31, 2020?



WHY SOME WOMEN HAVE SELF-FUNDED THEIR RECOVERY

As of March 31, 2020, the percentage of Non-WEC-Funded women who feel they don't need funding drops from 19% to 10%. As shown in Figure 10, there are two significant shifts in the reasons why Non-WEC-Funded women have not applied for funding during the pandemic:

1. More women thought they would be turned down or didn't think they would qualify for funding; and
2. More women felt that applying for funding would be too difficult or time-consuming.

At a time when women business owners are dealing with lost revenue, supply issues, staff layoffs and added care responsibilities, they have to weigh the cost of spending their time completing an application. If it's too complicated, or women perceive that they will not qualify, then they simply don't apply.

Surprisingly, WEC-Funded Clients trend in the opposite direction during Covid, as 35% feel that no additional funding is required, in addition to their WEC loan.

At the onset of the pandemic in March 2020, WEC took a personal and proactive approach and offered the option to defer loan payments for up to 6 months, and to forgive interest. Over 90% of WEC clients chose this option; as a result, none have defaulted to date and 35% of WEC-Funded clients felt that no additional funding was required to get through the pandemic.

OTHER SUPPORTS ACCESSED DURING THE PANDEMIC

Women entrepreneurs are accessing many different types of supports during Covid. Over 60% of both groups have turned to at least one support: advisors, online education and mentorship. Educational supports, such as webinars or programs, are the most widely used for both groups—87% of Non-WEC-Funded and 53% of WEC-Funded women participated in online training since March 31.

FIGURE 11 | PATH 1: WEC-FUNDED WBO:
Did you access other supports since March 31, 2020?

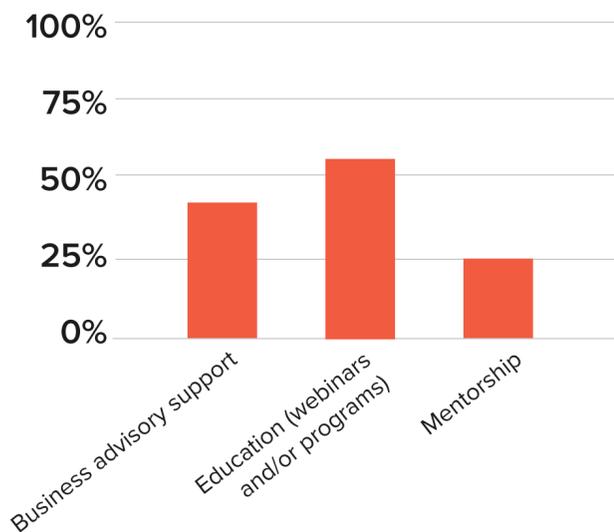
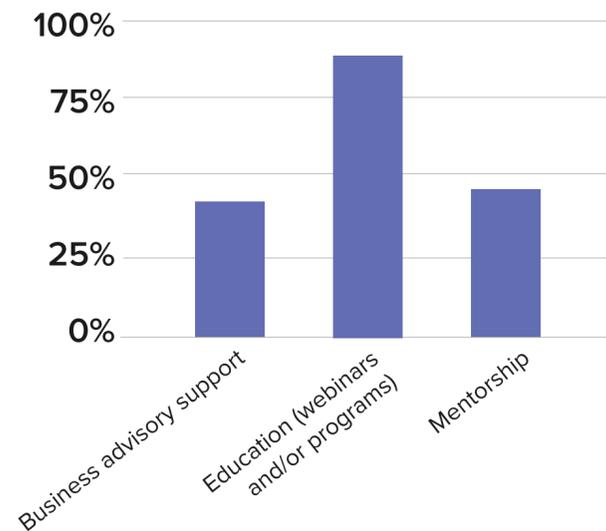


FIGURE 12 | PATHS 2 + 3: SELF-FUNDED + NON-WEC-FUNDED WBO:
Did you access other supports since March 31, 2020?



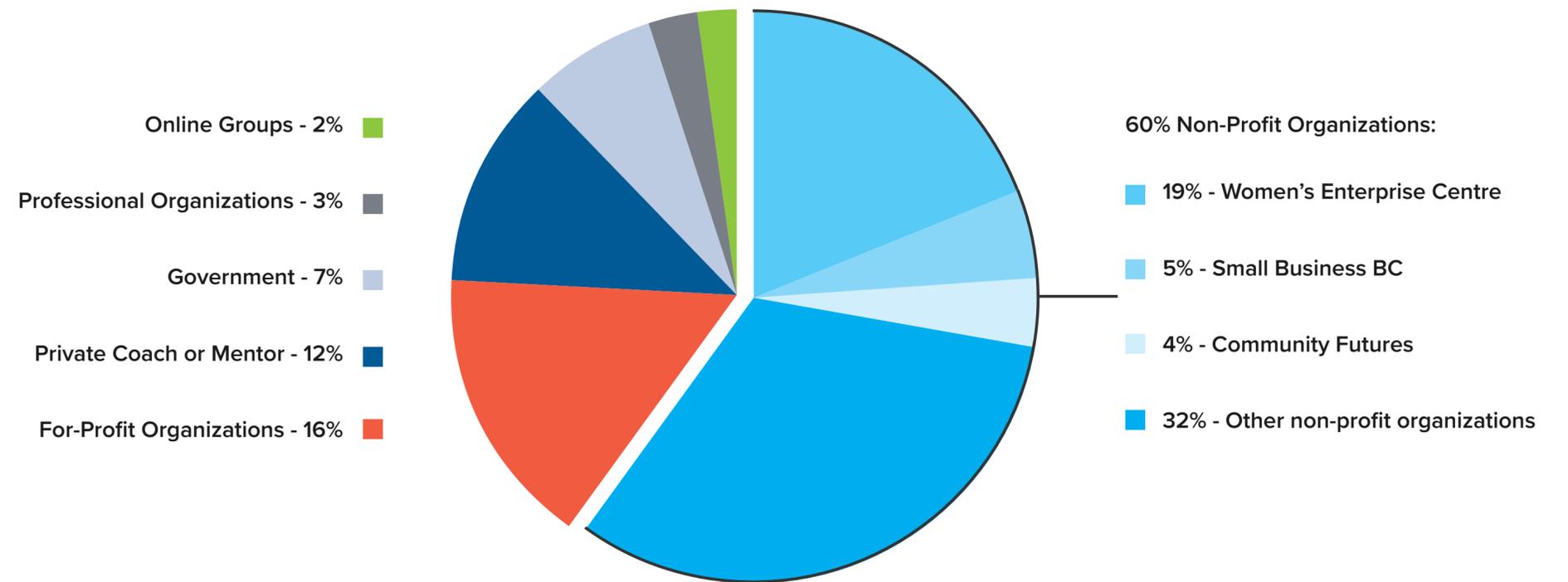
These findings are consistent with the surge of participation witnessed in the webinars and other support programs offered by Women's Enterprise Centre during this period. Between April to December 2020, over 6,200 women participated in 89 webinars and client service inquiries increased by 146%, as WEC received over 29,500 inquiries for information in 9 months.



WHERE WOMEN ACCESS SUPPORT

Of the women who have accessed other supports besides funding since March 31, **(56%) of all respondents have connected with Non-Profit Organizations**. WEC is the most cited Non-Profit (19%), followed by Small Business BC (5%) and Community Futures (4%). Other than non-profit organizations, nearly 16% of training support is provided by for-profit organizations and 12% of the additional support is offered by personal coaches and mentors.

Figure 13: Where Women Entrepreneurs Access Support





FUTURE NEEDS OF WOMEN BUSINESS OWNERS

OPTIMISM FOR THE FUTURE

Despite the challenges of 2020, **91% of all respondents are optimistic about the future**. Nearly half (47%) expect to hire additional employees in 2021, and their top goals are to attract new customers and to enable growth.

Over the next two years, **77% of all respondents anticipate that they will need funding, and 76% plan to approach more than one source** to meet their capital needs. These plans indicate a high level of focus on enabling growth, which further illustrates women business owners' optimism for the future.

It is expected the deeper impacts of this pandemic will be felt in 2022 and beyond. A recent study by the Government of Canada finds that **42% of businesses majority-owned by women report being able to continue operating at their current level of revenue and expenditures for one year or more, before they consider staffing actions, closure or bankruptcy.**

Top 3 sources of funding women plan to explore

48%

WEC loans

38%

Government programs

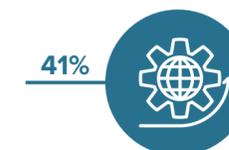
40%

Grants

What women plan to do with funding



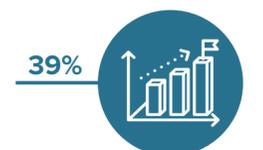
cover monthly expenses



access new markets



hire more people



increase operational capacity

Note: the timing of this survey—early November 2020, during the holiday shopping season and just prior to the extended public health restrictions on November 19—may have influenced the bright outlook.



STRENGTH IN AN INTEGRATED APPROACH

Women entrepreneurs tend to prefer an holistic approach combining access to capital with:

- Guidance in navigating funding sources;
- Support through the application process; and
- Ongoing access to business advice/coaching, education and training as well as mentorship.

As shown in Figure 14, women entrepreneurs indicate that multiple resources are essential to ensuring their continued success.

Figure 14: Other than funding, what resources would be essential to ensure your success in 2021 and beyond?

	WEC-FUNDED	NON-WEC-FUNDED
 Business advice/coaching	57%	68%
 Business skills development/training (workshops, webinars)	53%	57%
 Mentoring group with other women business owners	39%	55%
 Access to new networks	37%	53%
 Personal mentor	28%	48%
 Financial education	32%	46%
 Advisory board	15%	27%
 Other	9%	10%

RECOMMENDATIONS FOR FUNDERS

The varied funding pathways for women consist of many steps along the way. Just as their growth is a journey, so is the process of improving access to capital for women business owners. The need is there: 77% of women plan to apply for funding in the next 2 years, yet 61% say current funding options don't fit their needs.

VALUE DIFFERENT PATHWAYS

MARKETING & AWARENESS

- Only 46% of business service providers in BC believe the needs of their women clients differ from their male counterparts, and only half of service providers track their clients by gender.
- Only 16% of women entrepreneurs feel that banks and credit unions respond to their needs as a woman business owner, and less than 30% feel reflected in lenders' marketing.
- The symbols, role models and language that lenders choose in their marketing contribute to unconscious bias and can be a significant barrier to accessing capital.

FUNDING MODEL

- Sixty-five percent of women entrepreneurs do not feel that the types of funding currently available fit their needs.
- Many financial institutions are great at designing marketing programs for women entrepreneurs, but truly impactful funding models acknowledge slower growth patterns and different types of risk, rather than encourage women to alter their pathways to fit the lending box.
- A study by Boston Consulting Group found that startups founded and co-founded by women performed better over time, generating 10% more in cumulative revenue over a five-year period, and delivering more than 2 times per dollar invested.

APPLICATION PROCESS

- Over 40% of women business owners suggest a simplified application form and say advisory support through the process could improve the experience.
- When we see biased outcomes in lending, it means there's bias built into the processes and decision-making.

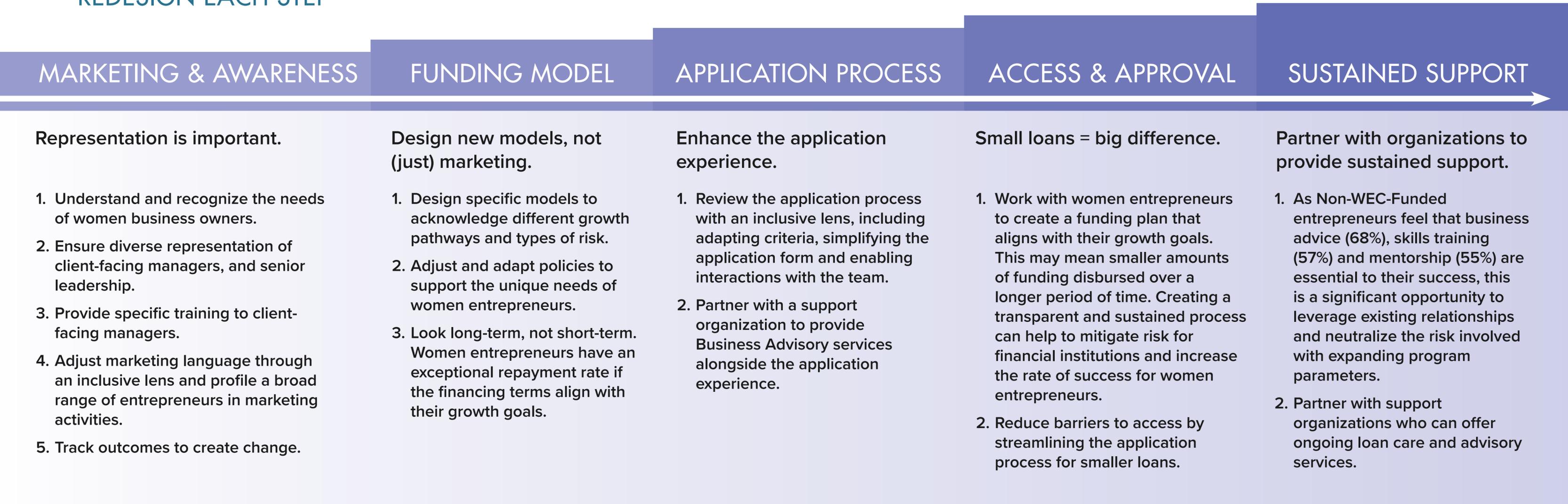
ACCESS & APPROVAL

- The most common amount requested by women business owners is \$10,000 - \$50,000, followed by <\$10,000 and between \$50,000 - \$150,000.
- Women entrepreneurs are risk-astute in their approach to growth—not risk-averse, as they have been traditionally characterized. Their slower, more intentional and informed path includes only taking on funding that is essential at each stage, and thus contradicts the traditional definition of success as fast growth.
- This may trigger a higher risk profile up front; however, by recognizing the value in different growth paths and adapting funding criteria to support different models, funders will be able to diversify their portfolio, mitigate risk and most importantly, support more diverse businesses to thrive.

SUSTAINED SUPPORT

- While many lenders report having programs for women, 56% of women entrepreneurs already have established relationships with non-profit organizations (the most cited being WEC).
- The supportive approach to capital is demonstrated to be highly effective; by providing integrated capital and support, Women's Enterprise Centre has a 96% repayment rate across all lending programs, (including unsecured and high-risk lending), and no loan clients have defaulted to date as a result of the pandemic. Furthermore, 75% of WEC businesses remain in business past five years due to this holistic support vs. the national average of 65%.

REDESIGN EACH STEP



**WOMEN'S
ENTERPRISE
CENTRE**

These recommendations focus primarily on debt financing, as a critical bridge in the early stages of business growth. However, the principles can be applied along the funding path leading into growth financing including angel investment, venture capital and private equity. When we value the broader definition of entrepreneurship and different growth pathways—and re-design systems to encompass these different needs—we can help more entrepreneurs at each step along the path, and assist their transition to the next one.

Together, we can build a stronger pipeline of diverse and thriving businesses igniting the Canadian economy!