

# *Women unbound* Unleashing female entrepreneurial potential

*PwC, in collaboration with  
The Crowdfunding Center,  
is pleased to release this  
Women unbound report  
based on two years of  
seed crowdfunding data  
from nine of the biggest  
crowdfunding platforms  
globally.*

July 2017



THECROWDFUNDINGCENTER









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## **Introduction:** Women are better at crowdfunding than men

*Crowdfunding, a FinTech innovation, is a construct that has revolutionised finance raising, enabling budding and established entrepreneurs to get new business ventures to market across the globe. This research report, conducted by PwC<sup>1</sup> and The Crowdfunding Center, highlights that it has also identified a powerful gender dynamic: seed crowdfunding campaigns led by women consistently outperform those led by men.*

This analysis of over 450,000 seed crowdfunding campaigns across the globe shows that women-led campaigns reached their funding target more often than male-led campaigns: in fact, campaigns led by women across the world in 2015 and 2016 were 32% more successful than those led by men across a wide range of sectors, geography and cultures. Furthermore, many female-led projects achieve a greater average pledge amount than male-led projects: on average each individual backer contributes \$87 to women and \$83 to men.

It's a sharp contrast to established funding mechanisms for business startups and growth in which women-led businesses continue to face endemic barriers to accessing finance.

Given the growth and global reach of seed crowdfunding, this presents several major opportunities, each with the potential for major social and economic impact.

Firstly, the understanding and acceptance that seed crowdfunding is now a well-established environment through which women can thrive, unrestricted by any embedded bias; this can be used more widely across the globe.

Secondly, these findings pose a strong challenge to existing entrepreneurial and business norms by seriously questioning whether there are deep-rooted barriers that are preventing greater access to funding by female entrepreneurs.

<sup>1</sup> PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details



Women entrepreneurs are suffering from these barriers and tackling them can have a major impact, including substantial potential gains to economies. It is a matter of good business and good practice that those making such decisions within business more generally, as well as angels, VCs and other funders, assess and address such barriers. By doing so, women entrepreneurs will be better supported and all will benefit.

The UN's HeForShe programme<sup>2</sup>, which helped inspire this report, highlights how gender inequality is a problem for us all, not just women.

We call on governments, funders, business advisors and businesses of all sizes to seize this opportunity to identify, quantify and remove the barriers which remain at the root of this historic inequality in female founders' access to finance.



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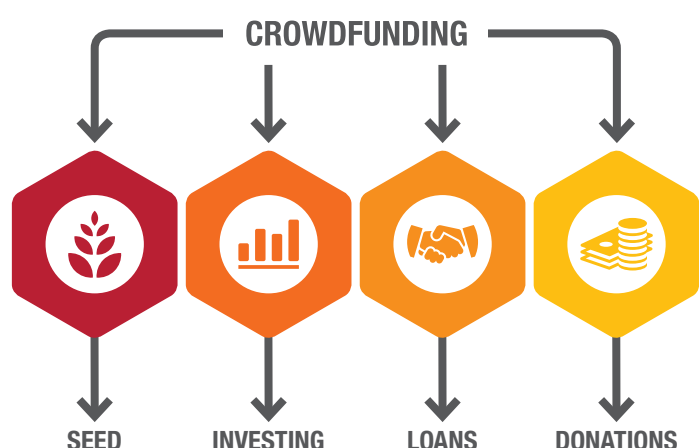
<sup>2</sup> PwC is a UN HeForShe Corporate Impact Champion. Visit [www.heforshe.pwc.com](http://www.heforshe.pwc.com) to learn more and make your HeForShe commitment





# An introduction to crowdfunding and seed crowdfunding trends

*Crowdfunding is a disruptive innovation. It has provided new routes to funding for individuals, startups and growth businesses. It enables them to engage and interact directly with the market, and with thousands of backers, supporters, customers and potential partners like never before. But it is often misunderstood.*



Crowdfunding is an umbrella term, encompassing four main types:

- **Seed crowdfunding** is the use of ‘rewards based’ crowdfunding platforms to fund the creation, launch or development of new businesses, products and services where backers pay upfront for a product, service or project
- **Equity crowdfunding**, which enables small and large investors (sometimes called mini-angel investors) to purchase small parcels of equity (shares) within growing businesses, usually in small amounts from disposable income. This gets a lot of press attention – but makes up only a small percentage of overall crowdfunding
- **Crowdlending aka Peer-to-peer lending**, which enables individuals or businesses to borrow from the pooled resources of individuals wishing to direct the use of their funds and sometimes seeking a greater return on their capital than bank deposits or bonds can provide.
- **Donations-based crowdfunding** is used to help make community initiatives (often, but not always, locally-based) happen with the backing of their supporters or community of interest. ‘Rewards’ are also usually offered – leading to confusion with seed crowdfunding for many commentators



The data analysis in this report focuses on seed crowdfunding, in which there are about 19 times as many campaigns as equity crowdfunding: it's the largest sector of the four by volume of campaigns.

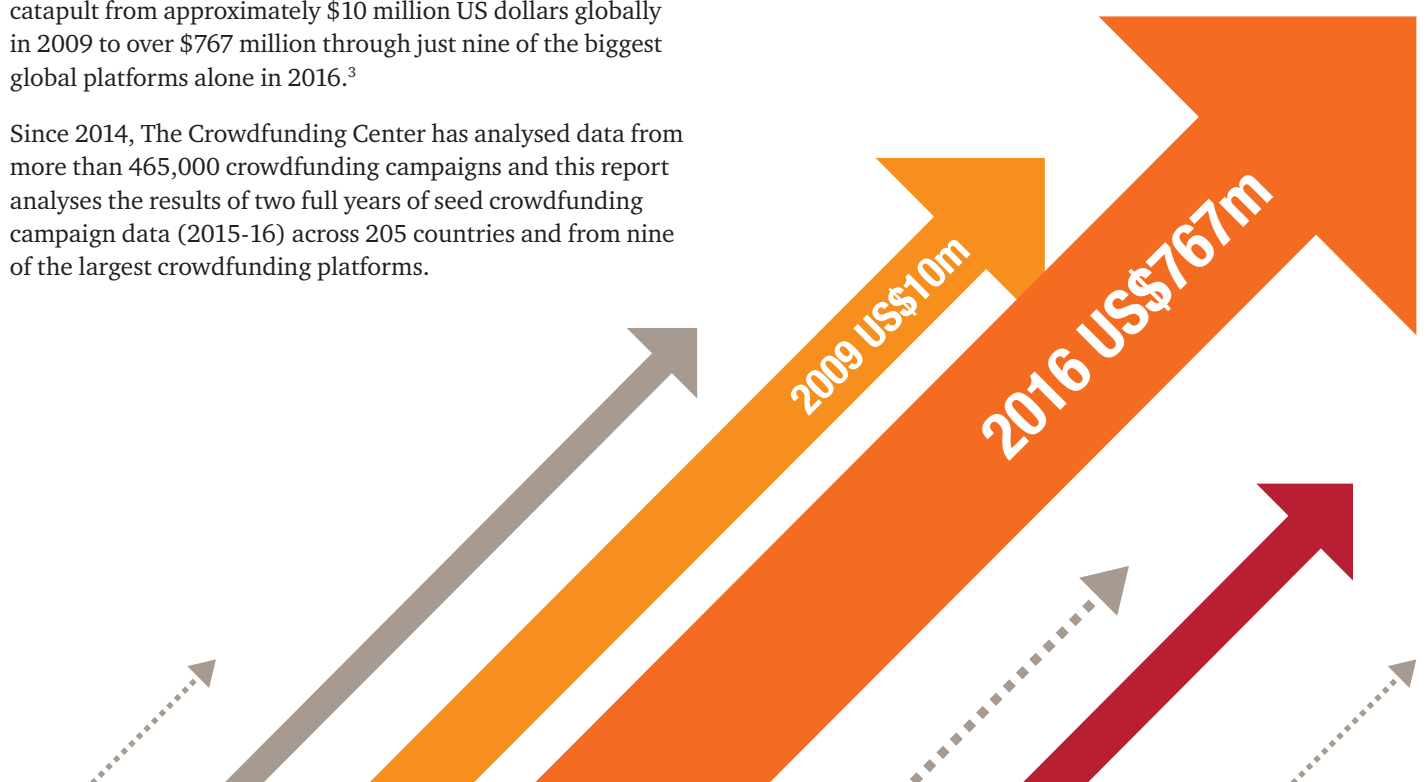
Founded to solve a specific problem: how could independents, often individuals, get started in business, seed crowdfunding has spread across the globe since the launch of Indiegogo, the first international crowdfunding website, in 2008. Since then, we've seen finance levels raised through seed crowdfunding catapult from approximately \$10 million US dollars globally in 2009 to over \$767 million through just nine of the biggest global platforms alone in 2016.<sup>3</sup>

Since 2014, The Crowdfunding Center has analysed data from more than 465,000 crowdfunding campaigns and this report analyses the results of two full years of seed crowdfunding campaign data (2015-16) across 205 countries and from nine of the largest crowdfunding platforms.

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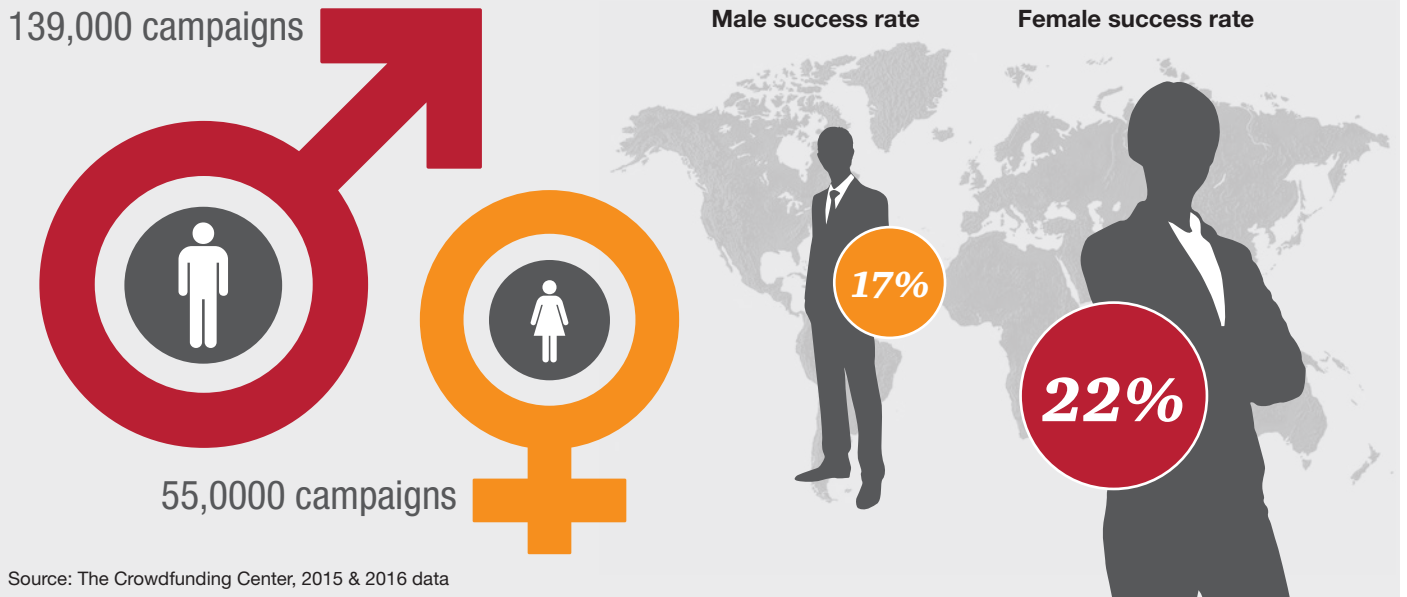
*"Crowdfunding is starting to penetrate the traditional systems that used to use the old way of financing. VC is now using us as a way to get a hold of interesting ideas. It's making their job easier."*

Danae Ringelmann, Co-founder of Indiegogo



<sup>3</sup> Data source: The Crowdfunding Center, 2017

**More men seed crowdfund than women, but women are more successful in reaching their finance goal**



This data clearly shows that more men than women use seed crowdfunding, yet globally, women are more successful at crowdfunding than men: 22% of campaigns led by women reached their target, compared to 17% of those led by men. And this is not a collective anomaly, women-led campaigns performed better (in terms of securing their funding goals) than campaigns led by men when we segregate the data for every sector and every territory.

Even in what are considered more masculine sectors, for example technology, where we see nine male seed crowdfunders for technology ventures to every one female crowdfunder, 13% of women were successful in achieving their funding goal compared to just 10% of men.

In territories with the largest volumes of seed crowdfunding, the UK and the US, 20% of male-led campaigns reached their targets. Yet, female-led campaigns outperformed, with 24% of women in the US and 26% of women in the UK successfully reaching their campaign funding target.

This trend continues in territories where seed crowdfunding is not yet as wide-scale or as successful. For example, 11% of female-led campaigns in Africa were successful compared with 3% of male, and 10% of female-led campaigns compared to 4% of male-led in E7 countries (China, India, Brazil, Mexico, Russia, Indonesia and Turkey).

*“The findings of this research present another great reason as to why female entrepreneurs should have self-belief and confidence and lean into their talent and opportunities.”*

Sharmila Karve, PwC Global Diversity and Inclusion Leader

**Seed crowdfunding: Even in more male dominated sectors women have more success**

**Technology**



**9 male-led campaigns for every female-led campaign**

**Success rates**

Male: 10%  
Female: 13%



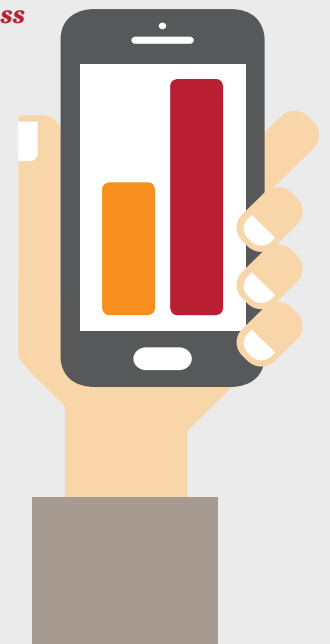
**Digital Technology**



**3 male-led campaigns for every female-led campaign**

**Success rates**

Male: 9%  
Female: 16%



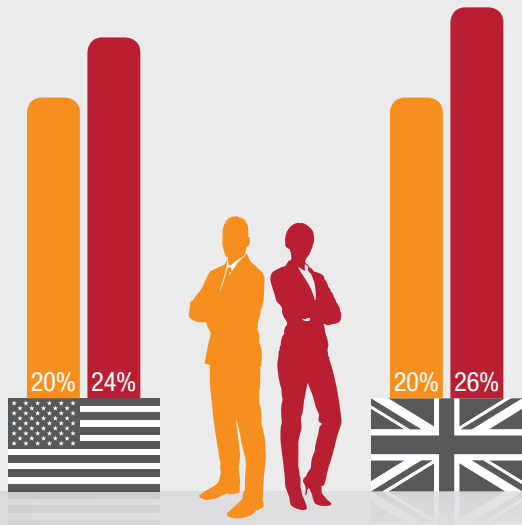
Source: The Crowdfunding Center, 2015 & 2016 data



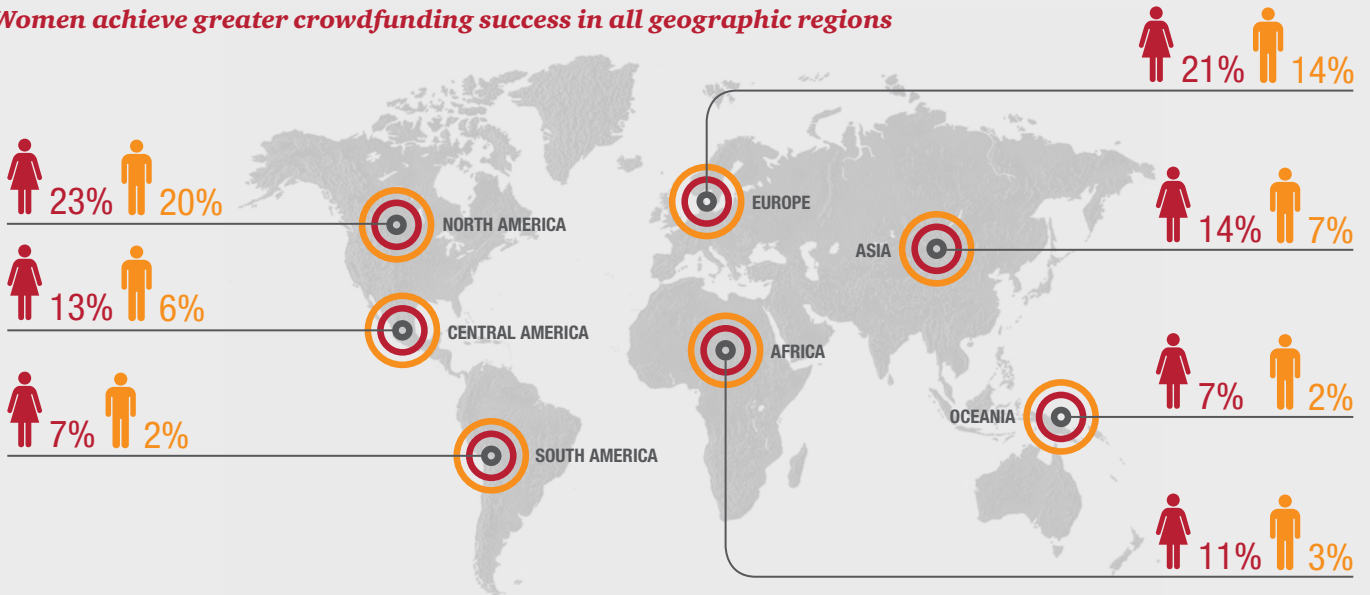
Across the world female-led seed crowdfunding campaigns outperform male-led campaigns

Women are more successful in the US and UK, the countries with the largest volumes of campaigns

In the E7 countries, 10% of the women-led campaigns were successful compared with 4% of those led by men



Women achieve greater crowdfunding success in all geographic regions



Source: The Crowdfunding Center, 2015 & 2016 data

Visit our Women unbound data explorer to explore the data yourself at [www.pwc.com/womenunbound](http://www.pwc.com/womenunbound)





## The broad benefit opportunities of seed crowdfunding

*While seed crowdfunding was certainly initially established as a means to raise finance, it unlocks a multitude of opportunities beyond access to finance. Seed crowdfunders get to engage with the market and learn more about running a business, earlier, than entrepreneurs using more traditional funding routes.*

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*“Investors should pay more attention to ideas that are featured on crowdfunding websites, because they have received validation.”*

Leyu Ong, Senior Manager, PwC Singapore’s Venture Hub

One of the most important benefits is market validation. Entrepreneurs who take the traditional route to financing their business only achieve market validation at a much later stage, often after the investment has been spent.

Seed crowdfunding has a positive impact on the cashflow of startups and growing businesses, too. Launching a crowdfunding campaign gives an entrepreneur the ability to pre-sell a product. Once they have an order book filled by a crowd angel investors, banks and Venture Capitalists (VCs) can see proof of concept.

Seed crowdfunding can help create the first rung on a ladder for businesses’ funding. Further benefits include an increased likelihood of forging partnerships with other organisations and a greater ability to attract and retain good employees. And businesses with experience of seed crowdfunding can address lenders’ concerns about funding into the unknown future of a business.

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*“Should experience of rewards crowdfunding be a new lending criteria? A successful rewards campaign shows why ‘goodwill’ isn’t intangible; it has real commercial value that can be translated into online sales dollars now and the financial support of loyal customers in the future. In crowdfunding, the trust that you build with your network is your currency. You can turn your social proof, your brand recognition and your goodwill into funding.”*

Kathleen Minogue, CEO, Crowdfund Better

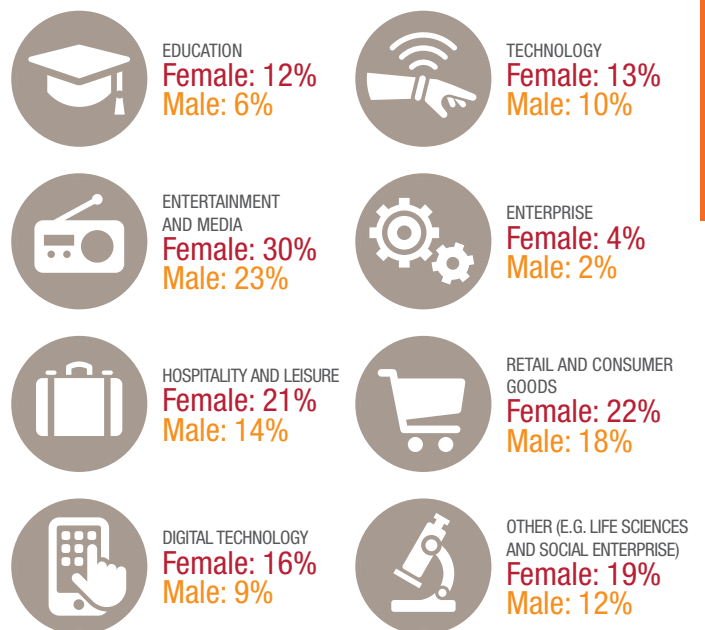
## Female-led seed crowdfunding campaigns outperform male-led campaigns across all sectors

### Total Worldwide Campaigns



Source: The Crowdfunding Center, 2015 & 2016 data

### Seed crowdfunding success rates



## The market decides – and becomes a control group

Consider seed crowdfunding as a massive control group set against traditional routes to fund small business startup and growth. One key difference is that in the traditional arena, a ‘grey suit factor’ has substantial influence on decision making. This is, men in grey suits are predominately making the decisions, and this has an impact on who receives funding.

Research from across the world indicates that this has a dramatic impact on female entrepreneurs’ ability to access finance. But in crowdfunding, decisions are made directly by the market itself.

This analysis demonstrates the power of the crowd (which is typically made up of roughly equal numbers of female and male project backers) in eradicating bias.

“Crowdfunding clearly creates an equality of opportunity. Very few of my VC-backed clients have female founders and most of the VC funded businesses I work with had early-stage angel investors prior to their VC funding. It’s easy to see that there could be early discrimination because female-backed businesses just don’t have access to those networks.”

Adri Loubser, Fast growth companies director, PwC UK





## Access to appropriate finance for female-led or owned businesses remains a challenge

*Most decision-makers in the venture capital industry are male; in fact, just seven percent of partners of the top 100 venture firms globally are women; and of 2,300 venture and micro-venture firms, only eight percent of partners are female.*

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*“There is definitely bias, we see that all the time. It comes from a lack of women in the VC space who can bring behavioural understanding, but it also comes from the idea that women are conservative to scale up or that they will leave the business – for a VC that is something that plays.”*

Shinjini Kumar, Consumer Business Manager, Citibank India

This leads to biases in funding decisions with research indicating investors prefer pitches from attractive male entrepreneurs even when the content is similar to that of women’s pitches;<sup>5</sup> that VCs with only male partners are more likely to invest in male-led projects or businesses and that only 2.7% of 6,793 companies funded by VCs had a female CEO.<sup>6</sup>

But bias isn’t only due to a lack of women in decision making roles in VCs: barriers to women’s participation within networks is often a critical reason for lack of access to opportunity; married with widespread perceptions by finance providers that women-led businesses won’t provide a return or are riskier to invest in.

The impact of such barriers on women entrepreneurs’ ability to access finance has been evidenced in multiple research studies. For example, men in the US start their businesses with, on average, nearly twice as much capital as women, and women entrepreneurs who aspire to grow their businesses are 50% less likely to seek outside funding than their male counterparts.<sup>7</sup> In the UK, over 220 early-stage, digital startups found that male entrepreneurs were 86% more likely to be VC funded than their female counterparts, and men were 59% more likely to secure angel investment.<sup>8</sup>

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4 Women in Venture report, 2016, source: <https://techcrunch.com/2016/04/19/the-first-comprehensive-study-on-women-in-venture-capital/>

5 Investors prefer entrepreneurial ventures pitched by attractive men, Harvard Business School, Brooks et al, April 2014

6 Women Entrepreneurs: Bridging the Gap in Venture Capital, The Diana Project, 2014. Source: <http://www.babson.edu/Academics/centers/blank-center/global-research/diana/Documents/diana-project-executive-summary-2014.pdf>

7 Access to Capital by High-Growth Women-Owned Businesses, National Women’s Business Council, April 2014

8 Why women entrepreneurs are far less likely to be funded, source: <https://www.theguardian.com/media-network/2015/aug/06/women-entrepreneurs-venture-capital-funding-tech-startups>



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*“Research shows us, time and time again, that exceptionally talented women don’t have the same levels of self-confidence as their male peers and this is also true when we look at female and male entrepreneurs.”*

Sharmila Karve, PwC Global Diversity and Inclusion Leader

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*“Business startup and entrepreneurialism will be crucial for economic recovery in the US, but there are simply not enough businesses being created in America.”*

Kathleen Minogue, CEO, Crowdfund Better

In Australia, female entrepreneurs make up 50% of start-ups, but often struggle to expand; and female entrepreneurs are significantly under-represented in building larger, fast growth businesses.<sup>9</sup>

Beyond the specific USA, UK and Australian territories, financial exclusion remains a major constraint for women, particularly in developing countries. Worldwide, a \$300 billion gap in financing exists for formal, women-owned small businesses, and more than 70% of women-owned small and medium enterprises have inadequate or no access to financial services.<sup>10</sup> It’s hardly surprising, if there are such challenges in accessing finance, that many female entrepreneurs are less confident than males, and so potentially less willing to approach traditional funders in the first place.

### **The missed opportunity**

This funding gap is a missed opportunity: investing in or supporting women-led businesses has the potential to deliver some of the highest-returns – for investors and for societies. With firms investing in women-led firms shown to generate higher returns on their investments,<sup>11</sup> and the potential for £23 billion gross value added to the UK economy if the UK could achieve the same level of female entrepreneurship as the US.<sup>12</sup> Similarly, supporting women-owned SMEs can boost economic growth in emerging markets and raise women’s participation in the labour force.<sup>13</sup> A culture supportive of business startup is quite simply crucial for sustainable economic growth and job creation.

A number of initiatives have been developed to expand access to equity, lending and other sources of finance for women-led businesses; many though are limited by supply of capital. Yet, one of the game-changing effects of crowdfunding is how it balances demand with supply. Not only does crowdfunding provide opportunities to entrepreneurs, it gives opportunities for ordinary buyers of products and services to collectively become the equivalent of ‘mini-VCs’. Crowdfunding changes perceptions of who can be the people to drive business growth; driving positive disruption like much of the FinTech sector from which it springs.

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*“Many new FinTech businesses are making it far easier for people to access banking and financing solutions that they have previously been excluded from. New alternative lending platforms, prepaid cards, remittances providers and digital banks are all focused on opening up financial services to underbanked millennials, migrants, ethnic minorities and women. Similarly, by democratising the access to capital, crowdfunding platforms are conforming to the same trend. Not only that, these platforms are funding other FinTech businesses with the same objectives, creating a virtuous circle which is driving cultural change across financial services.”*

Jeremy Sweetman, Director of Corporate Finance, PwC UK

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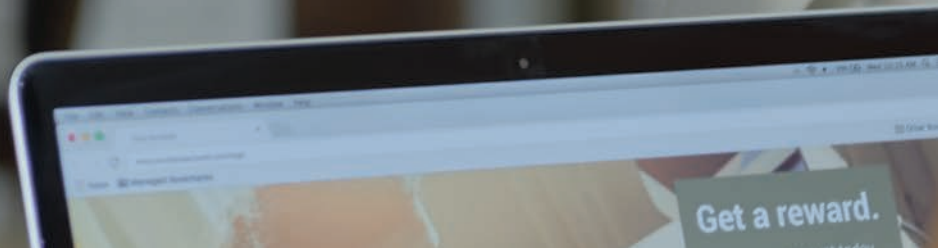
9 Seed Capital for Women-Led Businesses: Scale Investors, Springboard Enterprises Australia

10 Bridging the Gender Gap in Access to Finance, The Global Findex database, The World Bank

11 Bloomberg, source: <https://www.bloomberg.com/news/articles/2013-02-20/women-who-run-tech-startups-are-catching-up#r=hpt-fs>

12 Greater Return On Women’s Enterprise, UK Women’s Enterprise Taskforce, 2012. Source: [https://pure.strath.ac.uk/portal/files/17970755/D130\\_WETF\\_Growe\\_Report\\_2.4\\_1\\_.pdf](https://pure.strath.ac.uk/portal/files/17970755/D130_WETF_Growe_Report_2.4_1_.pdf)

13 Giving credit where it is due – How closing the credit gap for women-owned SMEs can drive global growth, Goldman Sachs Global Market Institute



## Crowdfunding success stories – and what makes women outperform men?

*This report makes one thing clear: despite their underrepresentation, women are more successful at crowdfunding than men. But why is this?*

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*“The ground rules are different for seed crowdfunding as compared with traditional marketing and selling, where you are telling the story and building a relationship rather than just appealing to a need. Women tend to be much more relationship focused so this often comes more naturally than for men.”*

Kay Klug, Co-founder, The Crowdfunding Center

The main factor seems to be because crowdfunding attracts, enables and empowers far more female decision-makers – as project backers and ‘micro-VCs’ – than within traditional finance. In essence, just like the dominance of male representation in traditional financing channels can create barriers for women, the more gender-level playing field of the crowd provides one explanation for why women are more likely to succeed at crowdfunding than men.<sup>14</sup> The crowd also presents a greater male reach, and male investors with a greater openness to gender equality are shown to be more likely to invest in female-led projects.<sup>15</sup>

Female crowdfunders also tend to use more emotional and inclusive language in their videos and pitch descriptions than men. This language is more appealing both to female and to male backers and positively correlated with fundraising success.<sup>16</sup> The use of business language, a style more predominately favoured by male crowdfunders in their pitches, has been shown to be negatively correlated with money raised irrespective of what product or service is being pitched.<sup>17</sup>

On average, men tend to seek higher capital for their projects than women, but women’s more modest financial goals are not correlated with their higher rate of success.<sup>18</sup> This analysis also shows that while yes, women more often set lower financial targets, globally female-led projects achieve a greater average pledge amount than male-led projects: on average each

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14 Activist Choice Homophily and the Crowdfunding of Female Founders, Greenberg and Mollick, 2014.

15 Gender Dynamics in Crowdfunding (Kickstarter): Evidence on Entrepreneurs, Investors, Deals and Taste-based Discrimination, Marom et al, 2014

16 The Narrative Advantage: Gender and the Language of Crowdfunding. Gorbatai and Nelson, 2015

17 Ibid

18 Gender Dynamics in Crowdfunding (Kickstarter): Evidence on Entrepreneurs, Investors, and Deals and Taste-based Discrimination, Marom et al, 2014



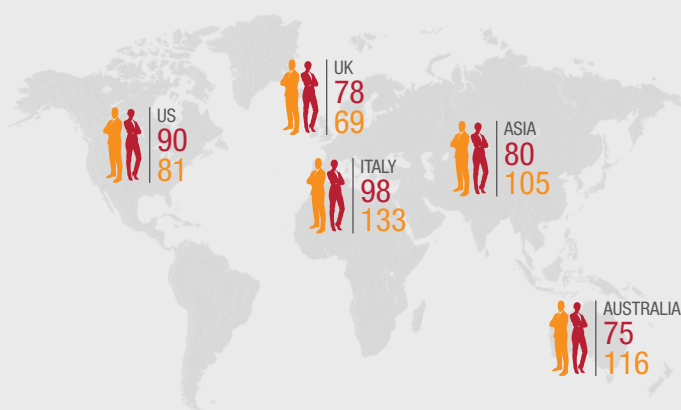


individual backer contributes \$87 to women compared with \$83 to men. This global trend is, however, greatly influenced by UK and US data, where crowdfunding activity is by far most significant, with women on average obtaining close to ten US dollars more per pledge than their male counterparts in both markets.

They also achieve higher pledge amounts for crowdfunding ventures in the education, entertainment and media, hospitality and leisure and technology sectors. On the flipside, men raise substantially more in the enterprise and retail and consumer goods sectors and in Australia, Asia and Italy.



### Seed crowdfunding: Average pledge amounts to male-and-female led campaigns



EDUCATION  
Female: 188  
Male: 72



TECHNOLOGY  
Female: 144  
Male: 123



ENTERTAINMENT AND MEDIA  
Female: 75  
Male: 66



ENTERPRISE  
Female: 92  
Male: 118



HOSPITALITY AND LEISURE  
Female: 80  
Male: 76

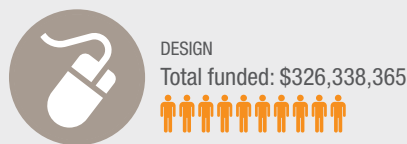
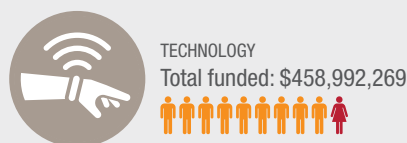


RETAIL AND CONSUMER GOODS  
Female: 83  
Male: 91

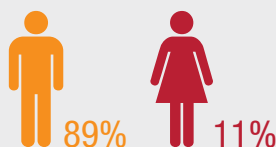
Source: The Crowdfunding Center, 2015 & 2016 data, all figures are US\$

## Seed crowdfunding: Male-led campaigns raised substantially more finance than female-led campaigns

### Highest funded campaign sectors

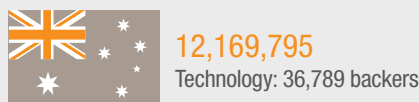


### Campaigns raised over 1 million

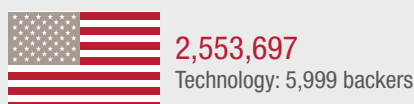


The most funded campaign by a female is number 18 on the list

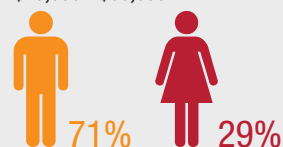
Top funded male led campaign raised:



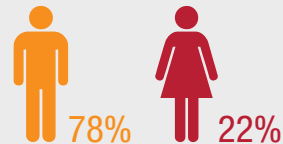
Top funded female led campaign raised:



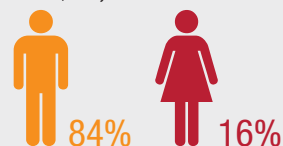
### Crowdfunding campaigns that raised \$20,000 - \$50,000



### Crowdfunding campaigns that raised \$50,000 - \$100,000



### Crowdfunding campaigns that raised over \$100,000



Source: The Crowdfunding Center, 2015 & 2016 data, all figures in US\$

## Crowdfunded business success rates

This research strongly indicates that women are more successful at crowdfunding than men; but just how positive is this finding for the future of female entrepreneurship? Are crowdfunded businesses sustainable?

Trends suggest that crowdfunding has certainly moved in this direction. In 2015, the failure rate of equity-crowdfunded seed-stage companies in the UK was lower than for non-crowdfunded startups.<sup>19</sup> A survey of 500,000 project backers and project outcomes shows that crowdfunding failure rates on Kickstarter are only 9%.<sup>20</sup> This figure compares favourably with rates of failure in traditional innovative businesses, VCs and startups.

Research also illustrates significant agreement between the funding decisions of crowds and experts, and where they diverge it is far more likely to be a case where the crowd is willing to fund projects that experts may not.<sup>21</sup>

## Room for greater progress

While women are outperforming men in achieving their funding targets across the board, the fact remains that significantly more men are crowdfunding than women, and as result, men raise substantially more finance via this channel.

Men are also more ambitious in establishing higher funding goals than their female counterparts and we see them dominate in the highest funded campaigns by sector. In fact, while there were 63 campaigns that raised over \$1 million only seven of these were led by women (11%), with the most funded campaign created by a woman placing number 18 on the list. However, progress is being made, 2014 data illustrates that only 7% of campaigns raising over \$1 million were led by women, and the most funded campaign created by a woman placed 37 on the list.<sup>22</sup>

Despite this, significant opportunity still remains for women to become more active and represented in crowdfunding and to be more ambitious when establishing their finance raising goals. And we hope the success of female crowdfunders highlighted in this report motivates more budding and established female entrepreneurs to explore crowdfunding.

*“As crowdfunding has become more established it has also become less risky and alongside other FinTech innovation has driven overdue disruption in the traditional finance sector. Crowdfunding is hugely valuable in demonstrating that women have fundable, revenue generating ideas.”*

Manoj Kashyap, PwC Global FinTech Leader

<sup>19</sup> Crowdfunding is getting less risky as failure rates fall dramatically, Beauhurst, 2016, source: <http://www.cityam.com/233230/crowdfunding-is-getting-less-risky-as-failure-rates-fall-dramatically-according-to-beauhurst>

<sup>20</sup> The Kickstarter Fulfillment Report, source: <https://www.kickstarter.com/fulfillment>

<sup>21</sup> Wisdom or Madness? Comparing Crowds with Expert Evaluation in Funding the Arts, Nanda et al, 2015

<sup>22</sup> Gender in crowdfunding (Kickstarter data), Crowdfunding Productions, November 2014



## *The way forward*

*Crowdfunding is fundamentally about communication and about stories. It's about nurturing relationships and persuading a crowd of people to come on a journey with you.*

That journey doesn't end when your project is successfully crowdfunded: successful entrepreneurs maintain those relationships, and use their crowd to unlock growth, relationships, research, development and value in their businesses. Crowdfunding is collaborative and adaptive.

We are all VCs now – micro VCs – whether we choose to take up that option or not. Crowdfunding has created a new environment with a different dynamic. It really does mean that the things that people want can get made, including things that banks, investors and VCs might never touch – for reasons that make sense for them but impoverish the wider community and society. Micro VCs, on the other hand, fund things for very different reasons. We fund all sorts of stuff that we want to succeed, for all sorts of perfectly valid reasons: often because we want one, sometimes because we want it to happen and sometimes because it's a good thing for our community. Sometimes even when we know there is a high risk of failure.

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*“Traditional finance is adapting as a result of the emergence of crowdfunding which has created a continuous stream of innovations. A wide range of services and products that may never have seen the light of day, not because they are second rate, but because they wouldn't have passed the VC test. VCs don't ask: is it any good, is it worthwhile, is it good for the world, is it sustainable? They ask what it means for their bottom line. But crowdfunding means the banks and VCs are no longer in charge of innovation – we are.”*

Barry E James, CEO and co-founder, The Crowdfunding Center



One thing is clear: female entrepreneurs receive less than male entrepreneurs through traditional funding channels. But agreement has not necessarily been reached as to whether this was due to a bias in traditional financing or due to supposed factors, such as fewer women being interested in entrepreneurship, or that women were less able than men. And while challenges like the gender leadership gap and gender pay gap are receiving widespread media attention, the barriers that female-led businesses and entrepreneurs face in accessing finance have been much less visibly reported.

What the data in this report shows clearly is that when women choose to access crowdfunding they are more than capable – and very often more capable than men. This undermines these traditional assumptions and casts things in a new light. It demonstrates that opportunities for women entrepreneurs have not been equal, but thanks to crowdfunding, female entrepreneurs can now access the market directly – and this makes a huge difference.

*“It’s about how people perceive risk. That, of course, is crucial in funding, and people are much more comfortable in taking risks with people who look like themselves. When you remove that natural bias – by looking at the data across these hundreds of thousands of crowdfunds – you get powerful proof. The data from crowdfunding campaigns from across the world is a wake-up call for the ‘men in grey suits’ – you’re missing out on funding exceptional business opportunities, which could give you at least as good returns as those you are funding. You’re making funding decisions based on inbuilt biases that are leading to poor business decisions. You need to act.”*

Jon Terry, Global Financial Services HR Consulting Leader, PwC UK

### Entrepreneurship: Female representation

#### Factor driven economies



**8** Eight women were engaged in early stage entrepreneurship for every 10 male entrepreneurs in 2016

#### Innovation driven economies



**6** Six women were engaged in early stage entrepreneurship for every 10 male entrepreneurs in 2016

Source: Global Entrepreneur Monitor, Global Report 2016/17

Before crowdfunding, female entrepreneurs have been vastly underrated, under supported, under recognised and a hugely neglected asset to society and the economy.

Above all, the crowdfunding data shines a more visible light on both the challenges and opportunities to which we must respond. Endemic bias is a problem women entrepreneurs should no longer face. Eradicating such barriers provides opportunities that will benefit women and men, business, and society. In light of this report's findings, we call on governments, funders, business advisors, educators, entrepreneurs and women and men to seize this opportunity to identify, quantify and remove the grey-suit-factor.



### Actions for financial institutions, banks, and venture capital firms

- measure and audit, on at least an annual basis, lending and funding patterns from a gender perspective to unearth potential systemic biases
- consciously adjust your perceptions of risk when it comes to investing in women entrepreneurs and businesspeople
- understand that experience of crowdfunding offers businesses a competitive advantage
- give businesses who have used crowdfunding credit for the market validation and customer understanding they have generated
- create more funds to invest in startups run by women
- train decision makers on unconscious bias and its implication on decision making and build awareness of female entrepreneurial success stories



### Actions for Governments

- promote crowdfunding as a way for women-led initiatives to fundraise and increase visibility and platforms to connect willing investors with women-led initiatives



### Actions for female entrepreneurs

- despite similar levels of education and experience, less than half of women feel confident they can start a business compared to two-thirds of men. Men show more positive perceptions about opportunities and their own capabilities, as well as lower fear of failure.<sup>23</sup> Women should be inspired by the positive findings of this research to realise their potential and fuel their confidence, and should understand the opportunities that seed crowdfunding presents them. Resources to support this are available at <http://routesto.info/toolsforwomen>

- be confident to use seed crowdfunding, as a tool of choice, to secure positive cashflow and market validation
- seek and participate in women-focused incubators, accelerators and platforms such as AllBright and The Crowdfunding Center's business funding accelerator for women<sup>24</sup>
- start or continue backing crowdfunded projects: some of the most crucial lessons about how to run a successful crowdfunding campaign and launch a thriving business come from being a supporter of crowdfunded projects



### Actions for education and business support organisations

- add crowdfunding to their funding toolkit, alongside more traditional debt, equity and grant based options, by ensuring that all client facing advisors have a clear understanding of the models, the business scenario to which they apply and how they can also support more traditional forms of funding
- provide training to (aspiring) women entrepreneurs for them to improve their pitching skills, media engagement planning and internet marketing
- embed crowdfunding within the curriculum of business support programmes and the academic curriculums of all entrepreneurship programmes



### Actions for men and women

- for those of you already supporting crowdfunding campaigns, be more gender aware as you consider the campaigns you'd like to fund, and feel empowered by the findings of this research to become a champion of female crowdfunders
- for those of you unfamiliar with the world of crowdfunding, explore the opportunities it presents you to become a mini-VC and, in particular, the opportunity for more women to champion growing and startup businesses by stepping into roles which were formerly exclusive to investors

<sup>23</sup> Global Entrepreneurship Monitor, Global Report 2012. Source: <http://www.gemconsortium.org/report>

<sup>24</sup> Find out more about these platforms at <https://allbright.co/> and [BizFundingAccelerator.com/BeBoldForChange](https://bizfundingaccelerator.com/BeBoldForChange)

## Case study 1

# AllBright

*The destination for female-led businesses in the UK*



AllBright was launched in October 2016 by co-founders Debbie Wosskow OBE (CEO and Founder of Love Home Swap) and Anna Jones (former CEO of Hearst UK) with a mission to fund and support female entrepreneurs across the UK and to ultimately make the UK the best place to be a female founder.

Prior to AllBright, Wosskow ran a number of businesses, including Love Home Swap, which she built over five years raising capital from VCs on the way. She was asked to lead a Government review into the sharing economy and published her findings and recommendations in a report published in November 2014. She was subsequently invited to be the founding chair of Sharing Economy UK.

Wosskow says, “I have always been a prolific angel investor. Through my involvement in investing and my own experiences raising funds, I decided about three years ago that I wanted to be more involved in changing the ecosystem for female founders and backing women businesses. It felt to me, without really looking at the data at that stage, that there were still so few women being funded relative to men, and it felt like if I could bring my money and my voice then that would really start to make a difference.

I set up my first business at 25 – I am from a family of female entrepreneurs. However, the data shows us that only 10% of global capital invested is in a female CEO, only 7% of VCs are women and only 14% of angel investors in the UK are women. It was at this point that an idea about levelling that playing field, and putting a flag up saying this is a destination where great female-led business can come to scale up that was the starting point for AllBright.”

Launched last year, AllBright is the first funding platform targeting women. It includes an EIS evergreen fund which has a range of different investors from high net worth individuals and institutions alongside an Angel platform, which Wosskow describes as “the FinTech destination for female-led businesses that democratises capital as you are able as an individual to back those businesses. That combination gives AllBright the ability to back female-led businesses at scale.”

Wosskow believes that delivering returns to investors will be one of the biggest drivers of culture change. “This is an untapped, de-risked asset class. Women-led technology companies deliver a 35% higher return on investment, according to research from the Kauffman Foundation. We believe that being the FinTech destination will enable us to get the proprietary deal flow of the best female lead deals which are the best deals.”

The AllBright fund is supported by the AllBright academy which is a 12 week digital programme for women at every stage of their entrepreneurial journey. The programme, designed especially for women, aims to help provide the platform to enable women founders to become successful entrepreneurs. Wosskow says: “It stems from the question, why don’t women raise capital? I have raised capital, but I am an outlier and there are several reasons for that. The first is about women not knowing where to go, not wanting to ask men for money and not wanting to pitch. But there are a whole load of other issues around skills, networking, confidence and peer group which are almost as important. That’s why we have setup the academy alongside the fund and crowdfunding platform.”



## Case study 2

# Cass Starters

*Unleashing the power of crowdfunding to design graduates*



Peter Marigold, a tutor and studio leader at London Metropolitan University, is an inventor who successfully crowdfunded FORMCards. Excited by his own experience, he saw the opportunities crowdfunding offered to students or graduates making their first steps into business. This was the genesis for his establishment of Cass Starters, a crowdfunding initiative that brought together the enthusiasm of four young creative graduates with the infrastructure and support of the Cass School of Art and Architecture and London Metropolitan University.

Furniture design graduate Isabel Farchy was one of the four graduates, addressing the same challenge many new design graduates face: the lack of brand power. To become established you need someone to sell your products, but they won't sell them until you become established.

For Isabel, crowdfunding was the fix and it meant she was able to do both simultaneously – sell her products and become established.

“You don't have very much brand power as a student or graduate, and it's difficult to get to a shop and convince them to stock your product because you're not an established designer. But then we were introduced to crowdfunding by Peter at Cass and we saw the opportunity. Crowdfunding is a good platform for testing the market, you can see where backers are coming from and which countries are interested, which gives you great insight into how your product might sell.” Isabel Farchy, Female Crowdfunder for Test Cups, featured on Kickstarter's – Projects we Love

The experiment was a great success. Isabel and her three colleagues all reached their targets in the first few days. Her project also links to the others on the Cass Starters Collective; enabling collaboration and cross-promotion with her peers. Now the Cass Starters Collective may become an integrated part of design courses at London Met.



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The Crowdfunding Center is crowdfunding's global observatory, founded by Barry E James and his team in 2013 which now provides the world's largest repository of data on crowdfunds harnessed to provide data and evidence based reports and tools for business, government, entrepreneurs, investors and academia. Find out more and get reports and data for your sector, country or city by visiting [TheCrowdfundingCenter.com](http://TheCrowdfundingCenter.com)

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