

# 11 Reasons 2014 Will Be A Breakout Year For Women Entrepreneurs

While women in the upper echelons of corporate America are singing the same old tune, [“Still No Progress After Years of No Progress,”](#) female entrepreneurs have something to rejoice about.

The number of \$10-million-plus women-owned firms increased by 57% — a growth rate nearly 50% more than \$10-million-plus firms overall, according to [\*Growing Under the Radar: An Exploration of the Achievement of Million-Dollar Women-Owned Firms.\*](#)

While the number is still small — nearly 20% of angels in 2012 invested in women-led businesses — the percentage grew more than 40% from the previous year, according to the [Center of Venture Research](#), which studies early-stage equity financing for high-growth ventures. Even venture capitalists have increased their support of women-led companies. It’s still paltry, but the percentage of VC

deals going to women-led businesses was 13% in the first half of 2013. That's nearly a 20% jump over 2012, according to [Pitchbook](#), a venture-capital research firm.

There is room for improvement, but the U.S. ranked #1 among 17 countries on having the conditions that foster high potential female entrepreneurship, according to [Gender-Global Entrepreneurship Development Index \(GEDI\)](#). These conditions include entrepreneurial environment, entrepreneurial ecosystem and entrepreneurial aspirations.

Woo hoo for women entrepreneurs! They will lead the way for women in other sectors to shatter their ceilings. Some of the 11 reasons women entrepreneurs will crack glass in 2014 are common to all women and others are unique to entrepreneurs.

**1. Women have the right stuff** Women make better leaders than men, according to research conducted by Zenger Folkman. "They build better teams; they're more liked and respected as managers; they tend to be able to combine intuitive and logical thinking more seamlessly; they're more aware of the implications of their own and others' actions; and they think more accurately about the resources needed to accomplish a given outcome," said [Jack Zenger and Joseph Folksman in Forbes](#). Women on the Women Presidents' Organization (WPO) 50 Fastest Growing Women-Owned/Led Companies in North America know that you have to [nurture your](#)

staff in order to sustain rapid growth. That growth doesn't happen without employees who are willing and able to deliver excellent products and great customer service.

“Two of the traits where women outscored men to the highest degree — taking initiative and driving for results — have long been thought of as particularly male strengths,” Zenger and Folkman continued.

Twenty-first-century leadership skills, such as cooperation, communication, and sharing are more commonly associated with women, according to John Gerzema and Michael D'Antonio, authors of *The Athena Doctrine: How Women (and the Men Who Think Like Them) Will Rule the Future*. Luan Cox, Crowdnetic, is helping pioneer a new industry, crowdfunding. She's working with all the players in the industry to provide the data it needs to be transparent and accountable. Cristina Mariani-May, Banfi Vintners, a family winery, credits her success to her ability to build relationships by listening.

**2. The proof is in the pudding** Two research reports find that women deliver better company performance.

- Venture-backed companies that include females as senior executives are more likely to succeed than companies with only men in charge, according to *Women at the Wheel: Do Female Executives Drive Start-Up Success?* a report by Dow Jones

VentureSource.

- VC firms that invest in women-led businesses performed better than all men-led businesses, according to the [SBA Office of Advocacy](#).

Two research reports find that women are better money managers.

- Women-led private technology companies are more capital-efficient, achieving 35% higher return on investment, and, when venture-backed, bringing in 12% higher revenue than male-owned tech companies, according to [Women in Technology: Evolving, Ready to Save the World](#), research conducted by the Kauffman Foundation.
- The high-tech companies women build are more capital-efficient than the norm. The average venture-backed company run by a woman had achieved comparable early-year revenues, using an average of one-third less committed capital, according to [research conducted by Illuminate Ventures](#).

**3. Diversity improves performance and increases innovation** Organizations that are the most inclusive of women in top management achieve 35% higher return on equity (ROE) and 34% better total return to shareholders versus their peers – and research shows gender diversity to be particularly valuable where innovation is key, according to research conducted by Illuminate Ventures.

It's not just better performance that diversity delivers. It's more innovation that better meets the needs of women. It's not just about girly things like fashion, makeup, and cooking, it's technology. Women have become the power-users of technologies, such as the internet, mobile, and social media. Think Gina Bianchini who founded Mightybell and Ning, two social networking platforms.

In an interview at FOCUS100 2013, Freeda Kapor Klein, partner, Kapor Capital, discussed the importance of diversity to entrepreneurship. "Many people describe entrepreneurs as scratching their own itch. So the more diverse our entrepreneurs are, the more innovative the kinds of companies they start." User-entrepreneurs, that is, those who start a company to fill a need they have themselves, represent 11% of all startups and nearly half of the innovative startups founded in the U.S. that survive five years, according to Kauffman Foundation research.

Women also approach problem-solving differently than men. They approach it in a holistic and systematic way, according to Larry Keeley, author of *Ten Types of Innovation: The Discipline of Building Breakthroughs*. He analyzed three decades of innovations, who made them, and how they did it. Women are not looking for simple answers. They create comprehensive solutions, he continued. Cox's Crowdnetic is an example of this — providing a one-stop resource for data and news about crowdfunded

companies as well as the infrastructure for building crowdfunding platforms.

**4. Untapped spending power** Women shouldn't rush out and buy products made by women just because we're the same sex. However, women understand other women. That insight gives us an edge in developing products that better meet our needs. With 80% of consumer spending controlled by women, and women having considerable influence on spending categories that are considered the domain of men, such as autos and electronics, that is a whole lot of purchasing power for products and services developed by women.

Deborah Jackson started Plum Alley as a way to connect women consumers with women who make quality goods and provide services. Plum Alley now also helps women find funding and talent to help their businesses succeed. Erica Bell and Katie Finnegan developed Hukkster because they missed getting employee discounts after working at J. Crew. Hukkster sends alerts when the clothing women want goes on sales. Diana Lovett's Cissé is a line of gourmet baking and hot cocoa mixes that cater to the more socially responsible gender, women. It buys organic cocoa from small-production cocoa growers in the Dominican Republic at a fair price.

**5. Women use the power of their portfolios** While the percent of women angel investors is still small — 22% — it jumped 50% from

2011 to 2012, according to the Center for Venture Research. Angel investors are accredited wealthy individuals.

“The women angel-networks themselves are getting the word out about the importance of women participating in the investment process and are doing a great job at welcoming new women into the investing community,” said Susan Duffy, executive director of the Center for Women’s Leadership, Babson College. Organizations, such as 37 Angels and Pipeline Fellowship are training wealthy women to be angel investors. For those of you who are toying with the idea of becoming an angel investor, here are nine questions to ask yourself before you start.

Women and wealth trends bode well for more women investing in women-led business. Women control more than half of the investment wealth in the U.S., according to Mary Quist-Newins author of *Women and Money: Matters of Trust*. Additionally:

- The number of wealthy women in the U.S. is growing twice as fast as the number of wealthy men.
- Women represent more than 40% of all Americans with gross investable assets above \$600,000.
- 45% of American millionaires are women.
- 48% of estates worth more than \$5 million are controlled by women, compared with 35% controlled by men.

- 60% of high-net-worth women have earned their own fortunes.
- Some estimate that by 2030, women will control as much as two-thirds of the nation's wealth.

It's not just rich women that can fund women entrepreneurs. There's a new financing tool – crowdfunding – that allows anybody to invest. It's a natural fit for women who have become the power users of the internet and social media – two skills that are key to being successful in raising money from the crowd. Crowdfunding uses the power of the internet and social media to raise small amounts of money from lots of people on sites such as Kickstarter, Indiegogo, and RocketHub. Women are already having early success with crowdfunding. Indiegogo is a popular crowdfunding platform. Of its successful campaigns, 42% are run by women. Impressively, women raise more than men both in terms of the number of contributions and the amount. For those of you considering investing via crowdfunding, here are five tips.

**6. Men are bullish on women** It's not just Warren Buffett who is bullish on women. Vivek Wadhwa, academic, writer, and entrepreneur is a vocal critic of the underfunding of women-led companies by Silicon Valley and a supporter of women-led businesses. He is crowd-creating and funding a book about women's global participation in the innovation economy. Male angel investors, such as Adam Quinton, recognize that



the failure of the angel market in general to invest in promising women-led companies provides greater opportunity for him.

Interestingly, men like D'Antonio, Folksman, Gerzema, Keeley, and Zenger weren't seeking to do research to support the effectiveness of women as leaders and innovators. It's just where the analysis of their data took them.

**7. Women are building a vibrant and layered ecosystem** There are tons of networking groups to choose from. Some are general in focus and have been around for a long time, such as the National Association of Women Business Owners. Others, such as Women 2.0, are focused on specific types of women, such as those starting technology companies. One of the newest to the scene is [digitalundivided](#), [which is focused on women of color working in the digital space](#).

Women Presidents' Organization (WPO) provides peer advisory groups to support women entrepreneurs. Also known as "mastermind" and "CEO" roundtables, peer advisory groups bring the heads of companies together to problem-solve and brainstorm their day-to-day challenges and opportunities under the guidance of a trained facilitator. "Entrepreneurs learn best from one another rather than academic courses," said Marsha Firestone, president and founder of WPO.

Most big companies as well as local, state, and federal governments allot a certain percentage of organizational purchases to women-owned companies. The federal government and New York City have lifted caps, which should make it easier for women to get big contracts. If the federal government is a customer, women-owned businesses are 23 times more likely to be million-dollar businesses, according to *Women and Minority Small Business Contractors: Divergent Paths to Equal Success*. Programs, such as Give Me 5, help educate women about and provide access to government contract opportunities. The Women's Business Enterprise National Council (WBENC) provides the most widely recognized certification in the U.S. It verifies that companies are at least 51% owned by a women via 14 regional partner organizations. One of its partners, Women Presidents' Educational Organization, saw 221% growth in contracts in 2013.

There are organizations that provide leadership training, access to capital, and connections to accelerate the growth of women-led companies. During the past decade or so, organizations such as Astia and Springboard Enterprises have helped women-led businesses become more scalable and attract investment. Astia-aided companies have a 60%-plus fundraising success rate within one year of joining and have raised \$1 billion. Springboard's companies have an 83% fundraising success rate and have raised \$6.2 billion. Recently Babson announced

the Women Innovating Now (WIN) Lab, which is a year-long residency program for women students at Babson College. The program accelerates the entrepreneurial path from ideation to prototype.

The number of women-led angel funds, such as Belle Capital, Golden Seeds, and Texas Women's Fund, has increased, according to Kay Koplovitz, chairman, Springboard Enterprises and founder, USA Networks. "Angels are getting organized around specific sectors, too, and improving their due-diligence process." Illuminate Ventures is dedicated to supporting female entrepreneurs and recently closed a \$20 million fund targeting cloud and mobile software startups.

"We need to continue to build out the ecosystem so that women are an active part of the funding cycle. We still have a long way to go," said Peggy Wallace, managing director, Golden Seeds. "Female entrepreneurs still do not fit the typical profile of a young, tech male. Investors need to be open to diversity of ideas, age, geography. We need a more open environment."

**8. Women are shedding their cloak of invisibility** Last year was the first time that two American-born non-celebrity entrepreneurs — [Sara Blakely](#) and [Tory Burch](#) — made the [2013 FORBES World's Most Powerful Women list](#). One of the selection criteria is media presence. Pretty impressive when you consider they're competing with the likes of

Hillary Clinton, Oprah and Sheryl Sandberg.

The Fortune's 50 Most Powerful Women are proactively seeking visibility, according to a study by Weber Shandwick. It is not just these women who recognize the importance of public speaking and awards as essential to telling their company's story. Women entrepreneurs, such as [Liz Elting of TransPerfect](#), [Janine Popick of VerticalResponse](#), and [Nina Vaca of Pinnacle](#) also used [awards and honors to build the credibility and reputation of their companies](#).

Denise Brosseau, author of *Ready to be a Thought Leader? How to Increase Your Influence, Impact, and Success* told me how [seven women entrepreneurs were building their businesses through thought leadership](#). A couple of women I know have built their businesses by helping others build their businesses. Entrepreneurs, such as Karen Barbour of The Barbour Group and Sandra Wilkin of Bradford Construction [advocate at the local, state, and federal government about the importance of small businesses](#).

**9. Women are starting to blow out their networks** Women are beginning to get the importance of networking: The bigger and more diverse your network the more likely your business is to break revenue barriers. I've written about some [exceptional women networkers and the tactics they use](#). Using [social networks isn't just one of my favorite ways to build your network](#). With money

drying up for small businesses during the financial crisis, Dara Albright of Crowdnetic, knew innovation was needed and she wanted to be a part of it. She used LinkedIn to meet people who would eventually become the movers and shakers in the crowdfinance industry. She launched NowStreet, which is a media and event company specializing in crowdfinance. The company was bought last year by Crowdnetic.

A new class of networkers is emerging and they are called “super connectors.” Here are [four secrets from Judy Robinett, the grande dame of super connectors](#). Her book, *How to Be a Power Connector: the 5-50-150 Rule for Turning Your Business Network into Profits*, will be coming out in May.

**10. Women never stop learning** Every entrepreneur I know has built a successful business on the many varieties of learning available. Admitting that you don’t know everything — and never will — is key to growth. Interestingly, self development is one of those areas in which women outshine men, according to Zenger Folkman’s research. Women share, and some [women who have built \\$10 million plus businesses](#) shared their secrets. You can learn a lot from trailblazers. Women listen, read business books and publications, and attend professional development training, etc. We are also learning to seek outside counsel from [mentors, sponsors](#) and advisors, and participate in peer advisory groups.

**11. Some women use failure as a launching pad**

**to success** Women tend to be perfectionists. Speaking about failure goes against our grain. But, the truth is, no one will succeed all the time. We learn more from our failures than our successes. Kudos to Sallie Krawcheck for publicly talking about being fired from two big jobs. Even better, she didn't hide afterwards. She picked herself up, dusted herself off, and bought 85 Broads – a networking organization for women who want to advance their careers.

You can help shatter the glass ceiling for women entrepreneurs by providing expert advice, opening your Rolodex, and even your wallet.