Center for an Urban Future

nycfuture.org MARCH 2016

BREAKING THROUGH

Harnessing the Economic Potential of Women Entrepreneurs

BREAKING THROUGH is a publication of the Center for an Urban Future. Researched and written by Judy Messina with Audrey Gray, Phil Lentz and Jonathan Bowles. Edited by Phil Lentz and Jonathan Bowles. Additional research support from Jonah Bleckner, Melanie Breault, Matt Falber, Natalia Khosla and Saigeetha Narasimhan. Design by Amy Parker and Ahmad Dowla.

This study was made possible through Capital One's Future Edge initiative.

General operating support for the Center for an Urban Future has been provided by the Bernard F. and Alva B. Gimbel Foundation, the Lucius N. Littauer Foundation and the M&T Charitable Foundation.

CAPITAL ONE'S FUTURE EDGE initiative is a $150 million, five-year effort to help more American workers and entrepreneurs succeed in the 21st century economy. Through Future Edge, Capital One works with hundreds of leading community and nonprofit organizations in NYC and beyond, including microfinance and micro-lending organizations empowering women entrepreneurs such as Grameen America, Accion, and the Business Outreach Center Network. Learn more at www.capitalone.com/investingforgood or join the conversation on Twitter at @YourFutureEdge.

CENTER FOR AN URBAN FUTURE (CUF) is an independent, nonprofit think tank that generates innovative policies to create jobs, reduce inequality and help lower income New Yorkers climb into the middle class. For 20 years, CUF has published accessible, data-driven reports on ways to grow and diversify the economy and expand opportunity that are anchored in rigorous research, not preconceived notions about outcome. Our work has been a powerful catalyst for policy change in New York City and serves as an invaluable resource for government officials, community groups, nonprofit practitioners and business leaders as they advocate for and implement policies to address some of New York's biggest challenges and opportunities.

Cover: "Empire State Building" by Susan Sermoneta (en321/flickr) used under CC BY-NC-SA 2.0 / Cube pattern by Amy Parker overlaid on top

CONTENTS

BREAKING THROUGH

As technology disrupts entire industries in New York City, another disruption is taking place right alongside—a flood of women entrepreneurs in virtually every industry in the city. Women founders of all ages, races and ethnicities are creating jobs, bolstering the city's economy, strengthening families and neighborhoods, and providing new and creative solutions to the problems of modern life. Fueled by advances in technology, lowered barriers to entry and recession era lay-offs, women throughout the city—from stay-at-home moms to fashion designers and finance pros—are starting and growing new businesses at a remarkable clip.

In the decade from 2002 to 2012, the most recent year for which rigorous data is available, the number of women-owned businesses grew by a whopping 65 percent or 45 new businesses every day, adding more than 56,000 jobs and $3 billion in payroll to the city's economy. As of 2012, there were 413,899 women-owned firms in New York City, compared to 305,198 five years earlier. Today, women-owned businesses make up more than 40 percent of private companies in the city, up from 33 percent five years ago and 32 percent a decade ago.

Two-thirds of the recent growth in women-owned businesses took place in the five years between 2007 and 2012, and the growth from 2002 to 2012 outpaced the 33 percent increase in businesses in the city overall as well as the 44 percent growth in the number of women-owned businesses statewide. Male-owned firms in the city grew just 8 percent between 2007 and 2012.

Women entrepreneurs are increasing their presence in nearly every sector of the city's economy, with the number of women-owned businesses growing by at least 20 percent over the past five years in construction, manufacturing, health care, education, real estate, transportation and warehousing, information, retail and wholesale trade. There is also evidence that women are starting a greater share of the tech companies in New York than in Silicon Valley and Boston, the nation's other leading tech hubs. In the third quarter of 2015, 16.9 percent of New York City companies receiving venture capital had a woman founder, compared to 14.8 percent in Boston and 12.1 percent in San Francisco.

But while women-owned businesses are already making a significant contribution to the city's economy, there is significant potential to increase the number of women entrepreneurs and to help more women-owned businesses grow to the next level. Women make up 52.5 percent of New York City's population, according to the 2010 Census. This is a higher percentage than in all but one of the nation's 10 largest cities, including Los Angeles, Chicago and Houston. Yet, women-run firms account for only 40 percent of privately owned businesses in the city, only 21 percent of firms with paid employees, just 17.5 percent of all private sector employees and only 13 percent of annual private business revenues. Moreover, the number of women-run firms in New York is growing at a slower rate than many other large cities.

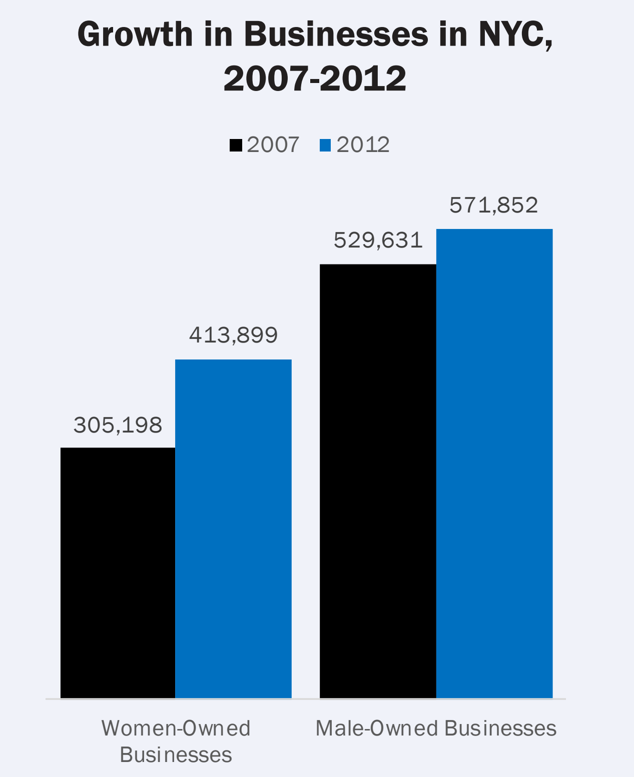
To be sure, New York is making progress on a number of fronts to create a more supportive environment for women entrepreneurs and women who aspire to be entrepreneurs. Most notably, Mayor Bill de Blasio last year launched a promising new initiative called Women Entrepreneurs New York City (WE NYC) in an effort to expand the economic potential of women entrepreneurs across the five boroughs with a specific focus on the needs of women in underserved communities. But even more could and should be done in the months and years ahead to unlock the full potential of women entrepreneurs in New York City.

This study—the latest in a long line of Center for an Urban Future reports focusing on opportunities to grow and diversify New York City's economy—provides a comprehensive examination of the economic importance of women entrepreneurs in New York and the role that women-owned businesses have played in the city's recent growth. Funded by Capital One's Future Edge Initiative, the report builds on other research about women entrepreneurs, including a 2015 report by the city's WE NYC program. While that study focused on the economic potential of women-owned businesses in low-income and immigrant communities, this report looks at women-owned businesses in all sectors of the city's economy, from health tech startups and digital media firms to hair braiding salons and real estate developers. It documents the size and reach of those businesses, their growth over the past decade and their economic impact compared with other businesses. It analyzes the challenges women entrepreneurs face, many of them unique to women-owned businesses, and the opportunities to expand their contribution to the city's economy.

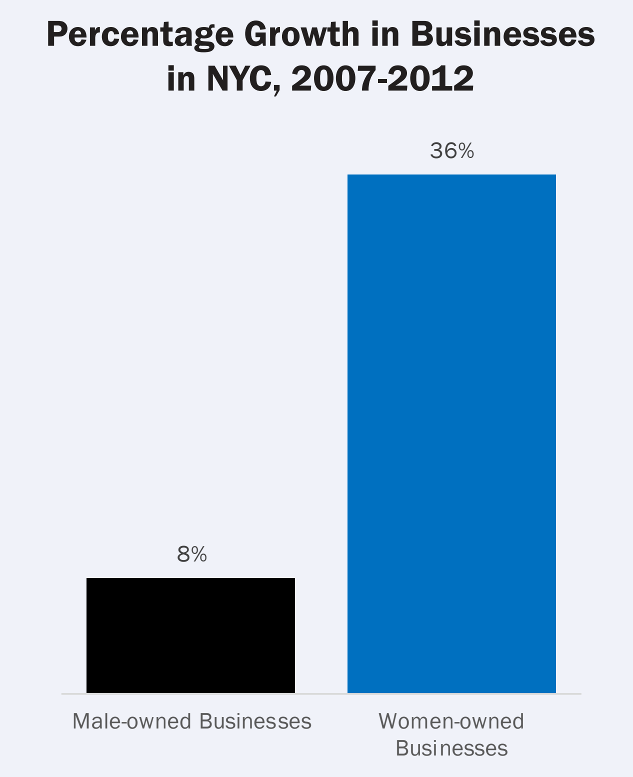
Based on interviews with more than 100 women entrepreneurs, investors, researchers, business consultants and heads of non-profit organizations, our report makes recommendations for steps the city, private industry and non-profit organizations can take to enable more women to start and grow businesses and add momentum and vitality to city's economy.

What's clear from our research is that women entrepreneurs in New York have come a long way in recent years. More than 62 percent (163,000) of the 262,000 new private companies formed in the city between 2002 and 2012 are women-owned. All told, in 2012, women-owned businesses in the city generated $53 billion in revenue, up 25 percent over 2007, employed nearly 273,000 people, 36 percent more than in 2007. Amazingly, in 2012 New York City accounted for 57 percent of all women-owned businesses in New York State, which is much higher than the city's overall share of the state's businesses and population.

Angel investor Joanne Wilson has witnessed those changes first hand. Six years ago, when she and NYU professor Nancy Hechinger started the annual Women



Source: 2012 U.S. Economic Census, Survey of Business Owners



Source: 2012 U.S. Economic Census, Survey of Business Owners

Entrepreneurs Festival, the event attracted 150 attendees. Last year, 280 women attended, most of them New York City-based. This year, Wilson is expecting 400. “I’m seeing a lot more women across the board and not only young women,” says Wilson. “[They’re starting companies] from hard goods to clothing brands to cosmetics and ecommerce.”

New York City is producing some of the fastest growing women-owned businesses in the U.S. and some of the most innovative

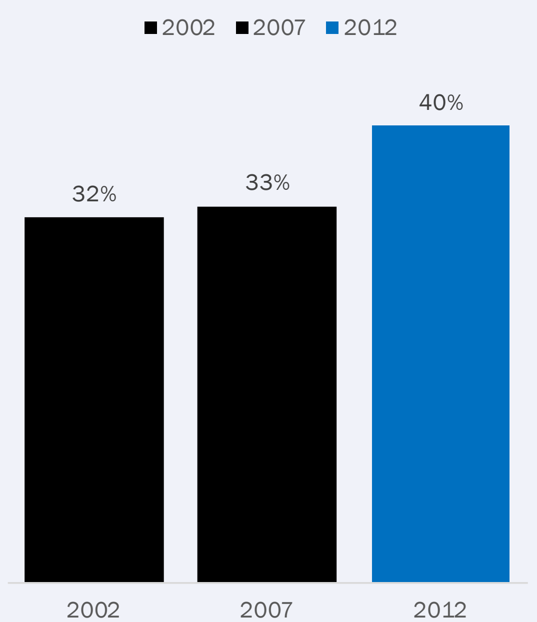
Of the 399 New York City companies that made the 2015 Inc. 5000 list of the 5000 fastest growing private companies in the nation, 74 (or nearly 19 percent) had female founders or CEOs. That’s more than the national rate of 14 percent and exactly twice the number of fast growing women-led firms identified by Inc. in 2014, when 37 of 213 New York City companies (17.5 percent) had women founders or CEOs. Of the top 50 women-led companies on the list, seven are based in New York City, more than in any other city or area of the country.

Collectively, the revenues of the 25 largest women-owned firms in the city grew by an impressive 35 percent between 2012 and 2013, from $2.2 billion to $3.4 billion, according to *Crain’s New York Business*.

Female founders are also innovators in some of the most cutting edge technologies. There’s Daniela Perdomo, whose Brooklyn-based GoTenna developed a hardware device that lets smartphone users talk to each other even in places without cellular coverage or WiFi, and Limor Fried, an MIT engineering grad who founded Soho-based Ada Fruit, which designs and builds do-it-yourself electronics kits and reportedly generated $33 million in sales in 2014.[1] There’s also Ayah Bdeir, whose company littleBits makes electronic building blocks that empower kids and adults to create their own inventions.

“What I’ve seen from female founders in New York City over the past 10 years is truly revolutionary,” says Jalak Jobanputra, founder of the New York City-based early stage venture fund Future\Perfect Ventures.[2] “From food entrepreneurs to those creating new business models in the commerce, finance and mobile sec-

Share of NYC Businesses Owned by Women

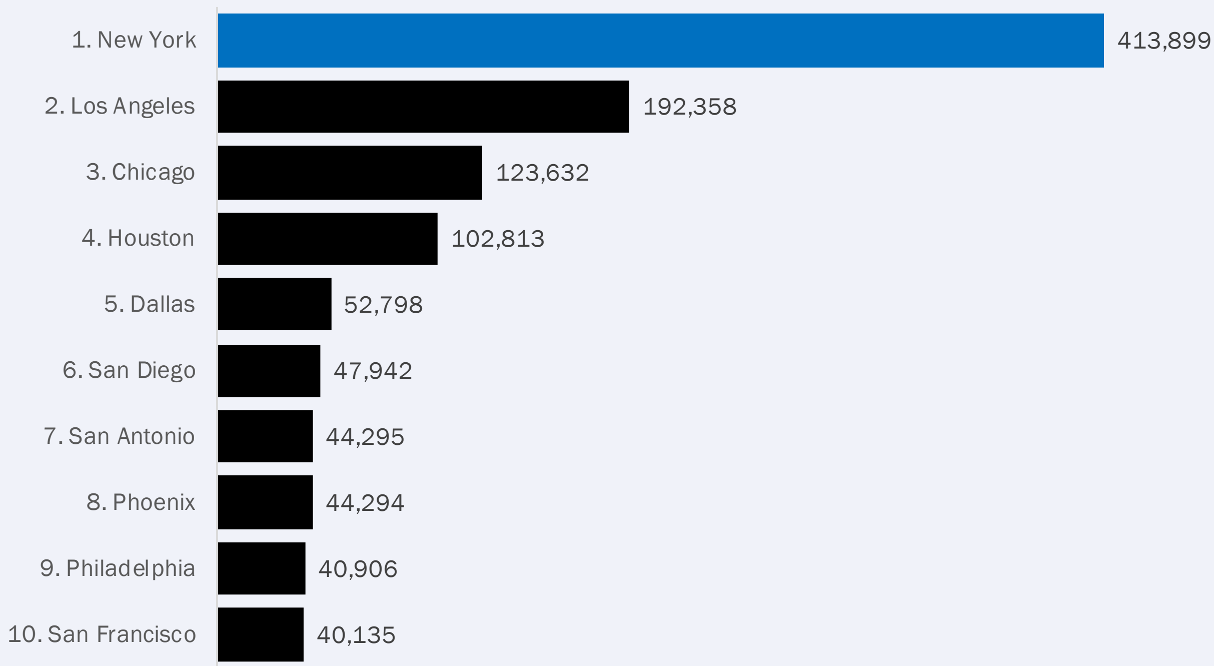


Source: 2012 U.S. Economic Census, Survey of Business Owners

Capital One
FUTURE EDGE
GET READY FOR TOMORROW. TODAY.

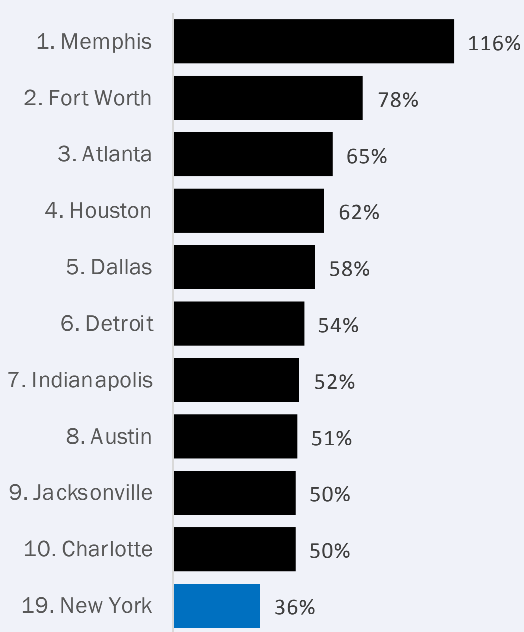
This study was made possible through Capital One’s Future Edge initiative, a $150 million, five-year effort to help more American workers and entrepreneurs succeed in the 21st century economy. Through Future Edge, Capital One works with hundreds of leading community and nonprofit organizations in NYC and beyond, including microfinance and micro-lending organizations empowering women entrepreneurs such as Grameen America, Accion, and the Business Outreach Center Network. Learn more at www.capitalone.com/investing-forgood or join the conversation on Twitter at @YourFutureEdge.

Most Women-Owned Businesses, 10 Largest U.S. Cities, 2012



Source: 2012 U.S. Economic Census, Survey of Business Owners

Rate of Growth in Number of Women-Owned Businesses, 10 Largest U.S. Cities, 2007-2012



Source: 2012 U.S. Economic Census, Survey of Business Owners

Average Revenues Per Women-Owned Business, 10 Largest U.S. Cities, 2012

Source: 2012 U.S. Economic Census, Survey of Business Owners

tors, women are stepping up, taking risks and working toward a better future for all of us."

When compared with other major cities around the country, New York has more women- owned businesses by far: 413,899, and more than double the next nearest competitor, Los Angeles (192,358). Yet, the ranks of women entrepreneurs here are growing more slowly and they are delivering less economic impact than sister businesses in other cities. According to the 2012 U.S. Census, New York City ranks 19th among the 25 most populous cities in the growth of women-owned firms between 2007 and 2012, 18th in average sales and seventh in the average number of people they employ. The average women-owned business in New York City has sales of $128,268, much lower than female-owned firms in Dallas ($198,599), Houston ($181,122), San Francisco ($175,766), Boston ($169,020), Seattle ($162,948), Washington, DC ($162,495), Los Angeles ($142,378) and several other large cities.

Female founders are starting and building companies in every industry in the city, including traditionally male dominated sectors

Entrepreneurs typically start companies in industries in which they have experience and expertise. So it's not surprising that women entrepreneurs are most visible in industries where women make up a significant share of the workforce. For instance, women own the vast majority of the city's day care businesses and nail salons, sectors in which women currently account for 90 percent and 80 percent of the workforce, respectively. Women also own 70 percent of the enterprises in the city's health care and social assistance sector (where they comprise 77 percent of the workforce) and 60 percent of all businesses in the educational services industry (where they account for 68 percent of all workers).

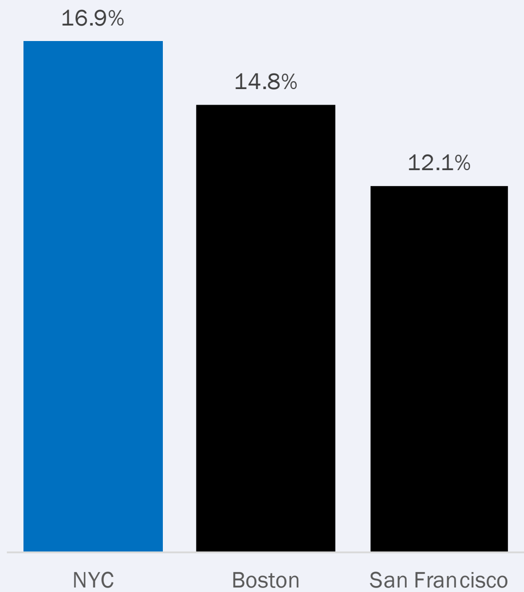
Similarly, female entrepreneurs in the city are especially active in fields such as fashion, beauty, design, education and food. According to a CUF analysis, start-ups with a female founder account for nine of the ten companies in the CFDA (Council of Fashion Designers of America) Incubator, 106 of the 130 companies (82 percent) that have participated in the city's Design Entrepreneurs NYC Accelerator, and 103 of the 135 companies that have worked out of The Entrepreneur Space, a Long Island City-based kitchen incubator.[3]

On the flip side, women entrepreneurs have been less prevalent in fields where women make up a smaller share of the workforce. Businesses owned by women comprise just 15 percent of all private companies in the city's construction industry and 22 percent of firms in wholesale trade, fields where women currently make up 7 percent and 36 percent of the workforce, respectively. The city's tech sector has also historically had a fairly small share of women founders. The disparity is partially explained by the fact that women comprise just 28 percent of those working in computer systems design, the largest of the industries that make up New York's tech sector, and 33 percent of the workforce in the software publishing field.

But even in sectors where they remain a minority, the number of women-owned firms is growing rapidly. Women-owned construction and construction-related businesses increased by more than a third—some 2,600 firms—between 2007 and 2012. That includes an 80 percent jump in Queens alone.[4] During the same period, the number of construction related firms owned by men grew a mere 2.3 percent. In transportation and warehousing—which includes taxi, bus and limousine services among other types of businesses—women entrepreneurs own just 8 percent of firms, but their numbers grew by 50 percent during those five years. In finance and insurance, they own 26 percent of private firms, up 9 percent since 2007.

Over the past five years, the number of firms increased by at least 20 percent in nearly every major industry sector, including: manufacturing (23 percent), wholesale trade (20 percent), real estate (20 percent), information (21 percent), professional, scientific, and technical services (38 percent), educational services (46 percent), arts, entertainment and recreation (23 percent), retail trade (26 percent), accommodation and food services (45 percent), health care and social assistance (26 percent).

Share of Venture Capital Deals Going to Firms with a Female Founder, 3Q 2015



Source: CUF analysis of data from MoneyTree Report by PricewaterhouseCoopers and National Venture Capital Association, 3Q 2015

Women founders are making gains in the city's tech sector, and could help give New York a competitive advantage over other leading tech hubs

In tech, the number of women-founded startups has exploded in recent years. A 2014 study by Endeavor Insight found that the number of New York City tech companies with female founders has grown tenfold since 2003.[5] And a CUF analysis shows that in 2015, six of the eight companies that received funding from New York Angels, one of the city's leading angel investment groups, had a woman founder. In contrast, between 2003 and 2009, none of the 11 companies receiving funding from New York Angels had a female founder.

Meanwhile, a growing number of women tech entrepreneurs in the city are raising later stage capital or achieving a successful exit, key barometers of success in the sector. In 2015, LearnVest, the personal finance startup founded by Alexa von Tobel, was acquired by Northwestern Mutual for $250 million, one of largest venture-backed exits in the city last year. In the past few months alone, Digital Asset Holdings, the blockchain or tamper-resistant database startup run by Blythe Masters, raised $52 million in Series A financing; ClassPass, the fitness startup founded by founded by Payal Kadakia and Mary Biggins, raised $30 million in Series C financing; Bauble Bar, the fashion jewelry e-commerce company started by Amy Jain and Daniella Yacobovsky, raised $20 million in Series C financing, and PolicyGenius, the insurance startup co-founded by Jennifer Fitzgerald, raised $15 million in Series B financing.

Perhaps more importantly, New York may be better positioned than other leading tech hubs to attract women founders. Several of the women tech entrepreneurs we interviewed say that New York is ahead of Silicon Valley in the overall number of women tech founders and in having a supportive ecosystem for women entrepreneurs. “In my experience, New York has been a much more welcoming and hospitable environment than the Bay Area,” says Kathryn Minshew, co-founder of The Muse, an online career advice company that now boasts 75 full-time employees.

After starting her company in New York in the fall of 2011, Minshew moved the company to the Bay Area when an investor urged her to do so. But after spending eight months on the West Coast, The Muse moved back to New York in the fall of 2012. “I felt New York had more of a community of women entrepreneurs helping each other, and more industry diversity, including areas where women held positions of power, like media and fashion. It's a more support ecosystem for women entrepreneurs whereas the tech community in the Bay Area feels more homogenous.”

Women-owned firms are growing in all boroughs and among all racial and ethnic groups

Every borough experienced a significant increase in the number of women-owned businesses in the half-decade between 2007 and 2012, with the Bronx topping the list with a 53 percent increase. Queens had the second highest growth rate (40 percent), followed by Brooklyn (39 percent), Staten Island (27 percent) and Manhattan (22 percent). In some boroughs, women-owned businesses have grown faster than male- owned businesses and businesses in the borough as a whole.

In the third quarter of 2015, 16.9 percent of New York City companies receiving venture capital had a woman founder, compared to 14.8 percent in Boston and 12.1 percent in San Francisco

In 2012, Brooklyn surpassed Manhattan as the borough with the most women-owned businesses in the city. Brooklyn was home to 118,489 women-owned firms, compared to 114,896 in Manhattan, 97,982 in Queens, 68,705 in the Bronx and 13,921 in Staten Island. But Brooklyn is third among all boroughs when it comes to total employment at women-owned businesses. While Brooklyn's female-owned firms have 51,361 employees, that is considerably less than both Manhattan (124,952) and Queens (75,351). And though Manhattan accounted for 28 percent of all women-owned firms in the five boroughs in 2012, it made up 44 percent of women-owned businesses that have paid employees and 59 percent of total revenues at women-owned firms in the city.

While the 2012 U.S. Census Survey of Business Owners does not break down women-owned businesses into racial and ethnic categories at the city or county level, a CUF analysis of women entrepreneurs in New York State shows that businesses owned by African-American, Asian and Latino women all grew at a rapid pace between 2007 and 2012.

In fact, those 5 years of growth saw the number of women-owned minority firms grow by 58 percent.[6] At the state level, African-American women entrepreneurs added nearly 26,000 businesses, a 26 percent increase, and almost $300 million in sales totaling $3.3 billion in 2012. Firms owned by Asian women grew 52 percent, added nearly 53,000 employees and generated $10.8 billion in sales. Similarly, Latina owned businesses grew by 68 percent over the five-year period, adding some 8,000 jobs and generating $4.8 billion in revenue.[7]

In our interviews across the five boroughs, it was apparent that the city's growing immigrant community is spawning thousands of businesses, with women starting companies out of their kitchens and living rooms often to provide or supplement family income or as alternatives to low-wage jobs. In some of those communities, their growth is outpacing that of male-owned businesses.

Accion, a microfinance organization that provides business loans and technical assistance to small-scale entrepreneurs, has nearly doubled its loans in New York City since 2011, with 40 percent of them going to women entrepreneurs. At the New York City-based Business Center for New Americans in Manhattan, a microfinance organization that helps immigrants and refugees achieve self-sufficiency, 90 percent of participants in its workshops and training programs are women. This year, the organization will make 300 loans to entrepreneurs, nearly half of them women.

At the Business Outreach Center Network (BOC), another microfinance organization with several locations across the city, 683 women clients received one-on-one business counseling in 2015, and 73 percent of the clients seeking one-on-one business counseling are women. And at the LaGuardia Community College's Small Business Development Center, nearly half of the 800 to 900 would-be business owners who train there every year are women. Similarly, at the Women's Business Center of the Queens Economic Development Corporation, about 600 would-be entrepreneurs sought advice and support in 2013 and 2014.

Perhaps the most dramatic growth is happening at micro-lender Grameen America, which lends only

If only one quarter of the existing 376,405 women-owned businesses in New York City with no employees added a single employee in the next three years, it would result in more than 94,000 new jobs.

to women entrepreneurs living at or below the poverty line. As of January 2016, Grameen has provided loans, technical support and networking to more than 36,000 low-income and immigrant women in New York City. "Partnering with Grameen America to empower women entrepreneurs and support and fuel these ecosystems has been incredibly rewarding and eye-opening," said Keri Gohman, head of Small Business Banking at Capital One. "It's encouraging to see the impact these programs are having on women, their businesses and their communities at large." Since its start in New York City in 2008, Grameen has made more than 110,000 loans here totaling $261 million, the majority to women starting and operating businesses not in the trendy tech sector, but in the kind of everyday industries that give life and stability to communities—beauty shops, clothing stores and food and beverage establishments. Indeed, women entrepreneurs in New York account for 58 percent of all the women in the United States served by Grameen. "It's the New York spirit," says Grameen America CEO Andrea Jung. "They want to be productive entrepreneurs and contribute to the economy of the city."

Too few women-owned firms in New York scale up their businesses

While women entrepreneurs are reinventing some industries and changing the make-up of others, women-owned businesses in New York City tend to stay small whether they want to or not. Of the 150 largest private companies in the city, just 17 are headed by or were founded by a woman.[8] In 2015, companies with a woman founder accounted for just five of the 50 companies on the *Crain's New York Business* Fast 50 ranking of the city's fastest growing businesses. Even in the tech community, few female-founded startups have "exited" through an IPO or acquisition.

Like most businesses, women-owned firms start small, often employing just the owner. But they also tend to stay small, their growth stymied by lack of capital and training and limited access to networks and connections needed to get to the next level. Indeed, the overwhelming majority of women-owned businesses in the city are "solopreneurs," businesses that employ only the owner. Those businesses without employees are the fastest growing segment of women-owned firms in the city. Their numbers increased 69 percent between 2002 and 2012 and today make up 91 percent of all businesses in the city that are owned by women, some 376,000 businesses versus only 37,494 women-owned businesses with at least one paid employee in addition to the owner.

Most businesses owned by men, 78 percent, also are solopreneur ventures. But the average annual sales of women-owned solopreneur businesses, $29,000, are barely more than half the average annual sales of male-owned non-employer businesses, $54,000. That's true as well for businesses that have employees, where annual revenues of male owned firms are more than twice that of female owned companies, $2.3 million versus $1.1 million.

Those differences exist citywide. In Manhattan, women-owned businesses generated $272,000 in annual sales, on average, versus $1.1 million for firms owned by men. In Brooklyn, women entrepreneurs averaged $80,000 in annual sales, just 26 percent of the $303,000 their male counterparts generate.

Women entrepreneurs face a number of challenges

One reason for the disparity between companies owned by men and women is that half of women-owned businesses in New York City are in low-revenue industries, such as health care and social services, educational services, the arts and personal care businesses. Many are also home-based, which allows women to accommodate their other obligations but also sharply limits their growth potential.

However, as this report documents, women entrepreneurs face a number of significant challenges when trying to start or grow businesses in New York. They encounter the same difficulties as other entrepreneurs—including the city's high rents, taxes and labor costs, and the intense competition that business owners here face—but also face a number of unique barriers.

Perhaps most importantly, several studies have shown that women have less money to invest than men. While virtually every small business owner struggles to access capital, many of the experts we interviewed say that women typically face greater challenges, in part because women generally own smaller businesses and thus seek smaller amounts of credit, a problem since traditional lenders are more apt to make larger loans.

As one indication of this, in fiscal 2014, women business owners in the New York metro area received 386 SBA (U.S. Small Business Administration) loans totaling $97.6 million, about 20 percent of all loans made in the region that year and 12 percent of the total dollars lent.

Even in the tech sector, where it has become cheaper and easier to start a company, women entrepreneurs attract less money. Our analysis of the MoneyTree report, a quarterly study of the nation's venture capital deals published by PricewaterhouseCoopers and the National Venture Capital Association, reveals that while 16.9 percent of New York City companies receiving VC funds in the third quarter of 2015 had a female founder, companies with a female founder accounted for just 8.7 percent of the total VC funds received that quarter—$122 million out of $1.41 billion. That's a smaller percentage than San Francisco, where women founded companies accounted for 9.0 percent of total VC funds raised in that quarter ($293.5 million out of $3.27 billion) and Boston, where women-founded companies accounted for 21.8 percent of all VC funds raised in the quarter ($138.4 million out of $634.5 million).

It doesn't help either that at the top 20 most active venture capital firms in the city, just seven percent of the investment teams are women, a ratio that many believe has contributed to lower financing rates for women tech founders.

Access to capital is hardly the only challenge facing the city's women entrepreneurs. Many of the women we interviewed for this report say that a lack of connections can be equally problematic and our research suggests that it's often more difficult for women to navigate traditional business networks.

Another challenge is that many aspiring women entrepreneurs, especially low-income and immigrant women, lack basic business and financial skills. Many women say they don't know where to go for training and advice. While there is a growing cadre of organizations and industry associations mounting programs

Room for Growth

Women in NYC's Economy

53%	Share of women in NYC population
49%	Women as share of NYC's labor force
40%	Women-owned businesses as share of all private NYC businesses
21%	Women-owned businesses as share of all private firms in NYC with paid employees
18%	Employees in women-owned businesses as share of all employees in NYC
13%	Women-Owned businesses as share of all private revenues in NYC

and allocating capital for women-owned businesses, there are many more women than slots available.

We also found that women often have to work harder to be taken seriously and fight perceptions that female founders are less capable and less committed than their male counterparts. At the same time, several of the entrepreneurs and business experts we interviewed said that women sometimes have to overcome internal challenges, including a lack of confidence and a smaller appetite for risk.

Whether it has a cultural, educational or personal source, the lack of confidence can show up in different ways. At New York Tech Meetup, for example, Executive Director Jessica Lawrence has at times had to beg and cajole female founders to present their companies at the organization's demo nights. Women entrepreneurs, she says, claim they're not ready to go public or their product is not ready or they're "not tech enough." Only when she, reluctantly, organized an all-women demo night, did she get significant numbers of women entrepreneurs willing to go on stage.

"If I tell a woman I don't have a demo slot, she's more likely to disappear and never come back," says Lawrence. "Men are much more aggressive. One guy sent me a different email every day for 28 days straight with a new reason every day for why he should get to do a demo. I don't see women doing that."

Finally, too few women entrepreneurs are applying for and winning city government contracts, a problem since doing business with government can catapult small businesses to new heights. Mayor de Blasio has admirably taken new steps to increase the number of women and minority businesses who receive city contracts, but much work remains. In fiscal year 2015, just 1.5 percent of total city spending went to women-owned businesses. And relatively few women are even certified as Women Business Enterprises (WBEs), a designation needed to apply for the city's Minority and Women Business Enterprise (M/WBE) contracting program. As of January 2016, 1,481 businesses were certified WBEs, including 710 in Manhattan, 309 in Brooklyn, 259 in Queens, 125 in the Bronx and 78 in Staten Island.

Harnessing the potential of women entrepreneurs in New York City

Despite these and many other challenges, women are contributing enormously to New York City's economy. At the same time, however, the city has only begun to harness the tremendous potential of women entrepreneurs.

Unleashing the full potential of women entrepreneurs in New York would have a far-reaching impact on the city's economy. For instance, if only one quarter of the existing 376,405 women-owned businesses in the city with no employees added a single employee in the next three years, it would result in more than 94,000 new jobs.

In a city where women make up 52 percent of the population, there is undoubtedly an opportunity to increase the number of women entrepreneurs, particularly in low-income communities. But an equally important task will be to help more of the city's women-owned businesses scale up and grow. This means ensuring that more of the women who operate home-based businesses expand into a storefront or office, that more of the small-scale food manufactures export their products beyond New York and that more startup tech firms gain access to venture capital and realize their potential for growth.

The good news is that, especially in today's entrepreneurial economy, the opportunity to do all this is unlimited. "I think we focus a little too much on the inequity of it all, and not enough on the investment opportunity," says Susan Lyne, founder and managing partner of BBG (Built by Girls) Ventures, which invests in early stage women-led startups. "Women are the dominant users of the fastest growing social platforms, we spend more time and do more with our mobile phones, and we make or influence 85 percent of consumer purchases. It's smart business—not to mention common sense—to back entrepreneurs who know that end user best."

RECOMMENDATIONS

Women entrepreneurs have already become a major force in New York City's economy, with the number of businesses founded by women on the rise in every sector of the city's economy. Yet, New York—like virtually every other city in America—has only begun to tap the enormous potential of women entrepreneurs across the five boroughs. In the months and years ahead, there is a clear opportunity to expand the overall number of women entrepreneurs and also ensure that more women-owned businesses grow to the next level. Doing so will strengthen the city's economy, create jobs and bolster neighborhoods across the city. While the de Blasio administration WE NYC initiative is a major step in the right direction, more could be done—by government as well as private industry and nonprofits. To that end, we propose the 22 achievable policy recommendations. These recommendations are fleshed out in more detail beginning on page 42 of this report, but below is a brief summary of our ideas.

Develop New Initiatives to Help Existing Women-Owned Businesses Grow

- Launch a program focused on supporting—and scaling up—home-based businesses
- Expand awareness of existing programs that could help women grow their business
- Establish a Female Entrepreneurs Growth Innovation Fund
- Expand export opportunities for New York's women-owned businesses
- Expand the number of certified Women Business Enterprises
- Double the number of female contractors who get city contracts by 2020
- Help New York City's certified WBEs access other government contracting and private sector supply chain opportunities
- Ease restrictions that prevent successful child care businesses from expanding

Create incentives for banks and alternative lenders to make more small loans

- Expand the city's Capital Access Loan Guarantee program
- Give banks CRA credit for making very small business loans
- Ensure that more women entrepreneurs whose loan applications are rejected by banks get referred to a microlending institution for access to capital, credit building assistance and other business support services

Develop programs to support older women entrepreneurs

Begin offering child care services at some of the city's small business centers, accelerators and incubators

Recruit experienced women business owners and executives from every industry sector to be mentors

Increase the number of women professionals involved in SCORE

Create more opportunities for women entrepreneurs to team up and start companies with co-founders

Establish an annual showcase event where women entrepreneurs can meet and pitch the city's top venture capital leaders

Set a goal of doubling the number of women partners at New York City-based venture capital funds

Increase the number of women investors

Build upon efforts already underway to increase the number of women working in the tech sector

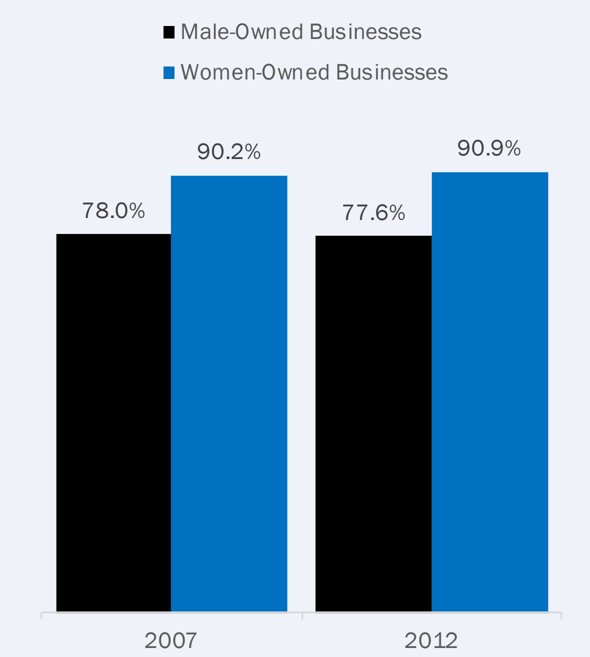
GROWING THE ECONOMY WITH WOMEN ENTREPRENEURS

Developing women's potential as entrepreneurs is not about fairness or equal pay or even equal opportunity, but rather about creating jobs and wealth and driving economic growth in New York City

Women wield significant economic power. Globally, they control more than $20 trillion in annual consumer spending. In the United States, they control 51 percent of all personal wealth and make 73 percent of the decisions about household spending.

In New York City, women make up 52 percent of the population, 48.6 percent of the city's labor force and 49 percent of the college-educated workforce, every day applying their knowledge and skills in businesses large and small.

Share of All Businesses in NYC Without Paid Employees



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007

As employees and as business owners, women already make significant contributions to the national and local economies. But they could do much more. If women were funded at the same rate as male entrepreneurs, for example, they could create 6 million more jobs over five years, according to a study by Babson College's Diana Project. The majority of women-founded companies, however, remain small, non-employer businesses, their growth often stymied by lack of capital and training. In New York City, women-owned firms are 40 percent of the private economy, but account for proportionally fewer jobs and less revenue than male-owned firms and they find it more difficult to get financing.

Unleashing the potential of women entrepreneurs can spur more growth and innovation, create jobs, help alleviate poverty and propel thousands of New York City families into the middle class.

"It's not a social venture. It's not a charity. It's a business opportunity," says Amy Millman, president and co-founder of Springboard Enterprises, a network of investors finance women-founded businesses.

Women's roles in business, government and nonprofits and as mothers, teachers and, often, caretakers give them a unique perspective on products and services that millions of people buy and use every day. They are themselves consumers—and expert critics—of a host of products, from financial services to medical care. And, just as men do, women often start businesses out of a desire to improve existing products or create new ones that better meet the needs of consumers and society in general.

"Just as you want an investment portfolio that's diversified, you want your entrepreneur portfolio to be diverse, because people from different walks of life look at things differently," says Maria Gotsch, president of the Partnership Fund for New York City. "There might be a different sort of problem that's solved and you don't know [beforehand] what that is."

Alexa von Tobel, for example, started LearnVest in 2009 to help women manage and invest their money. Acquired by Northwest Mutual last year for $250 million, LearnVest now caters to both men and women. Another fintech company, Tactile Finance, was founded after technology veteran Nicole Hamilton was refinancing a house in the depths of the recession and was frustrated by having to rely on bank loan officers for information. Now, courtesy of Tactile Finance, consumers can access online, easy-to-use tools to compare mortgages and other home financing options. Jeanne Pinder also started her company out of frustration—with a medical bill. Women make an estimated 80 percent of family health care decisions and Pinder's firm, ClearHealthCosts, provides them—as well as men—with tools for comparing the cost of medical procedures.

"Without women entrepreneurs, you're missing an entire component of progress that could be made," adds Jessica Lawrence, executive director of New York Tech Meetup.

In New York, that kind of progress is happening many times over as women founders like Nicole Sanchez come up with new models for age-old businesses. Sanchez is addressing the hair products market for African-American women, who despite the fact that they are 70 percent of the market for hair extensions, own only a small fraction of the 10,000 beauty supply stores in the United States that target them.

Sanchez has solved a problem for both stylists and customers. For salons, selling extensions can be a costly business. They have to keep expensive inventory on hand and run the risk of getting stuck with items they can't sell. As a result, many don't even stock extensions and customers end up buying them from third parties with onerous return policies. Now, thanks to Sanchez's company, Vixxenn, stylists can buy extensions online—without having to keep inventory. In addition, they become Vixxenn distributors, earning a 15 percent commission on every extension they sell to customers. Sanchez is not only filling a gap in an estimated multi-billion dollar hair extensions market, but she is giving stylists tools to grow their businesses.

"I realized that the most powerful sales channel is the stylist and I could educate her how to make money that she never made before and give her a system to grow and scale her business," says Sanchez. "We're their muscle; they have the vision and the clientele."

Sanchez is only one of thousands of women entrepreneurs in New York City who are identifying and solving problems for consumers and other businesses. A study by the Boston Consulting Group, for example, showed that despite women's prodigious spending power, consumer products companies—including those focused on serving women—often fail to satisfy them. The companies cling to formulas that no longer work in a world where consumers have nearly infinite choice and where online competition is forcing manufacturers and retailers to rethink everything from sales to customer service.

Five years ago, Birchbox took on that challenge, offering a solution to women who are frustrated with the high cost and bewildering number of beauty products on the market. Birchbox sells monthly subscriptions for curated boxes of sample-sized beauty products. When they find a product they like, subscribers can buy full sized versions on the company's e-commerce platform. Founded by two women, Birchbox found a retailing approach that resonates strongly with consumers. Today, the company has more than one million subscribers.

Women-led companies get results

Angel investor and head of Lucas Point Ventures Adam Quinton—whose portfolio of 15 startups includes 12 with female founders—is clear about why he invests in women led companies: "There's one reason and one reason alone that I do it—I make more money."

That holds true as well for immigrant and low-income women. Micro-lender Grameen America lends only to women entrepreneurs for the simple reason that women use their profits to make better lives for their families, breaking the cycle of poverty.

Indeed, a growing body of research shows that women as leaders and as members of leadership teams can help companies achieve better results. After studying 7,280 businesses, Harvard Business School professors Joseph Folkman and Jack Zenger came to the conclusion that women make better leaders, outscoring men on 15 out of 16 leadership traits, including taking initiative and driving for results.[9] Similarly, in its 2012 study, Women at the Wheel, Dow Jones found that successful companies in technology, finance, consumer products and healthcare have more female executives than unsuccessful companies.[10] Another study, by Barclay's Bank, found that women-led businesses on average report higher pre-tax profits.[11] And a 2013 report by Vivek Wadhwa, a faculty member at Stanford and Duke Universities, and Lesa Mitchell, formerly a vice president at the Kauffman Foundation, showed that women led firms that are venture-backed generate a 35 percent greater return on investment and 12 percent greater revenues than male-led startups.[12]

Closer to home, Manhattan-based venture firm First Round Capital recently analyzed ten years of its investments in 300 companies and found that those with at least one female founder did 63 percent better than companies with all-male founding teams. Moreover, of their top ten performing investments, three had all-female founders.

To be sure, these studies show correlations, not causes. They demonstrate that there is a relationship between women's leadership and company performance. They don't prove that just having a woman leader makes for good results—in fact, women-owned companies fail just as male owned companies fail—but they suggest that women bring something to the table that men don't or can't bring.

Angel investor Tom Nicholson would agree. Over the more than two decades he ran his digital agency Nicholson NY, he regularly assigned small, entrepreneurial teams, most of them composed half of women and half of men, to work on different client projects.

"There was no intent on my part other than to get the best chemistry going in the team and have the best business success, but the ones led by women did the best," says Nicholson.

In low-income, minority and immigrant communities, successful women entrepreneurs help their families accumulate assets and are anchors for development

Helping women entrepreneurs in low-income, minority and immigrant communities to start and grow businesses can help assure economic stability and long-term security for families, add to the prosperity of neighborhoods and assure their participation in the larger life of the city. For low-income and immigrant women without advanced skills or the benefit of higher education, entrepreneurship can change the dynamic of low paying jobs with no benefits and little opportunity for advancement. In fact, many are already budding entrepreneurs although they don't necessarily think of themselves that way. They sell empanadas out of their kitchens, braid hair in their bedrooms and run informal day care centers out of their living rooms, demonstrating at a minimum that there is demand in their communities for such goods and services. With training, mentorship and a small amount of capital, some of those efforts could become full-fledged businesses.

Indeed, even very small businesses can add to family and neighborhood stability. In the U.S., where women own nearly one third of micro-businesses, the median income in 2010 for households headed by women with a micro-business was significantly more than households without microbusiness involvement.[13] In New York City zip codes where there is significant self-employment, the average per capita income is more than double that of zip codes where there is little self-employment, according to a March 2015 report on the state of women entrepreneurs in New York City that was commissioned by the de Blasio administration. "You're solving poverty," says Liz Hamburg, president and CEO of the Taproot Foundation, which connects professionals who want to give back with pro bono projects for nonprofit organizations. "It's a huge economic development solution."

It doesn't take a lot of money, in many cases, to embark on a venture that can take a business from the kitchen table to a storefront or office building. More than 15 years ago, Russian immigrant Yelena Gordiyevskaya and her partner, Svetlana Kazakevich, got a $35,000 microloan from the Business Center for New

Americans (BCNA) to start Smiles Around Us Day Care Center to serve the sizeable Russian immigrant community in Staten Island. Today, that day care center has grown into three schools, including an elementary and a middle school that employ 30 teachers and assistant teachers and educate 250 children annually, many of them from immigrant families.

This year, BCNA will make some 300 microloans to immigrant entrepreneurs, half of them women, which will help to support families, anchor communities and provide vital services to the people who live there.

"They're creating jobs and they are role models for women in their community," says Yanki Tshering, BCNA founder and executive director. "When women succeed, it's very good for the whole family."

It's also beneficial for neighborhoods. Home day care businesses, for example, allow their women founders not only to earn income for their families, but make it possible for other working parents to hold jobs and support their families and communities.

Tameka Silva is one of those women. She quit her job as a building manager to give her seven-year-old son more time and attention. When neighbors and friends learned that she was at home, they started asking her to care for their children during the day as well. Eventually, she turned her babysitting into a certified home day care center that employs two people and provides day care services for 15 children and their working mothers and fathers.

Like all entrepreneurs, women founders are in it to make money, but many also to want to have a positive impact on the world

Many of the people we interviewed for this report say that women entrepreneurs are more likely than men to start businesses that have a social impact. "In general, I see more women looking to figure out whether they can impact the world through the technology they build," says Jessica Lawrence, executive director of New York Tech Meetup.

Deepti Sharma Kapur, for one, runs an online platform that Manhattan office workers use to pre-order from restaurants, food trucks and food carts. She also helps her vendors, many of them immigrants, use technology to grow their businesses and works with them to help them adjust to changes in the market. Not long ago, she was in discussions with the city of Philadelphia about using her company, Food to Eat, along with local vendors, to provide meals for an upcoming conference instead of the national catering service the city was planning to hire.

"[The idea] comes from my maternal instinct wanting to help a community grow and thrive," says Kapur. "We grew because of the way we thought about the business, not always about making money, but how to help the community."

Kapur isn't alone. Over the past 15 years, national nonprofit Echoing Green has provided seed funding to 31 fellows starting social ventures in New York City, and 10 of them—or 32 percent—have been women.[14]

Women entrepreneurs don't necessarily start off or think of themselves as do-gooders, but when they see opportunities to make a difference, they grab them.

That's what Deborah Koenigsberg did. The owner of a well-known boutique in the Flatiron district, Noir et Blanc, Ms. Koenigsberger in 1994, started Hearts of Gold, a non-profit that helps homeless women and their children become self-sufficient and move into permanent housing. One way it does that is through its resale shop The Thrifty HoG, which sells vintage and gently used clothing and provides sales training to women in shelters.

"We give them job skills and pay them a competitive wage and help them have something to put on their resumes," said Ms. Koenigsberger.

Women have a lot to contribute, often in industries that are struggling to adapt to a rapidly changing demographic and social structure. By harnessing their unique experience, perspective and aptitudes, modern society has a better chance at solving looming problems, such as caring for the burgeoning population of elderly and disabled. It's an opportunity, say investors, ideally suited to women entrepreneurs.

"If you're thinking about big plays, a huge portion of the population is aging and it's women who end up being the caregivers," says Maria Gotsch of the Partnership. Fund for New York City. "Unleashing that set of experiences against that big problem can result in new companies and new ways of dealing with aging."

NEW YORK'S NEW LANDSCAPE FOR WOMEN ENTREPRENEURS

The number of women entrepreneurs is on the rise in nearly every sector of the city's economy, from food and design to real estate and construction

Women-owned businesses in New York City span every industry, neighborhood and ethnic and income group with their biggest presence in sectors such as retailing, educational services, food and hospitality, health care and social services, arts and entertainment and a variety of service businesses.

Between 2007 and 2012, they experienced significant growth in broad service industries that include businesses like law, accounting, public relations, fashion design and architecture firms; executive search and temporary help agencies; and personal services such as beauty and nail salons. In many cases, women entrepreneurs are helping to transform those industries, bringing to the market new products, new services and new delivery models.

Women entrepreneurs are scarcer in industries like transportation, manufacturing and construction and in key New York City subsectors such as finance and real estate. The growing field of fintech, for example, is only now beginning to see a number of female founders. And while numerous women work at advertising firms and make up a growing cadre of creative directors, relatively few have their names on the door. Still, even in industries where female founders are a small minority, women are beginning to challenge the status quo. Four New York City advertising and branding agencies that made the Inc. 5000 2015 list of the country's fastest growing companies—Local Response, the Participation Agency, Create Group NYC and Beardwood & Co.—have female founders.

Women are also making a dent in longtime male strongholds such as construction. In New York City, they own only 15 percent of construction and construction-related businesses, but their numbers grew nearly 34 percent between 2007 and 2012. They include entrepreneurs such as Nellie Torres, whose Brooklyn-based construction services company, ProjectSpan Services, ranked number 202 in growth on the Inc. 5000 2015 list. Transportation companies, another male redoubt that includes taxi, limousine and bus companies, are almost 90 percent owned by men in New York City. But that didn't stop Stella Mateo last year from starting SheRides, an Uber-type service that is providing rides for women by women. The transportation and warehousing sector added nearly 2,200 women-owned companies between 2007 and 2012, a 50 percent increase.

And while some sectors are deemed "women businesses," they often address large and, in many cases, essential markets, including health care and education. Fashion, for example, may sound frivolous compared to manufacturing or enterprise software, but global fashion is a $1.7 trillion business. In New York, according to New York City Economic Development Corp., the industry employs 180,000 people or 6 percent of the city's workforce and generates $10.9 billion in total wages and $2 billion in taxes.

The following is a look at some of the industries where women entrepreneurs have a strong or growing presence and others where they are beginning to make their mark.

Fashion and Beauty

In fashion and beauty entrepreneurship, New York City has few rivals. Many American women who have made it to the top of those industries with world famous, often eponymous, brands made it in New York City, women like Carolina Herrera, Donna Karan, Tory Burch, Anne Klein, Estee Lauder and Bobbi Brown. Now, new founders are reinventing the industry, bringing jobs and investment to the city and reinforcing its standing as the fashion capital of the world.

Much of the innovation in fashion is driven by technology. (See the following chapter on women entrepreneurs in the tech sector.) But many women are also updating brick-and-mortar businesses in new and profitable ways that add to the life and economy of the city.

“It goes back to women being problem solvers, [finding] something they can fix or make materially better,” says Susan Lyne of BBG Ventures. “Maybe it’s a better analytics platform for fashion retailers or it might be a jewelry subscription service that means you never have to buy a piece of jewelry you’re not going to wear again and instead get three pieces a month in a box.”

Styling services, for example, which used to be the province of high-end stores such as Saks Fifth Avenue and Bergdorf Goodman, are now available from businesses such as Sarah LaFleur’s boutique MM.LaFleur, which designs and manufactures its own garments. Customers can visit the showroom in NoHo or fill out a questionnaire online and receive a box of garments and accessories selected for them. They keep what they like and send back the rest. Last fall, one MM.LaFleur dress had a waiting list of 1,000 and, according to *Crain’s New York Business*, the company’s sales next year are expected to top $30 million.

In traditional fashion retailing, women are also staking out new territory. Consider Rachel Schechtman, whose Chelsea store, STORY, completely changes its look and its merchandise, including clothing, books, home furnishings, every four to six weeks to coordinate with a new theme. Or the Snyder sisters, jewelry makers who sell their products in high-end stores like Bergdorf Goodman but also make heavy use of social media to promote their company, Dannijo. Then there’s late-in-life entrepreneur Holly Dale Sherman who got her rain boot company, GoGoGolosh, off the ground two years ago when she was 68 years old. Her boots sell online and in stores around the city.

More women-created fashion and beauty companies are on deck, offering services and products such as wearable technology, retailing software and online styling and fitting services. Of the 130 startups that the city’s Design Entrepreneurs NYC accelerator has nurtured since 2012, 106 or 82 percent were founded by women. In the CFDA Incubator’s 2014-2016 class, nine of the ten companies have women founders. At the Fashion Tech Lab, at least half the companies were started by women.

9 out of 10
companies in the CFDA Fashion Incubator

89%
of companies on *Racked NY*’s list of NYC’s 38 Best Indie Boutiques (Spring 2015)

82%
of companies participating in the Design Entrepreneurs NYC Accelerator

69%
of companies participating in the Pratt Design Incubator

Have a Female Founder

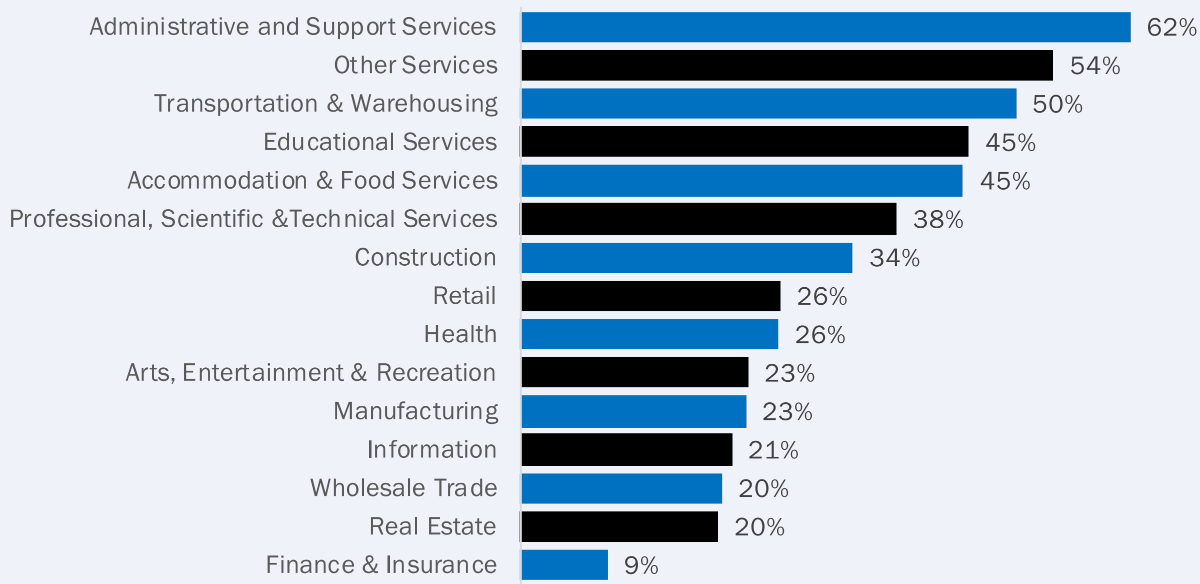
Services

Service businesses, such as recruiting, public relations, temporary help agencies, tutoring services, management consulting and career counseling, are naturals for many entrepreneurs because they take minimal start-up capital and founders can leverage the skills they honed in other jobs. For women, such businesses can offer more flexible work schedules, freedom from corporate hierarchies and opportunities to innovate that are not available in big bureaucracies. Many start out as solopreneurs or consultants and bring their knowledge, networks and experience from corporate life or other jobs to the entrepreneurial table.

Public relations is a typical example. Women make up an estimated 63 percent of rank-and-file publicists, but they are increasingly going out on their own. Of New York City’s top 48 PR firms, nearly half were founded or co-founded by women. Of 18 agencies launched since 2000, 12 or two-thirds were founded by women. Indeed, Brew PR, founded by Brooke Hammerling in 2005, was just acquired for $15 million by Freuds, a London-based communications strategy firm.

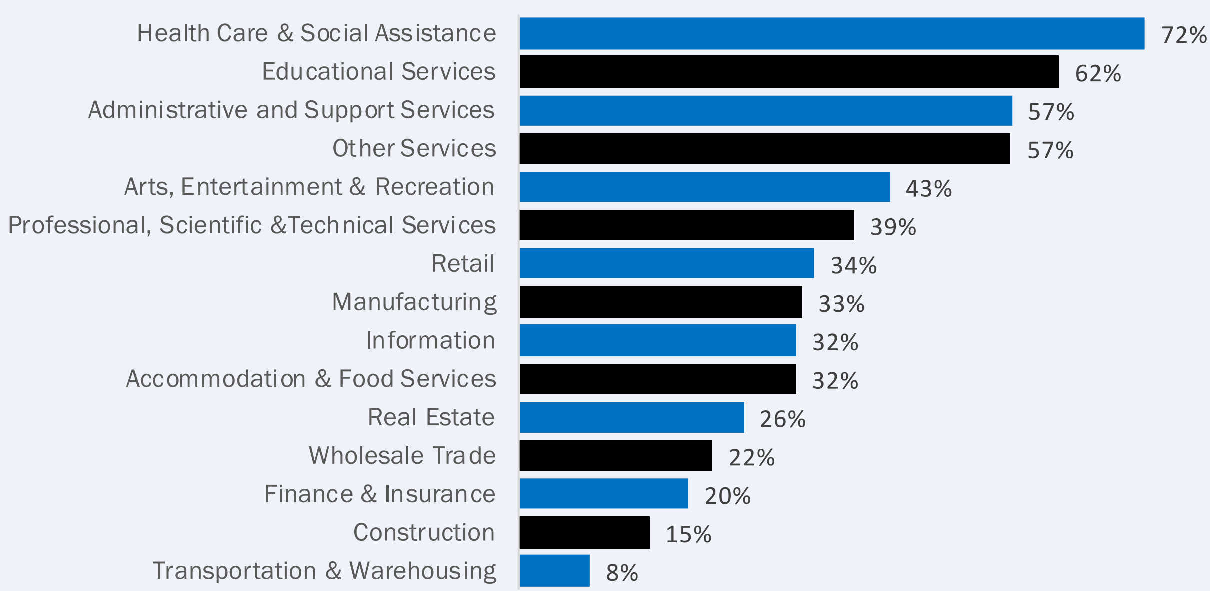
The services sector exploded after the recession as women who lost jobs took the opportunity to go out on their own. Between 2007 and 2012, in New York City,

Percentage Growth in Women-Owned Businesses in NYC by Industry, 2007-2012



Source: 2012 U.S. Economic Census, Survey of Business Owners. "Other Services" include hair salons, nail salons, personal care services, laundries, pet care, camera shops, computer repair shops, automotive shops and other businesses.

Share of all Businesses Owned by Women in NYC by Industry, 2007-2012



Source: 2012 U.S. Economic Census, Survey of Business Owners. "Other Services" include hair salons, nail salons, personal care services, laundries, pet care, camera shops, computer repair shops, automotive shops and other businesses.

for example, women-owned businesses providing services, such as accounting, marketing, advertising and legal services grew 38 percent. In 2012, they generated more than $6 billion in revenue and employed 22,000 people.

Leslie Firtell didn't lose her job because of the recession, but she is one of those who used her job loss as an invitation to start her own business. A recruiter for a legal temp services firm, she was laid off in October 2006 when the company she worked for was sold. She took her savings, bought 25 computers, rented 4,500 square feet of space in lower Manhattan and started Tower Legal Solutions, which provides temporary legal staffing to companies and corporations. A year out of the starting gate, in the middle of the financial crisis, Bear Stearns and Merrill Lynch, her two biggest clients who accounted for 60 percent of her business, collapsed and she nearly had to start all over.

44%
of companies on *New York Observer*'s list of NY's 50 Top Public Relations Agencies

Have a Female Founder

But she didn't give up and she learned, she says, "not to put all your eggs in one basket." In the end, the financial crisis turned into an opportunity as sub-prime mortgage litigation began to generate business for the young firm. Today, Firtell has 72 employees and seven offices around the country. In 2012, she was recognized as an exceptional female entrepreneur by Ernst & Young's EY Entreprenurial Winning Women Program. In 2014, Tower was ranked as the 22nd fastest growing private company in New York City by *Crain's New York Business*, and in 2015, ranked 20th in the Women President's Organization list of the 50 fastest growing women founded companies in the country.

Another E&Y winning women entrepreneur, Julia Beardwood, started her own ad agency almost by accident. In 2004, she quit a big ad agency to take a mid-career break and was freelancing. For a year and a half, she worked on her own, using the money she made on one job to finance the next. She started to hire people and soon found herself "starting to look like a legitimate business." Today, Beardwood&Co has 15 people, including a female creative director and $4.5 million in annual sales. As for how she got beyond the solopreneur stage, Beardwood says it takes among other things, money and confidence.

"That's what I see when I meet with women who ask me how to do this," she says. "Confidence is a big, big factor ."

Food and Hospitality

Women are starting to break through the glass ceiling in New York's high-end restaurant scene, landing jobs as top chefs and sommeliers, but they own a scant 11 percent of the establishments listed on *Eater*'s list of "38 Essential New York Restaurants."

That said, they are cooking up a storm in other sectors of the food and hospitality business, from operating baby food businesses and bakeries to developing online ordering platforms and hosting cooking lessons in kitchens all over the city. Women added more than 4,000 new businesses to New York City's food and hospitality sector between 2007 and 2012, many of them in the Bronx and Brooklyn, where their numbers grew by 72 percent and 76 percent, respectively.

87%
of NYC's largest cupcake shops

76%
of companies participating in The Entrepreneur Space kitchen incubator

11%
of companies on *Eater*'s list of 38 Essential Restaurants in New York (Fall 2015)

Have a Female Founder

Among them is the trendy cupcake bakery business, which has turned out to be a women's redoubt. Of the 15 largest cupcake shops that have been launched in the city over the past few years, 13 are owned by women. Accelerators and incubators are nurturing other innovative companies. In Long Island City, The Entrepreneur Space, a city-backed kitchen incubator that housed 135 companies over the past four years, a whopping 103, or 76 percent of them, were founded by women. Hot Bread Kitchen, an incubator and training laboratory for cooks, bakers and would-be entrepreneurs, is today nurturing 12 companies, eight of them boasting women founders. Accel Foods, another incubator, has 14 companies in its portfolio, five with women founders or co-founders.

Especially in the food business, where capital is an essential ingredient to underwrite the cost of space, equipment and raw materials, incubators provide an invaluable boost.

"We are a proxy for capital," says Jessamyn Rodriguez, founder of Hot Bread Kitchen. "The many things that women need in the early years are included in the incubator."

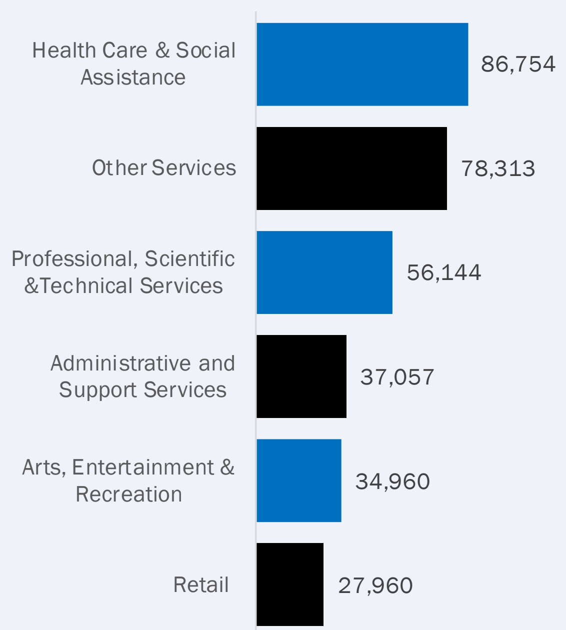
In other efforts, women are applying technology to create new models, offering new experiences to customers and opportunities for growth. There's Umber Ahmad's online bakery Mah ze Dahr; Amanda Hesser's Food52, a blend of community, restaurants and commerce; and Taste Savant, a restaurant discovery site founded by Sonia Kapadia.

A non-technological but still unique approach is Lisa Gross's The League of Kitchens, which has created a whole new market for tourists and local foodies. It provides cooking workshops in the homes of immigrant women around the city. Participants, many of them tourists, not only get a course in cooking and a delicious meal, but a peek into the lives of the women chefs who share their stories and their recipes.

When it comes to food businesses, however, women face the same challenges as men and more. To the degree that women have a harder time raising capital than men, their businesses tend to stay small, generating on average a little over one-third the sales ($218,000) of male-owned food businesses ($609,269) and employing one-fifth the number of workers. Incubators help, but in the long term they can't substitute for affordable space and distribution capabilities.

"We have food incubators but we don't have the equivalent that would provide manufacturing and logistics for 100 food businesses," says Gina Harman, CEO of Accion's U.S. network. "A really great idea would be to create small, low-cost retail space for local businesses that would allow them over time to scale. We could have hundreds around the city. It would make it a more interesting place and would be a real life opportunity for businesses to scale."

Industries with the Most Women-Owned Businesses in NYC, 2012



Source: 2012 U.S. Economic Census, Survey of Business Owners. "Other Services" include hair salons, nail salons, personal care services, laundries, pet care, camera shops, computer repair shops, automotive shops and other businesses.

Construction

Women-owned businesses don't occupy a big chunk of the construction business, but their numbers are growing in an industry dominated by both male entrepreneurs and male workers. Between 2007 and 2012, the number of women-owned construction businesses in New York City grew nearly 34 percent to 10,425 firms. In 2012, they generated nearly $2 billion in sales and employed more than 8,700 people.

Today, women-owned construction businesses operate in all sectors of the market, including construction management and general and specialty contracting. They work on projects from residential buildings and home renovation to huge public and private undertakings, including affordable housing, sports stadiums and airport, train and subway terminals.

Some women in New York City are heading businesses started by their fathers or grandfathers, such as Henegan Construction, Miller Druck Specialty Stone and ACC Construction. Cheryl McKissack Daniel, granddaughter of the founder of Harlem-based McKissack & McKissack, has built her family's company into one of the largest women-owned firms in the city. In 2013, the firm booked more than $100 million revenues, 257.4 percent over the previous year, according to *Crain's New York Business*, which in 2014 named the company one of the 25 largest women-owned businesses in the city. Many of its projects are high profile jobs such as Columbia University's expansion in Manhattanville and the redevelopment of Penn Station.

Other women who have built their firms from scratch sometimes got their start in the industry as skilled workers, engineers, even realtors. Barbara Armand, founder and CEO of Armand Corporation, spent four years working the graveyard shift as an engineer at a nuclear power plant in the Arizona desert where she was one of four women engineers and one of three African Americans at the site. Later, when she started her own firm, she took small contracting jobs and work that others passed up. One of her first projects involved taking down the old JFK stadium in Philadelphia.

"I took on a risky project that a lot of firms didn't want," says Armand. "But with women-owned firms, we do have to get into risky areas that other firms wouldn't touch." More recently, she's done $40 million of NYC Housing Authority projects in the Bronx, Harlem and on the Lower East Side.

Karen Grando also started her company International Asbestos Removal by taking on work that other contractors didn't want. She got the idea for it as she watched her late husband, an insulation installer, turn down asbestos removal jobs as too dangerous. Grando, though, saw it as an opportunity. She started IAR in 1984 and in 1990 was certified as a Minority and Woman Owned Business Enterprises (M/WBEHers is the only woman-owned asbestos removal business in the Environmental Contractors Association of New York City—of which, by the way, she is president).

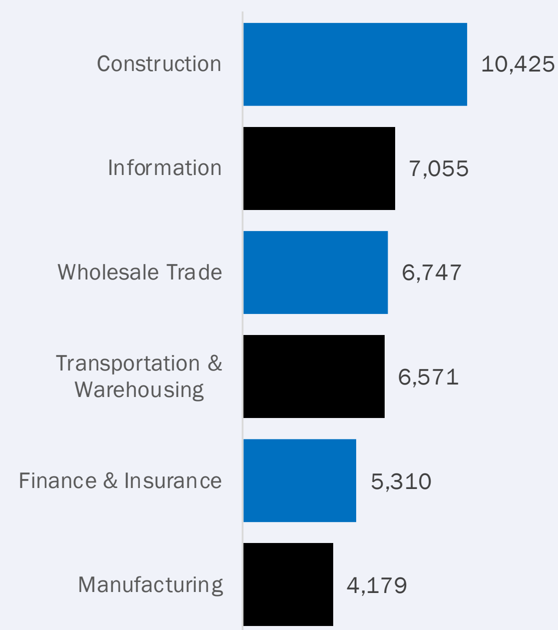
"Being a woman helped, once I got the certification," says Grando. "A lot of the agencies really go out of their way to help starting businesses."

Still, construction remains a tough industry for women entrepreneurs and they struggle to be taken seriously in an overwhelmingly male environment. Nancy Carin of the Business Outreach Center Network often sends a construction business counselor to site visits with subcontractors in a mentorship capacity. One woman subcontractor commented that she was taken more seriously when accompanied by a male colleague.

And despite the growth in the number of women-owned companies, their revenues and the number of people they employ in the industry actually declined between 2007 and 2012. They garnered a smaller proportion of industry revenue than they did five years earlier, suggesting that many women-owned firms still struggle to get work and gain access to jobs in an industry where longstanding networks and relationships are still the main entrée to new business.

City, state and federal government rules that direct a percentage of public contracting work to minorities and women are one reason for the rise of women-owned construction firms. Since 1978, federal contractors have been required to employ women for 6.9 percent of the total construction work hours on any federal project. Additional M/WBE goals set by the city and the state help women get government work but are also a stepping stone to work in private industry as female founders get the opportunity to demonstrate to prime contractors and developers that they can meet—and exceed—industry standards.

Industries with the Fewest Women-Owned Businesses in NYC, 2012



Source: 2012 U.S. Economic Census, Survey of Business Owners. "Other Services" include hair salons, nail salons, personal care services, laundries, pet care, camera shops, computer repair shops, automotive shops and other businesses.

DISRUPTING THE TECH SECTOR

While tech startups are still dominated by men, women are increasingly making an impact, both in traditional "female" businesses such as fashion tech and beauty tech as well as other areas like biotech and fintech

Women still make up a relatively small share of all tech startup founders in New York City and few of the city's most successful tech firms have been started by women. However, the tech environment is rapidly changing. Today, hundreds of tech startups in the five boroughs have women at the helm. And there is evidence that women entrepreneurs are playing a more prominent role in New York's tech sector than they are in Silicon Valley and the Boston area, the nation's other leading tech hubs.

Women entrepreneurs have helped make New York the epicenter of fashion tech, beauty tech and e-commerce via companies such as Birchbox, Rent the Runway and Gilt Groupe, but they are also increasingly going beyond traditional "female" industries. Female founders in the city develop new allergy tests (Immunovent), build messaging platforms (Snaps), provide crowdfunding analytics (Crowdnetic) and innovate on the cutting edge of bone implants (Epibone). They are building telemedicine platforms (Maven), platforms to purchase legal services (LawGo), and personal finance sites for women (The Daily Worth).

One indication of the rising prominence of women in the city's tech ecosystem is the growing number of women entrepreneurs accessing financing from angel investors and venture capital firms. For instance, between 2003 and 2009, none of the 11 companies receiving funding from New York Angels had a female founder, according to a CUF analysis. But over the past four years, 16 of the 45 companies (36 percent) receiving seed funding from New York Angels, the city's most well-known angel investment group, had a woman founder. The last half-decade has also seen the rise of angel groups targeting women entrepreneurs and/or bringing more female investors to the table, including New York-based funds, such as Golden Seeds, BBG Ventures, 37 Angels and Female Founders Fund, which collectively have investments in 80 women-led companies, 40 percent of them in New York City.

Similarly, a growing number of startups with women founders have been breaking into the city's accelerator programs. In the first class of Techstars NYC, in the summer of 2011, just one of the 12 participating startups had a woman founder, and overall just 1 of the 32 founders of those companies was a woman. But in Techstars NYC's Winter 2015 class, 3 of the 12 participating companies had a female founder. Likewise, 6 of the 12 companies in the summer 2015 class of the StartUp Health Accelerator had a woman founder. In its debut class in the spring of 2012, on the other hand, just 2 of the 9 participating companies were founded or cofounded by a woman.

Women tech entrepreneurs are also increasingly accessing later stage venture capital, which is often a precursor to achieving successful exits through either an IPO or acquisition. Female-founded companies in New York City that raised significant amounts of Series A financing in 2015 include The Muse, DWNLD, Way Up, Nestio, Alfred and Andela. These six companies alone raised close to $60 million of additional capital last year. In January 2016, insurance navigation site PolicyGenius raised $15 million in Series B funding and online jewelry retailer BaubleBar raised a $20 million Series C round of funding. Other female-led companies in the city that raised Series B or later stages of funding during 2015 include 3D orthotics maker Sols ($11 million Series B) and ClassPass ($40 million Series B and $30 million Series C).

"We're seeing some women-founded companies get to scale in New York," says Frank Rimalovski, executive director of the New York University Entrepreneurial Institute. "It's not 50/50, but I expect many more, large, female-founded, female-run companies."

While women still account for fewer tech companies overall than men, many of the tech experts we interviewed for this report—including entrepreneurs and venture capitalists—told us that women make up a larger share of tech entrepreneurs in New York than in other leading tech hubs. The data seem to corroborate this. Indeed, in the third quarter of 2015, a higher percentage of companies receiving venture capital in New York City had women founders than in Boston or San Francisco. According to a CUF analysis of the PricewaterhouseCoopers' MoneyTree Report, 16.9 percent of New York City companies receiving venture capital in the third quarter of 2015 had a women founder, compared to 14.8 percent in Boston and 12.1 percent in San Francisco. Overall, 15 out of the 89 New York City companies receiving VC funds in the third quarter of 2015 had a woman founder, compared to 4 out of 27 in Boston and 16 out of 132 in San Francisco.

Other studies have reached similar conclusions. Startup tracker TechCrunch found that New York City produced a greater number of startups with women founders than any other tech hub in the country between 2009 and 2014. During that period, 374 companies or 21 percent of all tech startups created in the city, were founded by women, compared to 15.5 percent nationally, according to TechCrunch. San Francisco ranked second with 338 companies, or 16 percent of the total startups.

In terms of percentages, Brooklyn on its own beat every other tech enclave in the nation, with 33 tech startups that had at least one women founder, or 28 percent of all venture or angel backed companies launched in Brooklyn during those years. That's nearly double the national average and well ahead of other hubs, including Boulder, Colorado, where women-founded companies accounted for 18 percent of tech startups, San Francisco with 16 percent and Palo Alto with 12 percent.[15]

Overall, according to Endeavor Insight, the number of technology companies founded by women entrepreneurs in New York City has grown tenfold since 2003, when only 10 percent of tech businesses or 42 companies had a female founder. Ten years later, in 2013, there were 457 startups with female founders amounting to 15 percent of New York City tech companies, 90 percent of them founded since 2003, and 75 percent, since 2008.[16] Companies with at least one female founder today employ more than 7,000 people in New York City, and have attracted nearly $3 billion in investment.[17]

New York's advantages are many, chiefly size, the breadth of its economic base and its dominance in industries such as fashion, media, beauty and retailing, all of which are rapidly being transformed by technology. Long time players in those industries, women are now using their experience and insider knowledge to move them into a digital future.

In merging fashion and technology, for example, New York City has only one close competitor, London. Feeding off the city's long time reputation as a fashion capital and bolstered now by technology, New York is helping to transform the fashion industry for the digital age. New York fashion tech, and its cousin, beauty tech, are changing the way businesses interact with consumers. Rent the Runway, Chloe + Isabel, BirchBox, GlamSquad and BaubleBar have collectively raised nearly $275 million dollars. All have women on their founding teams and four have women-only founders. Other companies, including Stylesage and Trendanalytics are providing software solutions to the retail industry to help the sector operate more efficiently.

3 out of 12
companies participating in Techstars NYC Winter 2015 class

17%
of the member companies in the ACRE cleantech, smart grid and sustainable, smart cities incubator

Have a Female Founder

Women entrepreneurs are also playing a key role in emerging fields of wearable tech and 3D printing, with startups such as Sols, Ringly and Jewelbots having recently raised capital to build out their businesses.

The services market is another standout sector for women-founded tech companies in New York. These companies are developing new business models for the digital age, using technology to play intermediary and connect consumers with service providers in new ways. ClassPass, for one, makes it possible for monthly subscribers to take exercise classes at multiple gyms—without having to pay membership fees. With $84 million in venture money, the three-year-old company operates in 37 cities in four countries.

There's also Hello Alfred, another monthly subscriber service that provides consumers with services from food shopping to flower delivery and dry cleaning in New York, Boston, Los Angeles and San Francisco. Co-founded by Marcela Sapone and Jessica Beck, the company has raised more than $12 million in venture capital. Online residential leasing and marketing platform Nestio has a woman co-founder and $12 million in venture capital. Likewise for Sweeten, which matches homeowners with contractors, architects and decorators, and has landed three rounds of venture capital totaling more than $7 million.

Biotech & Health Tech

In health tech, 29 percent of the firms that have gone through the Startup Health accelerator (32 out of 112), and 23 percent of the companies participating in the Blueprint Health accelerator (12 out of 53), had a female founder, according to a CUF analysis.

Women are arguably playing an even bigger role in life sciences than in the broader tech sector. Intra-Cellular Therapies, one of the city's most successful homegrown biotech firms, was founded by Sharon Mates, who previously founded another life sciences company. The firm completed a $345 million public offering in 2015. Additionally, 30 percent of the companies at Harlem Biospace have women founders. And in the fourth quarter of 2015, three of the five life sciences companies that received funding from the Partnership Fund for New York City were headed by a woman.

44%
of companies in the Harlem Biospace incubator

23%
of companies participating in the first 8 classes of Blueprint Health's digital health accelerator

Have a Female Founder

EpiBone, a Brooklyn-based biotech firm co-founded by Nina Tandon, has raised more than $5 million and was selected as one of 49 companies from around the world to be part of the World Economic Forum's 2015 class of Technology Pioneers. Meanwhile, Celmatix, founded by two women in a TriBeCa living room in 2009, operates at the intersection of tech and biotech, addressing the $3.5 billion infertility market. Its platform, backed with more than $15 million in venture capital, uses genetic and other data to help couples and doctors predict the time to a successful pregnancy.

Financial Technology

Other fast-growing areas of the tech sector are starting to see more participation from female founders but lag behind the fashion and retail sectors. In ad tech, one of the city's strongest tech subsectors,an analysis of 11 of the city's most successful startups—AppNexus, Admeld, Buddy Media, Conductor, Integral Ad Science, Live Intent, MediaMath, Outbrain, Right Media, Sprinklr and Yodle—shows that just two of the 25 co-founders are women.[18]

Similarly, while five of the seven fashion companies receiving funding from New York Angels have a woman founder, none of the six fintech startups that got Angels capital were started by a woman. And only one of the seven companies to go through the city's Fintech Innovation Lab had a woman founder in 2015.

1 out of 7
companies participating in the 2015 class of the NY Fintech Innovation Lab

Have a Female Founder

"Given the low ratios of women traditionally in the finance sector, it is not surprising that a majority of the fintech entrepreneurs are men," says Jalak Jobanputra, founder of the early stage venture fund Future\Perfect Ventures. "However, we have seen high-profile success stories coming from women even in this male dominated sector." She cites Learnvest's $250 million acquisition by Northwestern Mutual in 2015 as a significant exit for a New York City-based female founder There is also a growing pipeline of female-led companies in the sector. Of a list of 50 local companies compiled by fintech information site Let's Talk Payments, 8 have women founders or co-founders. Many are disrupters in businesses from credit card reward programs to student loan platforms. Investment platform OneVest, for example, is connecting investors and early stage startups. "Our mission early on was to make it easy for founders to raise capital," says co-founder Tanya Prive.

UNDER NEW MANAGEMENT

Women-owned businesses are increasing at a rapid pace in immigrant, minority and low income communities

New businesses started by immigrant, minority and low-income women are outpacing those of their male and white female counterparts, helping to drive economic growth in the city, state and nation.

As noted earlier in this report, the U.S. Census does not break down women-owned companies by race and ethnicity for New York City or by counties, but New York state numbers offer a good surrogate since 57 percent of women-owned businesses in the state are located in the city.

In fact, in the ten years between 2002 and 2012, while the number of women-owned firms in the state grew by 44 percent, the number of women-owned minority firms increased at twice that rate. All told, they added more than 80,000 jobs in the state over that period and in 2012, were generating $19 billion in sales and nearly $3 billion in wages.

Given that growth, it is not surprising that women often make up half or more of the participants in programs that provide training, assistance and capital to new entrepreneurs.

The motivations of the women seeking entrepreneurial advice and support vary. Many want to supplement their incomes. Others are out of work or are seeking alternatives to low-wage jobs. Some are simply following a passion and see entrepreneurship as a way to take more control of their lives while doing something they love. Whatever their reasons, they are helping drive economic growth in the city and provide economic stability to their families and communities.

"The typical woman is working and wants to take what she does full time and do it on her own or maybe she has lost a job and has decided 'Now I'm going try to do what I always wanted to do,'" says Stephanie Penceal of Operation Hope.

Most women in these communities start businesses that require minimal capital and make use of their skills and experience. It's even better if they can run their startups, at least in the beginning, out of their kitchens or living rooms. These are often businesses like home day care, braiding hair and selling homemade baked goods.

Indeed, minorities own a whopping 45 percent of women-owned businesses in New York state and are players in every industry, from construction and food related businesses to the arts and entertainment. But they ply their skills most frequently in health care, education, retail trade and various services businesses. Between them, African American and Hispanic women own 57 percent of the female owned health and social services businesses in the state. Along with Asian women, they own 56 percent of women-owned food businesses and the majority of the women-owned beauty and nail salons.

Indeed, beauty salons and related businesses are a natural for many women. More than a quarter of the women entrepreneurs who responded to a CUF survey disseminated by Business Center for New Americans said being a woman in a business targeted at other women is an advantage. In fiscal year 2015, in fact, fully a third of the loans made by BCNA and 40 percent of the dollars lent went to hair braiding, hair salon, nail salon and other beauty businesses. One BCNA client is Alimata Zabsonre, who has been braiding hair since she was 14. After arriving in the United States in 2002, she worked for two years for other salons but quickly saw that she could do more and opened her own place, Alima's Hairbraiding, on Pitkin Avenue in Brooklyn. Even then, she continued to work two jobs in order to be able to invest in the salon.

"I started little by little," says Zabsonre. "Every time I make a little money, I add to the salon to make customers feel comfortable. Now I'm trying to complete the salon the way it should be."

Zabsonre also knows the power of networking. Two years ago she started the Association of African

Women to help other African women immigrants and entrepreneurs. "We have ideas, we have talent and what we do for our children, mothers, husbands, brothers and sisters we can also do for our community," she says.

While women entrepreneurs have a long history starting companies in the beauty and fashion fields, they have historically been under-represented in the trades—plumbing, carpentry, electrical work. Nevertheless, nearly a third of minority women-owned contracting and construction businesses in the city are owned by Latina women, women like Ana Diaz, who spent 13 years as an electrician working for other companies before she started her own firm with just $250 after Hurricane Sandy. She'd always wanted to run her own show and when homeowners asked her help in putting their homes back together, she grabbed the opportunity. An M/WBE business, she employs four master electricians and works on both residential and commercial projects. She's philosophical about being a woman entrepreneur in a traditionally male industry.

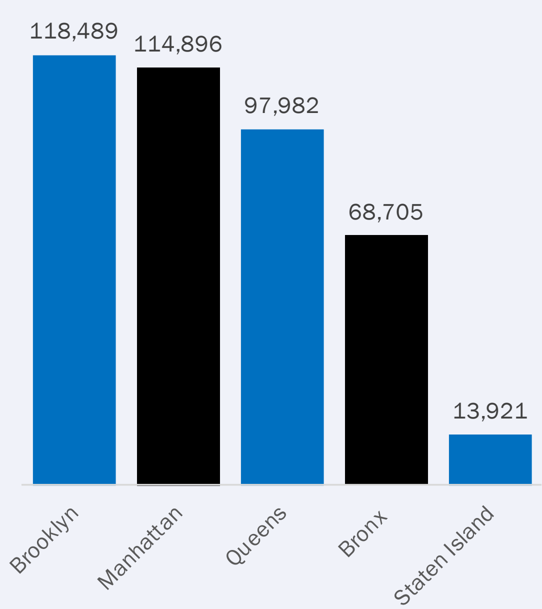
"The truth of the matter is [clients] want to see me pick up a tool and use it," says Diaz. "And then I can send the men in."

One of the fastest growing sectors for new entrepreneurs in minority, immigrant and low-income communities is home based child care.

Women often start by building on informal, ad hoc arrangements with relatives and neighbors and, over time, transition to licensed care. They often receive help and training from organizations such as the Women's Housing and Economic Development Corporation (WHEDco), the Center for Children's Initiatives, the Business Center for New Americans and the Business Outreach Center Network. At Bronx-based WHEDco, 400 to 500 day care providers come through the training program every year, most of them women and many of them Latino and middle-aged, says Diana Perez, director of childcare services at WHEDco.

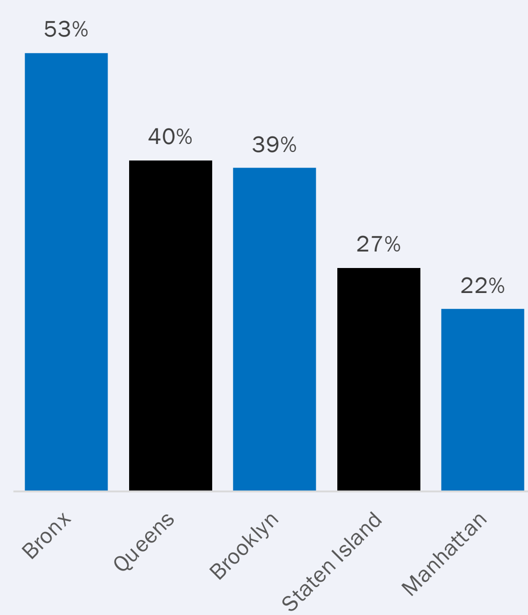
These organizations and others provide professional development, networking and marketing, as well as critical guidance on legal, tax, accounting and regulatory issues. In some cases, they also provide small grants

Number of Women-Owned Businesses in NYC by Borough, 2012



Source: 2012 US Economic Census, Survey of Business Owners

Percentage Growth in Women-Owned Businesses in NYC by Borough, 2012



Source: 2012 U.S. Economic Census, Survey of Business Owners

or loans to help providers get programs up and running. Recruitment is a challenge for many new day care providers as is developing a business plan and selling their services to potential clients. Part of the problem is that many don't see themselves as entrepreneurs.

"They focus a lot on the program aspect and may fall short on the business side," says Cynthia Pearson, a coordinator at the Center for Childcare Initiatives. "They may not have thought through how to make a profit, or whether they are being compensated adequately. They don't go into it thinking of it as a business, but as a service they want to provide for the community."

That's why training programs drive home the idea that home day care providers are very much entrepreneurs running small businesses and need to be familiar with all the financial, marketing, personnel and other issues that go with running a business.

"The idea that you are in charge and in the driver's seat, that's a paradigm change," says Nancy Carin, executive director of the Business Outreach Center. "We make a big deal about that."

The fastest growing sector in the industry is group family day care—home day care programs that serve between seven and 12 children—largely because rates for children who are subsidized by the city are higher than family day care rates and higher often than what providers can charge on their own. For those with an entrepreneurial bent, group family day care can be a lucrative business, depending on the neighborhood and the clientele. Providers can make upwards of $60,000 a year and, in some cases, as much as six figures.

"Some have more than one site and as many as three, four, five staff people and are generating significant revenue," says WHEDco's Diana Perez. "Your marketability and the quality of your program influence how strong your earnings may be."

Those who have significant income have typically been in business for more than five years and have repeat clients who come back with every new child in the family. For most providers, though, it takes three to five years before they see a profit, says Pearson.

Bernadette Lamboy is one provider who has been able to grow her program. In 2004, after her job with the FDNY was eliminated, she wanted to spend more time with her son. So, instead of looking for work, she took seven months of training at WHEDco and opened a family day care business in her home on Southern Boulevard in the Bronx. She started with ten children and now has 25 and five employees. She also runs an after-school program and a summer camp. Next on her agenda is a program for kids with disabilities. Thinking of herself as an entrepreneur hasn't been a problem.

"I created a business out of nothing," says Lamboy. "And I've been very cautious with the income to make sure I reinvested to have everything to offer these kids."

Whether success stories like these will be replicated is a question, however, since new regulations limit the number of group family day care sites a provider can operate. Providers are limited now to one site, although existing multiple-site providers have been grandfathered. For those who want to grow, it means opening a center for as many as 60 kids, an undertaking that requires significant capital.

Even for single-site providers, regulations can stifle growth plans. Those who want to market to families that receive city subsidies for childcare services, for example, must join a network to get access to that population. But the networks, which are run by nonprofit organizations in the city, have a limited number of slots and providers can wait years for an opening.

"If a network mother in my neighborhood comes to my door, I can't take her because I'm not in a network," says Regina Coles, who operates Star Academy Prep Group in Brooklyn.

Providers also have to use ingenuity to buy necessary supplies and equipment. Small grants of $250 are available from the state, but providers already have to be in business to qualify. Tameka Silva, who operates a group family day care in Harlem, got her first grant after she had been in business three years. Before that, she received contributions from family members to buy supplies, looked for deals at the 99 cent store and convinced her son's school to donate equipment it wasn't using or didn't need.

OBSTACLES TO GROWTH

Women entrepreneurs face a host of challenges that keep many from scaling up their businesses and prevent others from taking the plunge in their first place

While some of the challenges facing women-owned businesses aren't different from those faced by all businesses in New York, our research suggests that female entrepreneurs confront a handful of unique obstacles.

Like many entrepreneurs, women founders struggle to raise capital

Raising the money—to rent space, hire employees, buy equipment, even build a website—is the first and often most difficult task for anyone starting a business. That goes for women with MBAs who are looking for angel money to start an e-commerce business as well as immigrant hairdressers in Brooklyn who want to spruce up their salons to attract more customers.

In a 2015 survey of 73 women entrepreneurs done for CUF by the Business Center for New Americans, operating costs and raising startup capital were the most frequently cited challenges. Half the respondents said that having access to money would have helped them grow their businesses bigger, better and/or faster.

"Everything is about money," says Alimata Zabsonre, founder of Alima's Hair Braiding on Pitkin Avenue in Brownsville. "I have the idea [for a business], but I need help. I need money to set up furniture, to buy mannequins, to buy hair extensions."

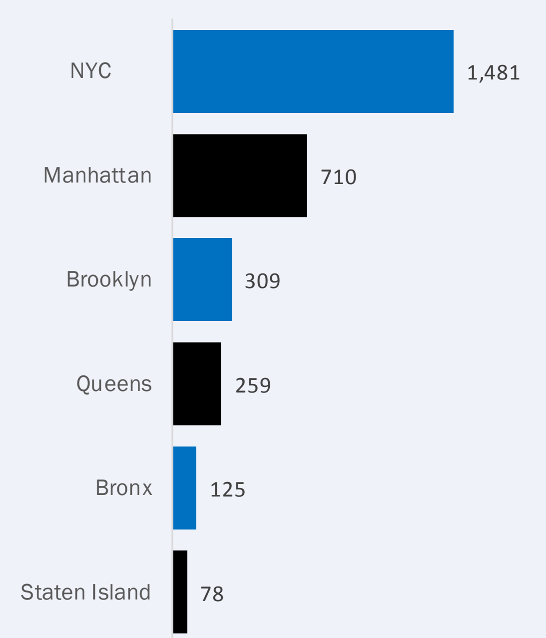
Most women launch their companies on a shoestring, draining savings accounts, maxing out credit cards and using loans or gifts from family and friends. For immigrant and low-income women, the chance that they even have a credit card or a banking relationship is smaller, and if they do have a credit history, it may be in need of repair. And women in non-tech industries usually don't have access to outside investors, venture capital or angel money.

Bank loans have long been a key source of external financing for small businesses. Unlike large companies, small businesses have limited access to public institutional debt and equity capital markets.[19] According to a 2014 report by Harvard Business School, 48 percent of business owners report a major bank as their primary financing relationship, while 34 percent say that a regional or community bank is their main financing partner for capital.

Yet, startup businesses have long struggled to access bank capital. This is largely due to the fact that new ventures have limited track records and a high rate of failure, a major problem for financial institutions that have historically been risk averse. Additionally, it costs roughly the same for banks to make a $50,000 loan as it does for a $5 million loan, and yet the banks earn considerably smaller profits on small loans.

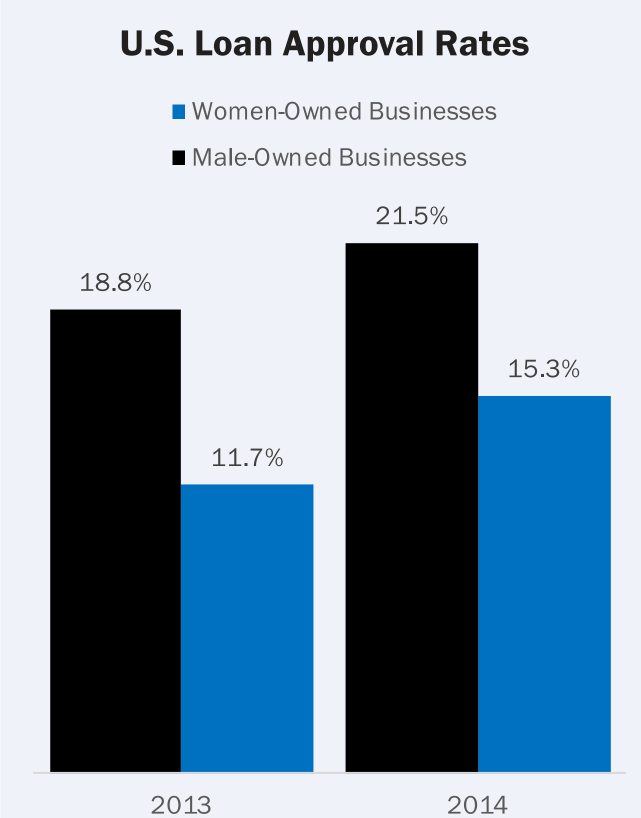
Many of the experts we interviewed say that the main financing gap is for loans under $150,000. While all small businesses struggle to access these small

Certified Women-Owned Businesses in NYC, 2016



Source: NYC Online Directory of Certified Businesses loans, women entrepreneurs face a particularly difficult challenge. "This small dollar gap is much more of an issue for women-owned businesses, because they tend to be smaller and looking for smaller amounts of credit," says Karen Mills, former administrator of the U.S. Small Business Administration (SBA). "Women entrepreneurs are notoriously underserved on capital."

To qualify for bank loans, small business borrowers must provide a business plan, credit history, cash flow projections, collateral and often guarantees. For many women, this can be an insurmountable hurdle since they tend to have fewer assets and, if they are first-time entrepreneurs, may not have ever written a business plan or had to make financial projections. In New York City, where more than 69 percent of residents are renters, home equity loans aren't typically an option either and even when loans are available, approval rates for women are 15 percent to 20 percent lower than for men, according to a U.S. Senate report released last year. Women business owners receive just 4 percent of all conventional business loans, $1 out of every $23 loaned.



Source: Biz2Credit. Data is national.

Nationally, according to Biz2Credit, loan approval rates for women are improving, 15.3 percent in 2014 compared to 11.7 percent in 2013, likely due to the improving economy. However, those rates still lag approval rates for men. In 2014, male-owned businesses had loans approved at a rate of 21.5 percent, up from 18.8 percent in 2013. The improvement in loan approval rates for women-owned businesses narrowed the gap between the genders by 29 percent.

Even with SBA loans, which are designed for business owners who may have trouble qualifying for a traditional bank loan, women end up with fewer loans and less money than their male counterparts. In fiscal 2014, in the New York SBA district, women business owners received 386 SBA-backed loans for $97.6 million, about 20 percent of the loans made that year and 12 percent of the total dollars lent.[20] What's not known, however, is whether women receive a lower percentage of SBA loans because fewer women apply or because they fail to meet SBA underwriting standards.

The good news is that many more women are receiving SBA-guaranteed micro loans, a program that targets early stage businesses and borrowers with little or no credit history as well as women and minority entrepreneurs who don't qualify for larger, conventional loans. In 2014, woman-owned companies in the U.S. received nearly 47 percent of the micro loans issued—although they got only 38 percent of the dollars lent.

Alternative sources of capital are increasingly available, including micro loans from nonprofit lenders or advances from peer lending institutions. But they can come with a high price tag: interest rates as high as 15 percent, compared to a top rate of around 8 percent on the average SBA loan. They also require a strong business case and a level of cash flow and creditworthiness that takes time to build. All told, men start high-growth businesses with nearly twice as much capital as women, $135,000 vs. $75,000, according to a 2014 National Women's Business Council Report.

It's true that many women entrepreneurs choose to keep their businesses small so as to have time to handle family responsibilities and other obligations, but even those who want to grow struggle to do so. Janice Fredericks started out selling African American hair products at street fairs and did so well that she decided to open a storefront. She applied to several banks for loans, but struck out for lack of a track record. Even community development lenders wanted to see six months of sales. Suppliers weren't any more accommodating to a young woman starting out. Eventually she secured a no-interest loan from the Queens Economic Development Corporation, but in the meantime, she struggled to grow. Now, after five years, she is planning to open her second Fabulous Freddy's store in Brooklyn.

"[Without capital] it was really hard to actually grow the business," says Fredericks. "If I could do it again, I would have probably saved enough to survive six months."

Scarcity of capital is a lost opportunity not just for women entrepreneurs, but also for their customers and their communities. Not only does it stunt their growth, but the tenuous finances of many small entities make them vulnerable to the slightest hiccup in the business, the market or the economy.

"The concern over finances is what hinders women from moving forward," says Stephanie Penceal of her female clients at Operation Hope, a national nonprofit that offers financial literacy and educational programs in underserved communities. "[Male entrepreneurs] feel they will get as far as they can and the money piece will work itself out."

It's harder for women to navigate traditional business networks

Whether it's the local chamber of commerce, the Rotary Club, an industry association or a community of Etsy sellers, networks are crucial for any entrepreneur. They are the venues—both physical and virtual—where entrepreneurs connect with seasoned business people, get up to speed on what's happening in their industries and develop relationships that can lead to new business. For women and especially for lower income women, who have fewer entrepreneurial role models, networks can help them gain confidence, learn best practices and avoid mistakes.

"Women need more of an 'atta girl,'" says NYU professor Nancy Hechinger. "Boys and young men have society as an 'atta boy.' They have built-in networks and people encourage them to take chances. For women, that's not the case."

Women complain, though, that the built-in networks that Hechinger refers to are frequently tight-knit clubs where personal and business connections go back years and where it's tough for newcomers and especially women to be accepted. They have to work harder to develop relationships and demonstrate that they belong.

Barbara Armand tried for years to navigate the networks in the construction industry. In 1991, when she started her company, the Armand Group, she joined every group she could think of: real estate organizations, the Chamber of Commerce, the Rotary Club. But she never was able to turn those memberships into new business. In 2007, when she opened her New York City office, she joined a network was more welcoming to women, Professional Women in Construction.

"Being a woman has been probably my greatest challenge," says Armand. "Firms of my size that are managed and owned by men have networks with agencies in a city that are managed by men [who have] a common background and a common culture—I'll never have it."

Even in informal settings, whether it's over drinks, on a golf course or at a hockey game, women are often at a disadvantage.

"One of the key things for entrepreneurs is finding opportunities," says Abby Hamlin, founder of Hamlin Ventures, a real estate development firm. "One of the hardest things [for women] is to find opportunities that happen on golf courses and tennis courts."

The importance of networks is hard to overstate. More than just relationships, they give access to mentors and role models—both men and women—who can provide advice and support and help new entrepreneurs gain confidence, avoid missteps and persevere through what is often an exhausting and isolating experience. Networks also help entrepreneurs learn the soft skills that they otherwise have to learn through trial and error —how to build client relationships, what to look for in employees, when to be aggressive and when to pull back.

"Coaching, mentoring and support to help people through emotional and confidence issues is hugely important," says Tiffany Goldberg, director of entrepreneurship training for the Hebrew Free Loan Society.

Most importantly, networks help entrepreneurs land new business.

"In this business, that's really how you get work," said Deborah Bradley, founder of Deborah Bradley Construction & Management Services and president of the Women Builders Council. "You can go on websites and find public bid opportunities, but you have to make relationships and somebody is going to have to put you on their team."

For women in a world where most people's definition of an entrepreneur is Bill Gates or Mark Zuckerberg, female role models also are hugely important, especially for low-income women who may have never encountered another woman entrepreneur. When they see people like themselves who have built successful businesses, newbies gain confidence that they can do the same and learn that there are many ways to grow a business that don't involve the shoot-for-the-stars mentality that gets so much media coverage.

"Women really need to see more people like them running a business and succeeding, being able to be a role model and make them feel it's possible," says Yanki Tshering, executive director of the Business Center for New Americans.

Even for veteran entrepreneurs, role models can make a difference. For Jennifer Blumin, founder of event management firm the Skylight Group and a winner of a 2014 Ernst & Young EY Entrepreneurial Winning Women award, meeting role models helped her think very differently about her business and what she had to do to grow, she says.

But Blumin had to win an award before she was able to connect with those role models. Nonprofits, networking groups and programs like E&Y's are working hard to help women entrepreneurs. However, reaching thousands of female founders, especially in low-income and immigrant communities, and supplying them with mentors and role models is a monumental task. Monique Greenwood of Akwaaba Bed & Breakfast Inns couldn't find any help locally and went to a national trade association for support. Lisa Gross, founder of The League of Kitchens, used city-sponsored resources but found they only touched the surface of what she needed.

Janice Fredericks of Fabulous Freddy's hair products stores is a member of the Women Entrepreneurs Network in Queens, but wishes she had known about it when she started out five years ago. "If I had had more of a circle of people who had done it before, if I had had more support, I would have greater confidence going into it," she says. "I doubted myself a lot in the beginning."

It took Ana Diaz, founder of Diaz Electric, two and half years to find a mentor. "We kept searching for a mentor, but we didn't know how," says Diaz. Now she and her partner meet with him every month or two and, among other things, he helps them set goals that have resulted in new business.

What's certain is that mentors—both women and men—are an invaluable aide to budding entrepreneurs and the more there are, the better. The New York City chapter of the National Association of Women Business Owners mentors five or six entrepreneurs a year, says Executive Director Jane Wesman, but if she could get financing, the first thing she would do is grow the program.

"The most important thing that could be done is expand the mentoring program we've created," says Wesman. "There's no other way to get one-on-one mentoring from an experienced woman entrepreneur."

Some women, and especially low-income and immigrant women, need training in basic business skills, credit and finance

For women without a degree in finance or experience in budgeting or cost management, a lack of financial literacy can be a showstopper, not only limiting growth but also making it difficult to manage even the day-to-day business.

It's not that women can't "do numbers." The fact that women get nearly 40 percent of the MBA degrees awarded every year in the United States and an increasing number of scientific and technical degrees should put that stereotype to rest. Still, high schools are only starting to teach personal and business finance and unless women take accounting or finance in college, they have to find a way to acquire the savvy to manage a business.

“If you ask women do they know where you can get free help for their business, a surprising number say they don’t. When they get free advice and counseling, they have success.”

Many of the women entrepreneurs we interviewed for this report cited their initial lack of basic business skills and knowledge when they started their businesses in areas such as accounting and risk management; legal, tax and regulatory compliance; sales, marketing and the use of technology. Even women who already have business skills and/or corporate experience cited the need for training and role models in areas like strategic planning, confidence building, hiring and evaluating personnel.

“I’ve coached a whole bunch of female entrepreneurs and basic financial know-how is missing,” says Lexy Funk, founder of clothing retailer Brooklyn Industries. “It puts women at a huge disadvantage.”

How to manage cash flow, how to cost and price their services, how to find suppliers and how to market themselves both online and off are critical skills for new entrepreneurs. If they go into debt—or more frequently max out credit cards, say, to finance inventory— they need to understand the impact of high cost capital on profitability, on their ability to hire people and on their long term survival.

In lower income communities, where many families have been used to living paycheck to paycheck and don’t have savings or checking accounts, the need for training is even more urgent.

“Culture plays a big role when it comes to how immigrant women entrepreneurs deal with money,” says Quenia Abreu, founder and CEO of the New York Women’s Chamber of Commerce. “Many of them don’t have an accounting system in place and know very little about financial statements. The only form of accounting many of these women entrepreneurs know is provided by individuals in multi-service agencies in their neighborhoods, and these individuals are tax preparers not accountants. We need to teach our women entrepreneurs money management and give them access to affordable professional services that would help their business grow.”

For Brooklyn Industries’ Funk, her financial skills are what saved her business when times were tough.

“My biggest piece of advice is to learn accounting,” she says. “Understand your profit and loss inside and out. Understand why you’re making money and how you’re making money. I feel that it was a huge advantage that I had. I did all of my bookkeeping for the first ten years because nobody was there to do it. I understood inventory. That’s why we didn’t go out of business even though we had no money.”

Add to that compliance issues: Brittany Hodak, who along with Kim Kaupe co-founded ZinePak, a startup that creates custom products that helps celebrities better engage with their superfans, is one entrepreneur who wishes she could go back in time and take a course in business management. “Hiring employees was a lot more difficult than I anticipated and figuring out how to be compliant with insurance, 401K, payroll, all of that HR stuff,” says Hodak. “You don’t know what you don’t know.”

The good news is that a growing number of organizations are providing training and critical support to women entrepreneurs. Nonprofits and intermediary organizations such as Grameen America, the Hebrew Free Loan Society, BOC, the Business Center for New Americans, WHEDCO and industry and professional organizations all run training programs for new and seasoned entrepreneurs. And for many, the experience is game changing.

However, it can be difficult to find information about and gain access to available programs, especially for low income and immigrant women. Many women simply do not know about such programs, least of all when they were thinking of or actually starting their businesses.

"If you ask women do they know where you can get free help for their business, a surprising number say they don't," says former SBA Administrator Karen Mills. "When they get free advice and counseling, they have success."

Women have to work harder to be taken seriously

In almost any industry, women have to overcome gender stereotypes that discount their talent and commitment. Despite the fact that women get nearly 60 percent of bachelor's degrees, 59 percent of MAs and 52 percent of Ph.D.'s—all of which require discipline and stamina —they still have to fight the perception that female founders are less capable and less committed than their male counterparts.

Those perceptions can negatively affect a woman entrepreneur whether she is raising money, pitching clients or hiring engineers. Even people with good intentions ask women questions they would never think or dare ask a man. One typical query from investors is whether a female founder has or is planning to have children, as a way of assessing her commitment to the business. Venture capitalists say it's a legitimate question since their investment could be at risk if a founder leaves the company or is out on leave for a lengthy period.

But last year, when an investor asked Food to Eat's Kapur that question, even though she wasn't asking him for money, she told him she already had a baby, named Food to Eat.

And while the tech community lionizes 20-something men in hoodies, for women, youth and gender can be a double negative. Hodak and Kaupe, whose company ZinePak counts Walmart and American Express as clients, encounter skeptics at least once a week. A senior executive of a major corporation, for example, told them that he was sure one of their fathers was a Walmart executive since he didn't believe they could have landed the retail giant as a client on their own. In fact, Walmart was Hodak's client when she worked for an advertising agency and the company later became ZinePak's first customer.

"Five years into running this business and we still have to put up with that," says Hodak of ZinePak.

Even in parts of the real estate business—an industry in which women head every major residential brokerage firm in the city—it's not easy. When Abby Hamlin was president of real estate developer Swig, Weiler & Arnow, she became used to other developers, brokers and tenants calling the company's owners behind her back to try to renegotiate the terms of deals. They can't do that anymore, now that she is the founder and CEO of her own successful development company, Hamlin Ventures. Still, she often faces incredulity when she says she is a developer.

Rather than take offense, though, Ms. Hamlin says she smiles, "knowing inside that I have overcome enormous hurdles to get where I am and feel accomplished for having done so."

Most women say they learn to ignore the slights, the come-ons and the lowered expectations.

"A woman has to be on point and let it roll off her back," says Kate Rochlin, co-founder of Immunovent, a biotech company.

As much as women have to fight for money and respect, they also fight internal battles with themselves

If women entrepreneurs have to fight for money and credibility in ways that male founders don't, they also often have to battle internal demons, chiefly a lack of confidence and a smaller appetite for risk. Numerous reports credit women with less confidence—or at least, less outward confidence—than men. Many sources interviewed by CUF, both men and women, confirmed that view.

Some of that reluctance, say advisors, is women's acute sense of personal responsibility for the performance of their product or service.

"Men walk in to pitch, saying they will have $20 million in revenue in three years and they don't even have a prototype," says Janis Collins, co-founder of the Refinery, an accelerator for women-founded companies in Westport, Conn. "Women want to make sure the prototype is out there and tested before they think even $3 million. It takes work and you have to have the confidence to go there."

Even for women with financial skills and knowledge, essentials like a rationale pricing strategy can be difficult to implement.

"Pricing is hard for everybody, but a lot of women business owners I've worked with in coaching sessions want to pay staff well, but they don't want to charge too much," says Gina Harman of Accion.

That happened to the female founder of a public relations agency. "When I was starting my business, my attitude was 'I'll take whatever people give me,' " says the founder, who wished to remain anonymous. "Only now—and it's just been a matter of months—am I learning to say to people, 'I'm happy to do this for you, but I need more money.'"

Another frequent criticism is that women are more risk averse than they need to be. It often shows up in their reluctance to take out loans or to ask for less money than they need. The National Association of Women Business Owners found that that 63 percent of women entrepreneurs prefer to use credit card financing, fearing they will be turned down for a bank loan, even though credit card debt is much more expensive.

"To be a successful entrepreneur, you're going to have a trail of failure behind you and that keeps a lot of women out of the game," says Goldberg, director of entrepreneurship for the Hebrew Free Loan Society. "Women blame themselves; men blame the other guy." In her women's entrepreneurship classes, Goldberg now brings in people to talk about what she calls "power posing" or "faking it 'til you make it."

Nevertheless, women's reluctance to take on debt can be a drag on performance and expansion.

"If you don't take out that first loan, you will never get credit and you're never going to be able to grow," says Rebecca Harris, who runs the Center for Women's Entrepreneurship at Chatham University in Pittsburgh. "When you need $100,000, you will never get it."

Looking back, Monique Greenwood, founder of Akaaba Bed and Breakfast Inns, with sites now in New York, New Jersey, Pennsylvania and Washington, D.C., says she probably should have gone into debt when she was building her business. As it turned out, she continued to work a full-time job to help support the business when she renovated and opened her first B&B in Brooklyn in 1995. To pay her bills, she sometimes bartered for things she needed, such as offering to host the wedding of a plumber in exchange for his services. In retrospect, she says, had she taken out a loan, she could have grown the business bigger and faster.

"I started my businesses pretty much on a shoe string because I haven't wanted to take on debt that I have to pay back," she says. "It has worked for and against me. Women need to dream bigger. Looking back, I would have taken on debt."

Sophia Sylvester faced a similar dilemma. Sylvester had started making candles in her home in 2004 when her children were small and then expanded into skin care and bath and beauty products. As her business, Brooklyn Flavors, grew, she needed more space but hesitated to commit to a storefront. When a space on Washington Street in Prospect Heights became available, her husband forced the issue.

"My husband said, 'Are we going to do this or not? Go all the way or not?'" says Sylvester. "I said 'Let's go all the way.'"

That said, many women entrepreneurs bristle at the notion that they should be more aggressive and take more risks.

Over the past 20 years, Julie Azuma has built a business creating and distributing educational tools and materials for autistic children, Different Roads. Today, she has a thriving business with 30,000 active customers, one that she has built slowly and steadily. "I would prefer to grow at my own pace and take my own risk," says Azuma.

Women say that rather than getting kudos for being prudent risk takers—often with other people's money—they are criticized for not thinking big enough and not taking risky bets that might put their business in jeopardy.

"I rarely hear criticism of male entrepreneurs that they are thinking too big or raising millions of dollars for companies that will never be profitable," says Hodak of ZinePak.

NOTHING VENTURED, NOTHING GAINED

Women entrepreneurs in the tech sector have long struggled to raise money from venture capital firms and angel investors, but they also face other challenges

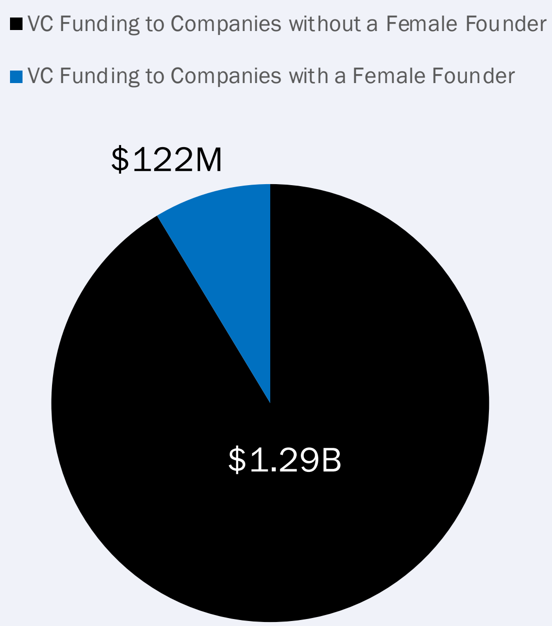
Credit cards and friends-and-family money can get a company off the ground—and many entrepreneurs including both men and women—start out with capital they raise close to home. But it only goes so far.

It's true, barriers to entry have fallen in the world of tech and in many cases, all that's needed to start a company is a laptop, a desk and a cup of coffee—and the desk is optional. Beyond the startup phase, however, it takes money to make money. Companies not only have to deal with competitors, but they need to keep up with rapidly changing technology and, for consumer facing businesses, ever changing tastes and trends.

"Women need money," says Jeanne Pinder, founder of clearhealthcosts.com, a site that helps consumers compare the costs of medical procedures. "For startups, venturing off into the unknown, you have to learn, pivot, launch and keep on going until you figure it out. You can't do that on air. Women need serious investment money."

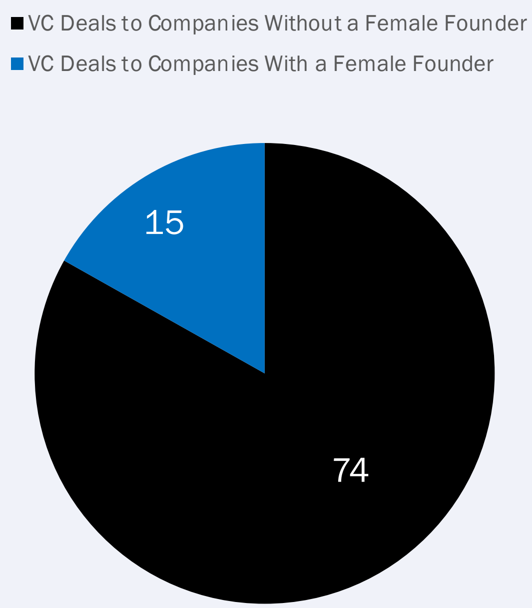
Venture capital was invented to take such on risks. Nationally, between 2011 and 2013, only 2.7 percent of companies or 183 companies of the 6,517 that received venture capital during those years had a woman CEO, according to Babson College's Diana Project.[21] Only 985 or 15 percent of VC funded companies even

VC Funding For Female-Founded Companies in NYC, 3Q 2015



Source: CUF analysis of data from MoneyTree Report by PricewaterhouseCoopers and National Venture Capital Association, 3Q 2015.

VC Deals For Female-Founded Companies in NYC, 3Q 2015

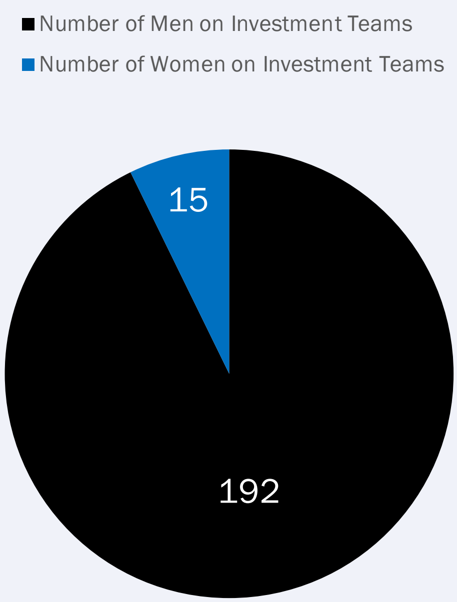


Source: CUF analysis of data from MoneyTree Report by PricewaterhouseCoopers and National Venture Capital Association, 3Q 2015.

had a woman on the executive team. Those that did were chiefly in biotech, software and business products and services, and most were in the later stages of development, suggesting that it may take longer for women to get the attention of VCs and/or that they have to demonstrate more of a track record before VCs are willing to give them money. In dollars invested, women led companies—those with a female CEO—received only 3 percent or $1.5 billion of a total of $50.8 billion.

In New York City, the picture is a little better but not overwhelmingly so. Of the nearly $9 billion invested in New York companies by the 20 most active venture capital firms in recent years, CUF found that 16 percent or just $1.4 billion has gone to women founded companies. In the third quarter of last year, according to a CUF analysis of PricewaterhouseCooper's Money Tree Report, 89 companies based in New York City collectively received nearly $1.4 billion in venture capital funding, only 15 of them with at least one woman founder. Moreover, only 20 of the 195 founders (10.3 percent) of the New York City companies were women.

Share of Women Investors in NYC Venture Capital Firms



Source: Center for an Urban Future Analysis of New York City's 20 most active venture capital firms.

Those companies accounted for just 8.7 percent of the total venture capital invested that quarter, $122 million out of $1.41 billion. That's a slightly smaller percentage than in San Francisco, where women founded companies accounted for 9 percent of total VC funds raised in the quarter, $293.5 million out of $3.27 billion, and less than half the percentage that went to women-founded companies in Boston, which received for 21.8 percent of the venture capital raised in the quarter, $138.4 million out of $634.5 million.

Some of the investors and entrepreneurs we interviewed believe that women get funded at lower rates in part because fewer women seek venture capital or angel money. In other words, it's a pipeline problem.

However, a significant number of the individuals we interviewed say that the biggest problem is that the VC industry operates with strictures and unconscious biases that work against women or discount their ambition and capabilities.

"The fact that BBG Ventures has been approached by more than 700 companies—105 in the fourth quarter of 2015—tells me it's not a pipeline problem," says Susan Lyne, managing partner of BBG Ventures. "That may have been a defensible argument ten years ago, but technology advances have opened the startup world to a vastly broader group of entrepreneurs, including many more women. Anyone who says they can't find smart women launching innovative businesses isn't looking!"

There's certainly ample evidence that the VC model still favors men over women, that investors look to fund entrepreneurs and companies that match models they understand and that have been successful in the past. Moreover, as in many industries, and that venture capitalists tend to invest in companies and people that travel in the same networks, networks where women and minorities are scarce.

"It's pretty much a boys' club," says Lisa Schiffman, head of Ernst & Young's Winning Women Entrepreneurs program. "You finance the same model from one company to the next and that's typically a male model."

Whether that amounts to bias—intentional or unintentional—or simply a lack of access, women raise less money and have a harder time doing it.

For black women founders in tech, the task of raising money is even more difficult, according to a recent study by digital undivided's Project Diane. On average, black women tech founders raise just $36,000, the study found, and only 11 have raised $1 million or more. Of those, five are in New York City, including executive training firm Execonline; Sweeten, a matchmaker for decorators and clients; Plum Perfect, a tool for shoppers; Dibs, a pricing platform for fitness centers; and used furniture marketplace AptDeco.

To the extent that previous employment in a tech company is a major predictor of entrepreneurial success, black women are at a disadvantage since they are under-represented in such companies.

It doesn't help that few women are partners or members of investment teams at most venture capital firms

Venture capital is still very much a man's game, the new old boys' club, according to many women entrepreneurs. Nationally, 6 percent of the partners in venture capital firms are women.

In New York City, according to a CUF analysis, the 20 most active VC firms collectively have a total of 192 men on their investment teams—and 15 women or seven percent. That means convincing investors is harder when women pitch women-oriented businesses where men may not relate to the product, the service, the consumer or the market, such as fashion, beauty, childcare or even e-commerce ventures. Women entrepreneurs often talk about investors having to go home to do the "wife test" before they make a decision.

Conlyn Chan has been looking for an investor for her company Lawless Accessories, which makes high end evening bags, but even after several years in business she has yet to find one. Part of the problem, she says, is that a lot of male investors don't understand the fashion industry: "We're not a tech startup and we're not going to make [a lot] of money in just a few years."

When there are women on the investment team, firms are much more likely to fund women-led startups, according to an analysis by Babson College's Diana Project. They are twice as likely to invest in companies with a woman on the management team and three times more likely to invest in companies with women CEOs. Women venture capitalists aren't eager to talk about being a woman in a largely male industry, but acknowledge that the lack of women investors is a factor in the number of female entrepreneurs who are funded.

"If you had more women VCs, more women would definitely get funded," says one female venture capitalist who has been investing in tech companies for years and who wished to remain anonymous.

VCs and women entrepreneurs can end up talking past each other--women are often seen as not thinking big enough, lacking confidence and being overly risk averse

The venture capital model calls for big bets, fast growth and all-or-nothing exits. That paradigm often works for men, who, studies show, tend to take more risks to achieve fast growth. But it can work against women, who are more likely to opt for steady, profitable expansion and reinvestment in the business. But that approach doesn't necessarily fit the venture model.

"The founder who says 'I want to make more this month than I spend and I want that to happen for 20 years and that's a successful business,'—in the VC world, that doesn't count," says venture capitalist Charlie O'Donnell, founder of Brooklyn Bridge Ventures whose portfolio has many women-founded companies.

Women entrepreneurs express their frustration at a model that often doesn't take into account many potentially successful but less flashy businesses, or entrepreneurs who are reluctant to predict big wins early in the game—or before the game has even started.

To venture capitalists used to boldness, women's more measured approach can seem like a lack of confidence or a lack of vision.

"The male founders tend to pitch their potential," says O'Donnell. "Female founders tend to say 'I'm taking your money. I feel responsible and this is what I feel comfortable saying is most likely to happen.' To a lot of investors, it comes off that their aspirations are smaller. They're not, but it can come off that way."

That said, even women acknowledge that female founders need to be willing to think bigger. At the Ernst & Young EY Entrepreneurial Winning Women

“The fact that BBG Ventures has been approached by more than 700 companies—105 in the fourth quarter of 2015—tells me it’s not a pipeline problem. Anyone who says they can’t find smart women launching innovative businesses isn’t looking!”

Program, the first lesson winners learn is “think big and be bold.”

“Women artificially cap where they can go,” says Lisa Schiffman, who runs the Ernst & Young program. “They don’t think big enough about what their company can do and what they can accomplish.”

As for the notion that women entrepreneurs need to take more risk, in the end, women-founded companies experience fewer failures, at least according to a recent study by Illuminate Ventures, suggesting that they do, in fact, take risks, but calculated risks.[22] For Angela Lee, founder of 37 Angels, a women’s angel group, an entrepreneur’s attitude toward risk cuts both ways: “While I hate to make sweeping generalizations, I’d argue that some men take themselves out of the game by being too aggressive and some women by being too passive. I like a more balanced picture.”

Julia Beardwood is one entrepreneur who makes no apologies for her approach to risk. “Damn right, we’re risk averse. And I do see that as a good thing,” says Beardwood, whose firm, Beardwood&Co, was listed on the Inc. 5000 and has clients including Brut, Honest Tea and Bath & Body Works. “I run my business very carefully. I’m super conscious of the finances, of the choices we make and of the potential of taking on too much.”

All of that said, women entrepreneurs and advisors alike balk at the idea that women should imitate men or, conversely, that there should be some sort of “affirmative action” program for investment in women-owned companies.

“The old model of setting aside money for special programs for women is antiquated thinking and beside the point,” says Lisa Hellebo-Morales, an entrepreneur and co-founder of the New York Fashion Tech Lab. “What you really need to do is stop asking women to change their behavior so that men feel comfortable. Men need to understand that they are missing out on opportunities. It’s dollars and cents.”

Women still lag in technical skills and knowledge

“Women really need to get up to speed on technology, says NYU’s Hechinger, who teaches in NYU’s Interactive Telecommunications Program and is the co-founder of the Women Entrepreneurs Festival. “VCs are looking for something that can be transformational in society.”

Entrepreneurs in the tech world don’t have to know how to code, but they have to understand the technology that drives and differentiates their companies. Being able to talk the talk can dismantle barriers and also give investors’ confidence. Even for women in non-tech businesses, an understanding of how to use technology to move their companies forward is essential in a world where the ability to handle data and communicate effectively can mean the difference between success or failure.

“As technology and financial services continue evolving, there is a greater need for individuals and businesses to be proficient in their use and application,” said Keri Gohman, head of Small Business Banking at Capital One. “Capital One’s mission to transform how individuals and communities interact with their money is grounded in the need, and our goal is to continue expanding access to education, support and cutting-edge digital technology to help business owners succeed."

Many female founders and would-be entrepreneurs are, in fact, rapidly acquiring the necessary skills and knowledge. Organizations like Girls Who Code, Black Girls Code and Women in Tech are helping. Still, it remains a barrier, especially when hiring engineers, and may keep women from tackling sectors that require higher level technical skills.

"Because of the small number of women in coding and on the tech side, they are having to find a partner [in order to start their companies]," says Maria Gotsch of the Partnership Fund for New York City. "They don't have the comfort level in the highly technical world and shy away from higher technical requirements, particularly on the enterprise [software] side."

WE NYC: THE DE BLASIO ADMINISTRATION'S PROMISING NEW APPROACH TO SUPPORTING WOMEN ENTREPRENEURS

While most of America's largest cities have launched initiatives to boost entrepreneurs in recent years, New York City is arguably ahead of its peers when it comes to embracing women entrepreneurs as a key pillar of its economic development strategy.

New York's ambitious efforts to support women business owners stem from March 2015, when Deputy Mayor Alicia Glen, First Lady Chirlane McCray and Maria Torres-Springer, then the city's Small Business Services Commissioner, launched WE NYC (Women Entrepreneurs New York City), a major initiative to increase female entrepreneurship in the five boroughs, with a focus on underserved women and communities. When it was announced, the de Blasio administration set a goal of helping 5,000 women start and grow businesses in the city by connecting them with free training and business services. The administration has since rolled out a package of business services programs geared towards supporting aspiring women entrepreneurs and existing women business owners.

The WE NYC programs announced thus far include: WE Master Courses, which are designed to provide 500 underserved women with free workshops, online tools and one-on-one counseling on critical topics such as credit-building, business financing, crowdfunding, networking, communication and negotiation; WE Connect Events, a series of events in every borough providing women entrepreneurs with platforms for networking, opportunities to learn from inspiring speakers and forums where they can build business skills; WE Connect Mentors, in which successful New York City women business owners recruited by the administration provide targeted advice through in-person meetings, online chats, and blog posts; and WE Connect Portal, a website that includes an array of resources for women entrepreneurs.

Many of these efforts are already underway. The first WE Connect Event debuted in Queens in January 2016 and the administration recently selected 17 WE Connect Mentors. The city has pledged $1.8 million in funding for the WE NYC project over the next three years, while private donors—including Citi and Deutsche Bank—will contribute $300,000.

Separate from the WE NYC initiative, the de Blasio administration also established the Food Business Pathways program, an innovative entrepreneurship-training program for New York City Housing Authority (NYCHA) residents who want to start their own food business. It also recently announced several new measures to increase the role of minority and woman owned business enterprises (M/WBE) in city housing and economic development projects.

The city has expanded support for small businesses in other important ways during the past couple of years. In 2014, SBS launched the Immigrant Business Initiative, which works with community based organizations to help immigrant-owned businesses start and expand. Last year, SBS initiated another program where client managers affirmatively reach out to small business owners and help them avoid fines and violations. Mayor de Blasio has also pledged to reduce the fines that have long frustrated small business owners in the city, and through mid-2015 his administration had cut in half the amount of money received in fines from small firms. Meanwhile, SBS, Council Member Robert E. Cornegy, Jr., and the Chambers of Commerce from all five boroughs teamed up to expand the promising Chamber On-the-Go program, where business specialists travel around the city provided small business owners with free assistance.

RECOMMENDATIONS

22 Achievable Ideas for Supporting Women Entrepreneurs

Develop New Initiatives to Help Existing Women-Owned Businesses Grow

Not every woman entrepreneur wants to expand her business, and many of the small-scale firms owned by women simply don't have much potential for growth. But in a city where 91 percent of all businesses owned by women—376,000 in all—do not have any employees, there's undoubtedly an opportunity to help scale up some of these enterprises. New York City has a number of good small business assistance programs, including initiatives run out of the Department of Small Business Services (SBS) and the Economic Development Corporation (NYCEDC), and others managed by nonprofit small business assistance providers. But the majority of these programs are focused on entrepreneurs starting new businesses. The de Blasio administration should refocus its toolkit of small business programs to include more initiatives that help existing businesses to grow. As part of this, it should also include some programs specifically focused on supporting the growth of women-owned businesses and make sure all programs are aggressively marketed to female entrepreneurs. Some specific ideas include:

Launch a program focused on supporting—and scaling up—home-based businesses

In a city where thousands of female entrepreneurs run home-based businesses, the de Blasio administration should create a suite of support services for these small-scale enterprises. This should include targeted advice and resources designed to strengthen home-based businesses across the five boroughs, including those that have no intention of growing into significantly larger businesses. But it should also include new efforts to help some of the city's many home-based entrepreneurs to increase their revenues and expand beyond their home. One model worth exploring is the Home-Based Transition Grant Program in York County, VA, which assists home-based businesses that are poised to expand into commercial space by providing $2,000 grants that could be used to cover some of the new costs in this growth period. However, simply offering workshops or webinars specifically geared to home-based businesses—on everything from marketing with social media to legal and tax issues—would be an important step in the right direction. The city might also promote the use of social networks to connect home-based entrepreneurs, allowing them to share resources or best practices and help each other.

Expand awareness of existing programs that could help women grow their business

It's not enough to merely offer good business assistance programs; those programs also need to be marketed sufficiently. One city program that could benefit from additional marketing is Strategic Steps for Growth, a small business capacity building program developed by the Boston-based nonprofit Interise. Strategic Steps for Growth provides minority and women business owners with the knowledge, know-how and relationships they need to grow their business. It is one of the few standout business assistance programs in the five boroughs that's specifically focused on helping small firms get to the next level. Using Interise's curriculum, the program now operates in 70 cities across the country, run by local partners that are licensed to deliver it. Results are impressive, but the Strategic Steps for Growth program in New York consistently operates at less than full capacity. The program, which is operated by SBS and the Berkley Center for Entrepreneurship & Innovation at the NYU Leonard N. Stern School of Business, can accommodate 18 business owners, but enrollment averages between 15 and 16 firms in each cohort. The de Blasio administration should initiate an extensive marketing campaign for the program. The administration should also provide full funding for the program which would allow SBS to reduce or eliminate the $1,500 fee it charges for

Strategic Steps for Growth as a way to increase interest in the program. Six other Interise partner programs, soon to be seven, with NYCEDC launching a new cohort in the Bronx in May, now operate in the New York City area and all have been able to secure funding so that they do not need to charge a fee.

Establish a Female Entrepreneurs Growth Innovation Fund

As a way of injecting new approaches to help small women-owned businesses grow, the de Blasio administration should partner with philanthropic or corporate funders to establish a new fund that would support five innovative programs—one in each borough—specifically focused on helping more small businesses owned by women to grow into medium-sized and large businesses. The innovation fund might include a competition that would be open to proposals from nonprofit small business providers, businesses and entrepreneurs.

Expand export opportunities for New York's women-owned businesses

According to research from the National Women's Business Council (NWBC), 99.5 percent of the nation's women small business owners do not have sales outside of the United States. It's likely that the numbers are similarly high for New York-based businesses. The de Blasio administration should seize on this untapped opportunity and create new programs designed to increase the number of New York-based businesses that export their goods and services. These programs should specifically target female entrepreneurs in fields such as fashion, architecture, food manufacturing and crafts making.

Expand the number of certified Women Business Enterprises

Winning a government contract can be a springboard to growth for small businesses. But currently only 1,481 companies in the city are even certified as Women Business Enterprises (WBEs), a designation needed to apply for the city's Minority and Women Business Enterprise (M/WBE) contracting program. The de Blasio administration should increase the number of certified WBEs by at least 50 percent over the next five years, and take aggressive steps to identify more women owned businesses across the five boroughs that have the potential to become a government contractor. This should include extensive outreach, and partnerships with community-based organizations—including microfinance groups, local development corporations (LDCs), Small Business Development Corporations (SBDCs), Business Improvement Districts (BIDs) and chambers of commerce—that have more extensive relationships with businesses throughout the city. With just 78 registered WBEs in Staten Island, 125 in the Bronx, 259 in Queens and 309 in Brooklyn, city agencies should specifically look to increase outreach and recruitment efforts in communities outside of Manhattan.

Double the number of female contractors who get city contracts by 2020

It's not enough to simply increase the number of registered WBEs. The de Blasio administration should set a goal of doubling the number of women owned businesses that win contracts with city agencies over the next four years, and put in place practices and programs that help them reach that target. The federal government sets a goal of awarding five percent of its contracts to women-owned businesses, and they have nearly reached that target. But in New York City, just 1.5 percent of city spending goes to women owned businesses. In a city where 40 percent of all businesses are owned by women, this should be achievable. To get there, to the city will need to go beyond simply holding networking events, conferences and trade shows where women entrepreneurs have a chance to schmooze with prime contractors. As one city contracting officer told us, these events don't always result in the meaningful relationships that are needed by women who are trying to break into government contracting. Contracting officials at city agencies should do more to foster those relationships. One way is to affirmatively set up meetings between women entrepreneurs whose businesses are at the point where they can handle a government contract and prime contractors. Additionally, the administration should consider two recommendations made in 2015 by City Comptroller Scott Stringer:

hold prime contractors accountable for complying with M/WBE requirements and explore expanding M/WBE goals further down the vendor supply chain.

Help New York City's certified WBEs access other government contracting and private sector supply chain opportunities

Companies owned by women that have been awarded city government contracts may be well-positioned to break into the corporate supply chain or obtain contracts with the federal and state government, all of which could help expand their operations. The de Blasio administration should target these firms—as well as male-owned companies that have won city contracts through the M/WBE program—and make sure they are aware of these opportunities. At a minimum, they should ensure that companies registered for the city's WBE program are also registered for federal and state M/WBE programs as well as the city's Corporate Alliance Program, which helps city businesses access supply chain contracting opportunities.

Ease restrictions that prevent successful child care businesses from expanding

The number of child care businesses in New York City has been on the rise for several years, providing entrepreneurial opportunities for hundreds of female entrepreneurs, including many from immigrant and minority communities. But while some of these entrepreneurs are running highly successful businesses with large waiting lists, city officials recently adopted regulations that make it nearly impossible for anyone to open up a second or third child care establishment. While ensuring safety is paramount, city officials should reexamine the regulations and consider finding a middle ground that would allow some of these businesses to open more than one child care center. At the same time, the city should continue to support existing programs—like the ones offered by BOC and WHEDco—that help home-based child care operators to think of themselves as business owners and develop the financial skills needed to succeed and grow.

Develop programs to support older women entrepreneurs

With the city's population aging rapidly—the number of residents 65 years and over is expected to increase by 41 percent between 2010 and 2040—New York could be on the verge of a boom in older entrepreneurs. The biggest opportunity may be with older women. Indeed, today women account for 60 percent of all New Yorkers who are 65 and older—626,079 out of the city's 1,046,671 seniors. The city's Economic Development Corporation (EDC) and Department of Small Business Services should develop a new program to encourage and support older entrepreneurship across the five boroughs. They should also market existing programs for small business owners and entrepreneurs to older adults across the city, possibly through partnership with organizations that work closely with older New Yorkers, such as AARP.

Create incentives for banks and alternative lenders to make more small loans

While women entrepreneurs at all levels struggle to access capital, the experts we interviewed for this report told us that the biggest gap is for loans under $150,000. Microlenders are providing a number of very small loans at the bottom of this range—usually under $10,000. But many women-owned businesses are looking for loans of $50,000, $75,000 or $125,000. Unfortunately, there's currently little incentive for banks to make loans at these levels. It costs the same for banks to process these small loans as it does for a $5 million loan, yet the profit potential is significantly lower and the risks are typically much higher. City, state and federal government officials should create new incentives that entice lenders to take a closer look at loans in this range. Some ideas include:

Expand the city's Capital Access Loan Guarantee program

The city's Capital Access program guarantees up to 40 percent of eligible loans from participating lenders to small businesses. By providing the guarantee, the city reduces the risk for lenders and thus helps them make small loans they wouldn't otherwise. But there are two things the de Blasio administration could do to increase the number of loans made through the program. First, it should follow the lead of the SBA, which eliminated fees that it had imposed on lenders for every loan made through its loan guarantee program. According to Erin Andrew, director of the SBA's Office of Women's Business Ownership, eliminating the fees "provided an incentive for [lenders] to give out a smaller dollar loan, and we've seen more women access capital as a result." If New York City eliminated the fees it charges to lenders participating in its Capital Access program, it could have a similar impact. Second, the de Blasio administration ought to consider extending the guarantee to 60 or 70 percent. Doing so would encourage lenders to make more small loans.

Give banks CRA credit for making very small business loans

Bank regulators should make it apparent that banks will get credit under the federal Community Reinvestment Act (CRA) for making small loans to women and minorities with interest rates under 10 percent. Because CRA rules are currently unclear about this, banks often use their CRA funds for other purposes.

Ensure that more women entrepreneurs whose loan applications are rejected by banks get referred to a microlending institution for access to capital, credit building assistance and other business support services

Some of the experts we interviewed for this report told us that when a woman applying for a small business loan is turned down by a bank, they are less likely than men to come back to the bank later on and re-apply for a loan. Thus, it's important for women entrepreneurs to learn about other, nontraditional lending opportunities that may be available to them, such as microloans. Banks can help by making it a standard practice to refer clients who have solid prospects but may not meet all their requirements to microlending institutions, which may be able to provide a small loan or work with the entrepreneur to improve their credit rating and gain financial management skills. In many ways it is in banks' interest to make these referrals. After all, if they help a client get a microloan, the client is likely to set up various accounts with the bank. There's also a good chance the client will be ready to come back for a traditional bank loan in a year or two, after developing a solid credit history with the microlending organization. But while many banks do make referrals to microfinance organizations, there's clear potential to make the referrals more commonplace.

Begin offering child care services at some of the city's small business centers, accelerators and incubators

Many women entrepreneurs who run a business while juggling family responsibilities may be discouraged from taking advantage of counseling services that are currently available to small business owners and aspiring entrepreneurs simply because child care services are not available. With this in mind, the de Blasio administration should create a competitive grant program that provides funding that enables a couple of the city's existing small business centers, accelerators or incubators to begin offering on site child care services.

Recruit experienced women business owners and executives from every industry sector to be mentors

Virtually every entrepreneur we interviewed for this report cited the importance of mentors and the advice, industry knowledge and personal support they provide. That includes lawyers, accountants and other professionals who may not provide overall management advice but can help new entrepreneurs avoid legal and financial missteps. But there have long been too few mentorship programs specifically geared towards female entrepreneurs, particularly in a number of high-growth industries. To its credit, the de Blasio administration is making clear progress in this area. It recently launched WEConnectMentors, an initiative in which women professionals will mentors female entrepreneurs across the five boroughs. In February 2016, the administration announced the first class of 17 WEConnectMentors, and it expects to add additional mentors in the months ahead. This is a tremendous start, but in a city with over 400,000 women-owned businesses, even more female mentors are needed. The de Blasio administration should expand on WEConnectMentors by partnering with industry trade associations to recruit executives and experienced entrepreneurs in a variety of sectors to serve as mentors to new entrepreneurs. For inspiration, it might look to San Francisco's businessadvising.org, a non-profit that matches small business owners with advisors and mentors. SBS and other small business assistance intermediaries in the five boroughs should also look to expand partnerships with Business Mentor NY, an online mentorship matchmaking program run by Empire State Development.

Increase the number of women professionals involved in SCORE

Funded by the SBA, SCORE is a national network of experienced business executives and professional that provides free counseling to small business owners. But while SCORE is highly regarded for the quality of its advice and mentoring services, only nine of the 63 SCORE counselors in New York City (14 percent) are women. While there are other programs that provide mentoring services to business owners in New York, SCORE is one of the largest such providers, helping over 5,000 entrepreneurs last year. Given its important role in the ecosystem of small business counseling services, the New York chapter of SCORE should make it a priority to increase the number of female counselors.

Create more opportunities for women entrepreneurs to team up and start companies with co-founders

A recent report on women entrepreneurship by the Global Research Monitor (GEM) research consortium showed that "economies with a higher percentage of women entrepreneurs starting in teams of three or more also have a greater proportion of those with job creation ambitions." Given these findings, the de Blasio administration should create opportunities for aspiring female founders to team up.

Establish an annual showcase event where women entrepreneurs can meet and pitch the city's top venture capital leaders

Currently, only a small number of female founders receive funding from venture capital firms in New York. One way to begin increasing those numbers is to more consistently connect female entrepreneurs with partners from the city's top venture capital firms. This could be achieved through an annual or bi-annual convening where women entrepreneurs socialize with and then pitch the city's top venture capital leaders.

Set a goal of doubling the number of women partners at New York City-based venture capital funds

Research suggests that women tech entrepreneurs would have better success in accessing venture funding if there were more women investors at VC firms. Women currently account for only seven percent of those working on the investment teams at the city's 20 most active VC firms. The city's VC firms should commit to at least doubling these numbers over the next two years, and take affirmative steps to reach those goals.

Increase the number of women investors

While the city's venture firms undoubtedly should make efforts to increase the number of women partners, it's also critical that more women become investors in the first place. As the ranks of women investors grow, it's likely that more women founders will get funded. As one example, Joanne Wilson has made roughly 100 angel investments in the past few years and around 70 percent of them are in companies with women founders.

Build upon efforts already underway to increase the number of women working in the tech sector

While the number of female tech entrepreneurs is growing rapidly, it's likely there will be significantly fewer women entrepreneurs in this part of the economy until women comprise a larger share of those working in the city's tech sector. Women currently make up only 28 percent of those working in computer systems design, the largest of the industries that make up New York's tech sector. They also account for a paltry 33 percent of the workforce in the city's software publishing subsector and 38 percent in the data processing and hosting industry. Mayor de Blasio, philanthropic foundations and industry leaders should expand upon several of the promising efforts already underway that help girls and women—and other groups historically under-represented in the tech sector—develop the skills and credentials needed for tech careers.

ATLANTA

Like the rest of the nation, the "Business Capital of the Southeast" has yet to achieve full parity in business opportunities for women or people of color. That said, it would be hard to find a major metropolitan area that's making a better attempt at it than Atlanta.

"It's in a class by itself," says Theia Washington, executive director of the city-funded Atlanta Women's Entrepreneurship Initiative.

"Our entrepreneurial ecosystem is in the early stages of beginning to fire on all cylinders for diverse founders and gender-diverse teams," says Lisa Calhoun, an Atlanta-based venture capitalist.

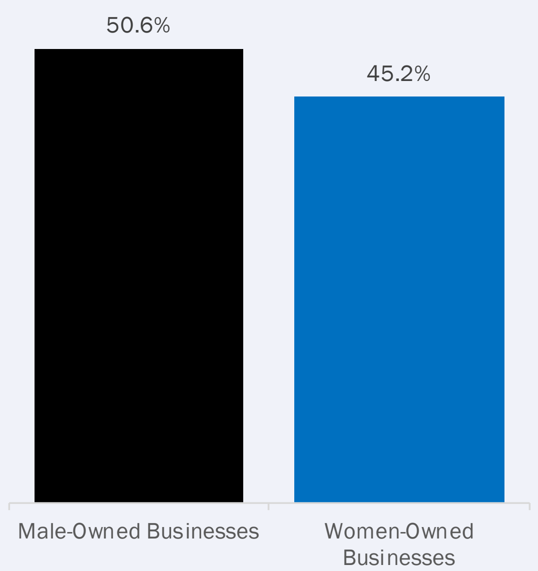
Indeed, few cities are experiencing as rapid growth in women entrepreneurship as Atlanta. The number of women-owned businesses in the city increased by 65 percent between 2007 and 2012, the most recent year for which Census data was available. This was the third fastest rate of growth among the 25 largest cities in America during this five-year period. Over the past 10 years (2002-2012), women-owned firms in Atlanta grew by 116 percent, fifth among all large U.S. cities.

Overall, Atlanta is now home to 28,172 women-owned businesses in the city, up from 17,047 in 2007 and 13,040 in 2002.

Women entrepreneurs also account for a number of Atlanta's fastest growing enterprises. In 2015, 14 percent of the businesses on the Inc. 5000 list that were based in the Atlanta metropolitan area—and 15 percent of the businesses on the list hailing from the city of Atlanta—had a female founder, according to a CUF analysis. The women-run firms on the list were predominately in health, marketing and IT services sectors.

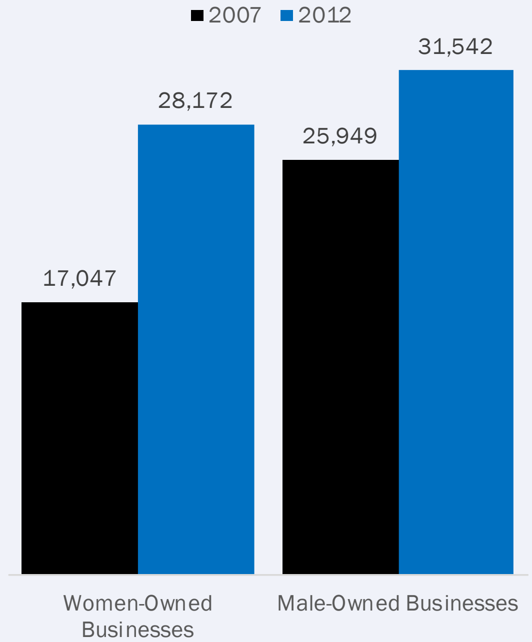
Atlanta is the home of some epic business success stories, like Sara Blakely's globally embraced (and embracing) "Spanx" brand, which in 2012 made her the

Share of All Atlanta Businesses, 2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area. The share of women-owned businesses and male-owned businesses does not add up to 100 percent because some businesses are equally male and female owned.

Growth in Businesses in Atlanta, 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

world's youngest self-made female billionaire and one of Time's 100 Most Influential People. The city's advanced network of tech educators, incubators, funders and accelerators has propelled female founders into the fintech, biotech and consumer tech sectors as well. Cumulatively, these women have earned Georgia a three-year reign as the state charting the fastest growth of women-owned businesses in the nation.

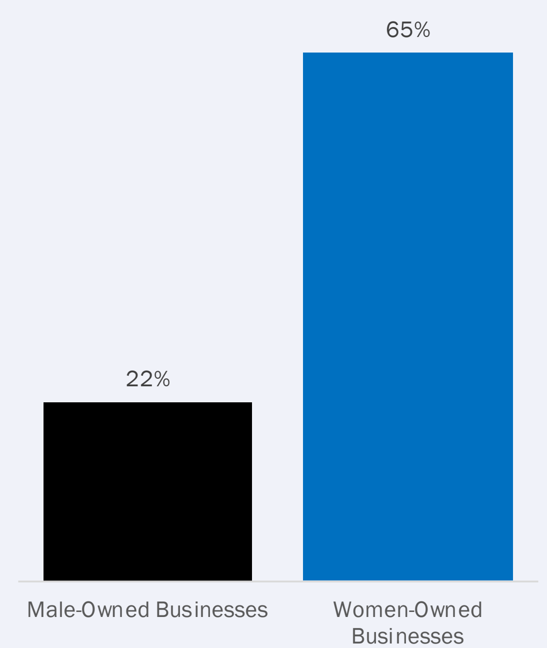
So what is it about this friendly, temperate, Southern-paced town that has produced such a powerhouse team of female contenders in both local and global business arenas? Among the women entrepreneurs and small business experts that we interviewed, the prevailing theory is that over the last two decades, the city has developed a triumvirate of partnerships among its educational institutions, giant companies (more than 80 percent of America's largest companies maintain branch offices in Atlanta) and local government that offers a diverse group of female entrepreneurs the most practical sorts of aid. These include downtown workspaces, corporate contract opportunities, successful business mentors and seed stage funding.

"What makes Atlanta unique in terms of women's contributions is that we have such strong support between the public sector—especially the mayor's and the governor's offices—and the giant businesses that are headquartered here," says Theia Washington. "That partnered with what's happening in our educational community has shifted Atlanta into a very different territory in terms of growth."

Kathleen Kurre, the owner of a customer-growth consulting company and a fellow at the Institute for Leadership and Entrepreneurship at Georgia Tech's Scheller College of Business, agrees. "Atlanta has a flow that allows the lifecycle of creation and growth to happen. The government system is a piece of it, the educational systems are a piece of it, the Metro Atlanta Chamber is a piece of it. Everyone has a piece of the network but no one owns it, and a woman today can go in there, work all those relationships, get connected to her community and solve actual problems in the world."

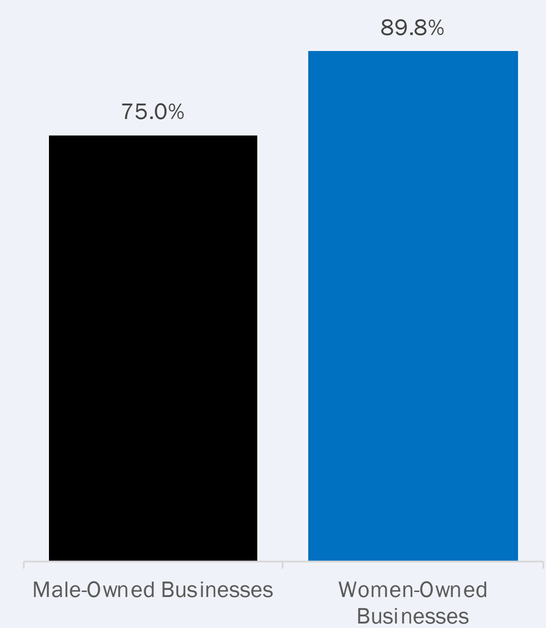
The city displays its practical, pro-entrepreneur environment through dozens of networking groups and support programs for women at all stages of the

Percentage Growth in Businesses in Atlanta, 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

Share of All Businesses in Atlanta Without Paid Employees



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

business lifecycle. There's a popular monthly "Meetup" group called Atlanta Female Founders Club where women can network and share stories. Georgia Tech runs mentorship and incubator programs for female business owners (some government-funded) that give participants the chance to pitch their products or services to big Atlanta-based corporations, like Delta. A new venture capital firm, Valor Ventures, is targeting investments in "gender diverse founding teams." A lending and training institution called ACE (Access to Capital for Entrepreneurs) provides funds to qualifying early-stage founders, especially minority and low-to-moderate income women. The list goes on. An active local Women in Technology (WIT) chapter advertises its full slate of networking and educational programs with the catch phrase: "The fast track in Georgia just got more interesting."

One of Atlanta's most successful new fast-trackers is Lucienne Ide, founder and CEO of a digital heath company called Rimidi, which develops software products to help patients manage chronic illnesses like diabetes. Ide says she drew upon many of Atlanta's educational and entrepreneurial networks to help get her business going. "I earned my M.D. and Ph.D. at Emory and in the early stages of our company, I went back to my mentors there who had experience starting companies to commercialize scientific research," says Ide. "I've also had a tremendous mentor at Georgia Tech who is an expert in health IT and the evolving models of healthcare delivery. Having people like this who believe in our vision is key to getting through the ups and downs of the startup life."

While women entrepreneurs in Atlanta are undoubtedly making strides, Atlanta faces challenges similar to other cities when it comes to scaling its women-owned businesses. According to our analysis of data from the U.S. Census, the average women-owned business in Atlanta had revenues of $135,772, which is 15th among the 25 largest U.S. cities and just a fraction of the revenues earned by male-owned businesses in the city ($635,000). Moreover, just 2,886 of the 28,172 women-owned businesses in the city—or just 9.8 percent—had one or more employees.

Ide says one of the "downs" for female founders in Atlanta is the perpetual struggle for significant financial backing. "Funding is always a top issue that needs to be addressed. There is obviously a gender gap in the investment community…female entrepreneurs are showing up to the pitch events but the room is always full of men," says Ide.

Theia Washington of the Women's Entrepreneurship Initiative agrees. "There's a challenge around investment for minority women in particular," she says, "and it's a challenge for women who fall outside of that high-tech space to still be recognized and validated as a business that's worthy of investment. We have work to do."

Still, some successful female business owners think that compared to other U.S. cities, Atlanta's access-to-capital scene is more navigable. Anisa Telwar is the founder of a bourgeoning Atlanta-based beauty products company called Anisa International. She has been at it for 23 years now, but she remembers how hard it was to get funding when she first began landing deals to supply makeup brushes to major cosmetic industry clients like Revlon, Loreal, and Esteé Lauder. With giant orders to fill, Telwar needed more capital and fast.

"I walked into a big New York City bank and they looked at me like I was crazy, but I had banks here in Atlanta saying it was no problem," says Telwar. One local banker in particular, Ling Chiang of Summit National, was able to secure Telwar her first $50,000 line of credit. "It was a gold mine to me at the time," she says. "And he was super-supportive of me. He asked the right questions, he referred me to an affordable accountant to get all my financials cleaned up. And he was able to keep extending us as the business grew. I don't think I would have been given the same opportunity if I was in New York."

Today, Telwar's business is shipping 25 million brushes a year and employs more than 600 employees globally, with a manufacturing plant in Tianjin, China, and a showroom in New York. But Telwar keeps her headquarters anchored in Atlanta. "Every city has its problems and challenges, and we still have a lot of work to do to open more doors for women, but I've been able to grow with the city. So much is changing here and I'm proud of that."

DALLAS

Nicole Mossman knew she wanted to start her own business. She had already helped build companies up from zero revenue and launched new product lines. Now she was ready. So she went back to school.

She enrolled in the Startup Launch Track program at the University of Texas at Dallas, where she received a $25,000 grant, incubator space and mentoring opportunities. That enabled her to start EverThread, a digital print-on-demand fabric and design company. Today, two years later, her company has rolled out 18 new products and is planning to exhibit at wholesale expos in Dallas, and eventually across the country.

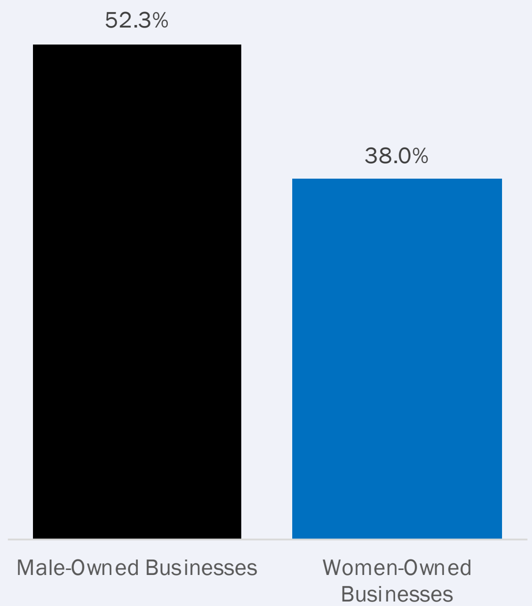
Starting a business in Dallas was a huge advantage, she believes. "The thing I've noticed is that the entrepreneur community here really embraces local entrepreneurs," she says. "If you have a question or help in whatever way, you can gain access to resources. There are several key people in Dallas who have created that community feel."

Indeed, the environment for entrepreneurs in Dallas—especially for women—has exploded in the last five years. A listing by the Dallas Regional Chamber of Commerce shows that the Dallas metropolitan area now has 15 accelerators, 17 incubators, 10 innovation centers and 22 co-working sites.

"One of the great advantages for the startup community here is that we have such a robust support system and a welcoming culture, particularly for women," says Pat Priest, chief operating officer for the Dallas chamber.

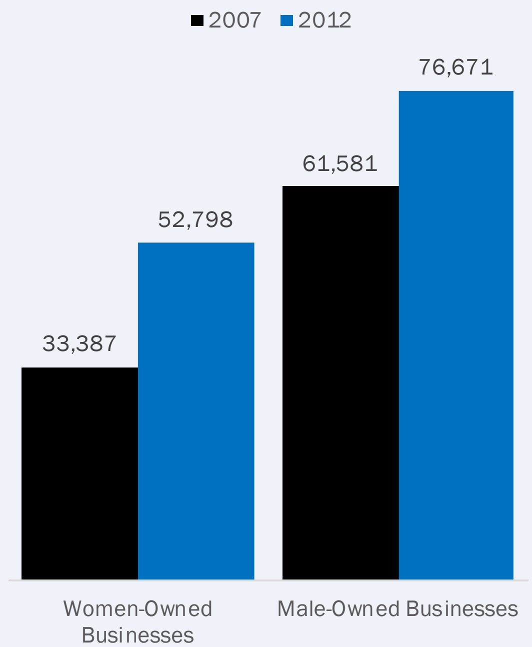
Dallas is a town that was built on cotton, railroads and, more recently, oil and gas. It also has a history of strong women entrepreneurs—most notably Mary Kay Asher, who founded the Mary Kay Cosmetics em-

Share of All Dallas Businesses, 2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area. The share of women-owned businesses and male-owned businesses does not add up to 100 percent because some businesses are equally male and female owned.

Growth in Businesses in Dallas, 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

pire, and Ebby Halliday, who started a well-known Dallas real estate company in 1945.

Today, Dallas is one of the fastest growing cities for women entrepreneurs. According to a CUF analysis of U.S. Census data, the number of women-owned firms in Dallas has doubled over the last 10 years and jumped 58 percent from 2007 to 2012 to 52,798 (compared to a 25 percent increase for male-owned firms during the last five years). However, most of those firms do not have employees (i.e., many are sole proprietorships or consultancies). The number of women-owned firms with employees only grew by nearly 13.8 percent from 2007 to 2012—comparable to the growth in men-owned firms with employees: of 15.5 percent.

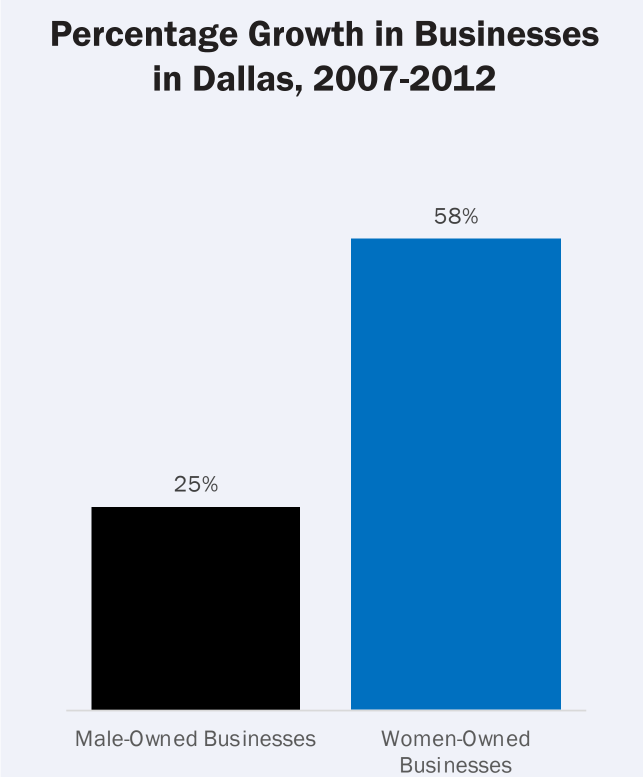
One area where Dallas does shine is revenue per women-owned business. Among the nation's 25 largest cities, Dallas ranked first in 2012 with average sales of $198,599 per firm. There is no consensus on why Dallas ranks so high, but some experts believe it is because women entrepreneurs tend to gravitate to social service businesses, which may be easier to get off the ground than technology startups.

"Mary Kay Asher inspired a lot of women in the non-tech sector, like fashion, restaurants and consumer goods," said Lea Ellermeier Nesbit, a serial entrepreneur who is now CEO of Natural Dental Implants, a company that is developing a new system of dental implants. "I see a lot of women-owned companies in the social service group. When you get into hardware—tech, routers, switches, software, medical devices, pharma—you see fewer women in leadership roles."

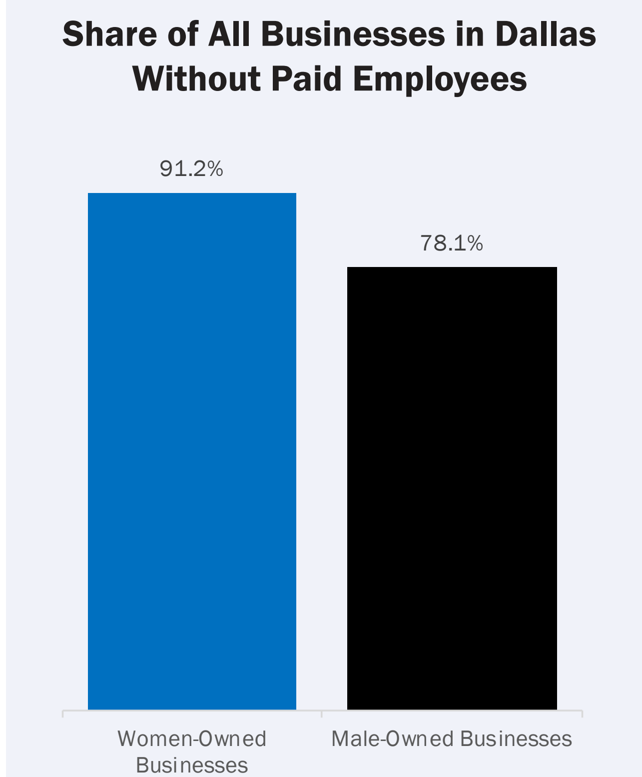
She noted that it takes greater resources to start a medical or technology company, which may explain why non-technology companies are more successful and why women-owned businesses in Dallas are more successful, revenue-wise.

The data on women entrepreneurs by sectors is mixed and some experts say there are significant numbers of women in the tech and medical device sectors. But there is general agreement that Dallas' high average revenue for women-owned firms speaks to the strength of the entrepreneur community for women in the city.

The growth of women entrepreneurs in Dallas is attributed primarily to the city's business-friendly en-



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

vironment and an expanding ecosystem for entrepreneurship in the city and the surrounding area.

"The city has a very strong business community. If you can't find a customer here, you aren't selling," said Jeremy Vickers, executive director of the Institute for Innovation and Entrepreneurship at UT Dallas. "We also have one of the most diverse industry bases here. Our economy is not dependent on oil and gas, so we're not struggling. We have a big tech sector, wireless, mobile, fashion, retail."

As a magnet for corporate headquarters—nine Fortune 500 companies are based in or near Dallas—the city has attracted a wealth of talent, which has encouraged new entrepreneurs as well as mentors and investors. And the cost of living in Dallas in much lower than other metro areas, which translates into lower costs for real estate, taxes, and employee salaries and benefits.

These factors have helped stimulate the area's growing number of accelerators, incubators, meetup groups and co-working spaces. Two years ago, several corporate sponsors such as Dell, American Airlines and ADP—assisted with $200,000 in matching funds from the city of Dallas—helped launch the non-profit Dallas Entrepreneur Center (DEC) to offer resources, mentorship and a community for aspiring entrepreneurs. Many of the area's academic institutions, including UT Dallas, Southern Methodist University and the University of North Texas, have created entrepreneurship programs to encourage startups.

When Cyndi Nickel of Austin was looking for a wet lab and incubator space to launch her company, DxUpClose (which is developing an antibiotic susceptibility test), she found it in Dallas. "They helped me find the angels who wanted to invest in tech and all the investors were in Dallas," she says.

Aassia Haq, who started Guidrr, Inc., a peer-to-peer travel site, says, "There's a strong sense of camaraderie within the entire community. The ecosystem creates a lot of connection points between young entrepreneurs and the strategic players in the business."

Despite this growing entrepreneurship community, experts say men continue to dominate the startup field. Vickers' UT Dallas institute conducted a study in 2013 of startup CEOs and found that men outnumbered women 3-to-1. The numbers didn't change in a 2015 study.

So Vickers and other leaders in the entrepreneurship community are now on a mission to do more to encourage women entrepreneurs. The DEC has begun a series of programs, called #WEDallas, to encourage women entrepreneurs. As part of the program, DEC last October sponsored a five-week crash course for women on how to start a business. There are new workspaces for women-run startups, like The Kaleidoscope For Her, and women-run accelerators like Tech Wildcatters. And YW, a woman-focused nonprofit, created a Woman's Enterprise Center last year to help give women the business and financial skills needed to start and run their own firms.

Despite Dallas' pro-business culture, access to capital remains a major hurdle for many women entrepreneurs. "Anyone starting a business faces a challenge and for women, capital is a bigger challenger," Jeremy Vickers says. "Women don't fit into the old boys' network. And women entrepreneurs don't have women advisers or mentors. That can be a challenge."

Mossman of EverThread says she is often the only woman in the room when she meets with potential investors. She finds that many investors—almost always men—have difficulty understanding how her fashion business can be successful. "What I'm doing has a lot of to do with trends in fashion," she says. "But a lot of investors in Dallas, their background is in oil and gas, finance and telecom. It's too far of a stretch for them because it's outside their wheelhouse."

Dallas business leaders are certainly aware of problem. "It's still a bit of a niche market when it comes to women-owned businesses," says Pat Priest of the Dallas chamber. However, she said there is a growing women's network of investors that is focused on supporting women entrepreneurs.

A good example is Golden Seeds, a national organization of angel investors that only supports women-owned firms.

Louise Kee, a Golden Seeds managing director based in Dallas, says she has noticed a recent upsurge in growth of women-owned firms in her city.

"We're seeing more in the last 12 months than in the previous two-to-three years," she says.

WASHINGTON, D.C.

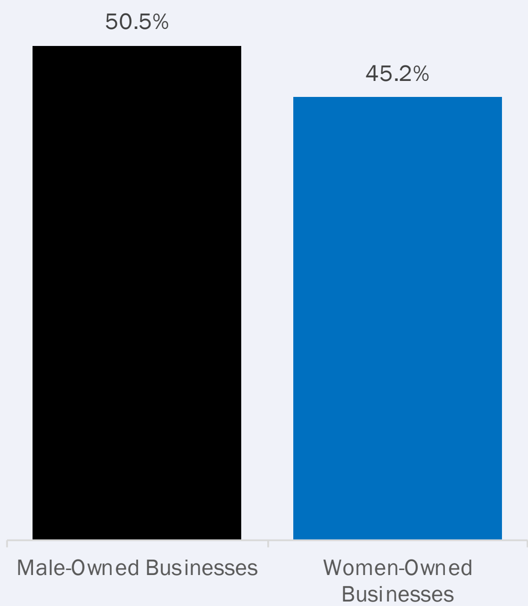
Though Washington, D.C. is perpetually America's ultimate company town, it's not Uncle Sam who's cultivating new shoots of economic growth in the District these days. Federal spending, which helped the D.C. metro area come through the "Great Recession" faster than any other city, peaked back in 2010, and when the belt-tightening "sequester" hit a couple years later, more than 20,000 residents were forced off federal payrolls. What did residents do in response? They got scrappy and entrepreneurial. And which residents turned their creative, money-making ideas into actual new ventures the fastest? By an overwhelming majority, it was women.

"Women are starting businesses at a rate of three-to-one more than men in D.C.," says Candice Miles, director of the DC Women's Business Center (WBC). "Many of these women had worked for a while in the federal industry and they were ready to do something different. And we're seeing a lot of really young people now too who aren't looking to work in a traditional office job."

In fact, the number of women-owned businesses in Washington grew four times faster than businesses owned by men between 2007 and 2012, the most recent year for which Census data is available. During this period, the number of women-owned businesses increased by 40 percent, from 19,291 in 2007 to 27,064 in 2012. During the same period, businesses owned by men rose by just 10 percent, from 27,588 to 30,327.

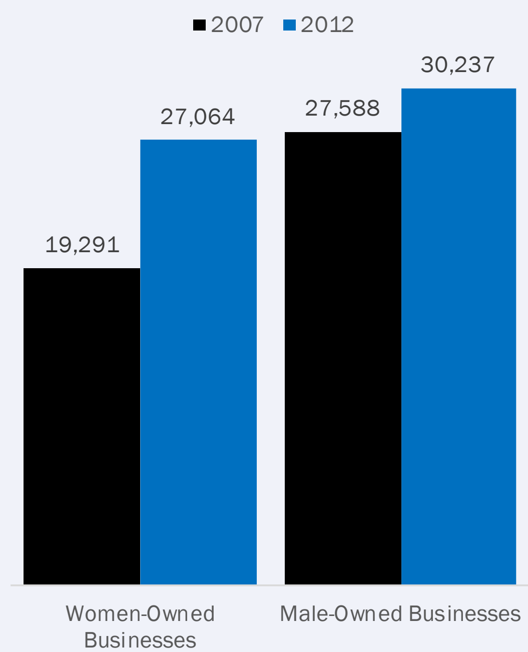
Meanwhile, the number of women-owned businesses with at least one employee grew by 23 percent, compared to an increase of just 3 percent for similar businesses owned by men. (Despite the recent growth, far fewer businesses owned by women in the District

Share of All Washington, D.C. Businesses, 2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area. The share of women-owned businesses and male-owned businesses does not add up to 100 percent because some businesses are equally male and female owned.

Growth in Businesses in Washington, D.C., 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

have employees—2,652 women-owned firms have paid employees while 7,259 male-owned firms do.)

Women entrepreneurs are at the helm of some of the region's fastest growing firms. Indeed, women-founded firms account for 15 percent of the D.C. area companies on the Inc. 5000 2015 list, a catalog of the nation's fastest-growing businesses. Among the region's success stories are Gloria Bohan's Omega World Travel, a Fairfax, Va., company that pulls in more than $1 billion in annual revenues providing business travel services to both government and corporate clients. Not too far around the Beltway, JBS International Inc., of Bethesda, Md., a health IT-services company founded by Jerri Shaw and Gail Bassin, employs more than 350 people and boasts annual revenues of more than $70 million. And METIS Solutions and Viderity, women-founded defense and IT-service contractors, have both ranked high on national "fastest growing" company lists.

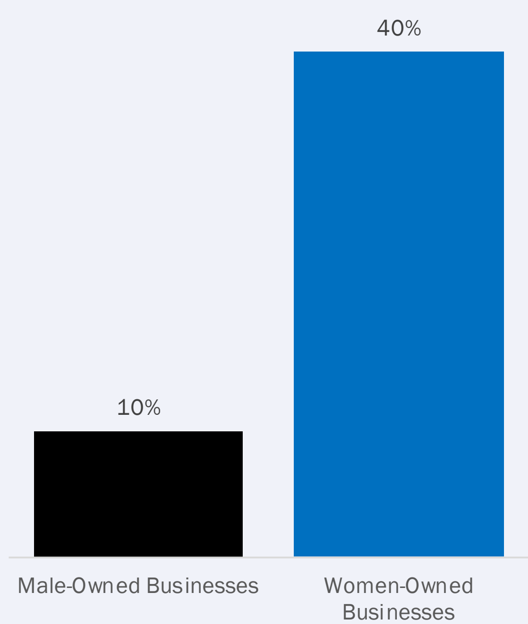
Overall, however, most D.C.-based women-owned firms remain quite small. While women own 45 percent of the businesses in the District, many of those businesses are what Ana Harvey, Director of the D.C. Department of Small and Local Business Development, calls "small shoots" with just one or two employees.

In fact, the average women-owned business in the District had 10 employees and earned $162,495 in revenues, compared to 15 employees and $681,428 for businesses owned by men. Moreover, while the number of women-owned firms grew by 40 percent over the past five years, employees at these companies increased by just 5 percent (compared to 14 percent for male-owned firms) and revenues rose by just 16 percent (compared to 25 percent for male-owned firms).

"I want these businesses to become more robust," says Harvey. "It's not so much the glass ceiling that's in operation here, but what I call the sticky floor. What is keeping us down? Access to capital, access to networks and access to resources."

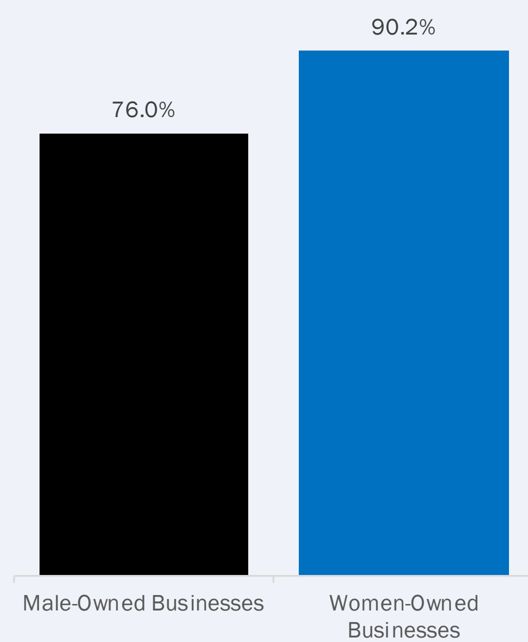
Like businesses in other cities, women-business owners throughout the D.C. metro area report struggle to access capital. Indeed, self-funding is seen as the only option for many female entrepreneurs in the District.

Percentage Growth in Businesses in Washington, D.C., 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

Share of All Businesses in Washington, D.C. Without Paid Employees



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

“I want these businesses to become more robust. It’s not so much the glass ceiling that’s in operation here, but what I call the sticky floor. What is keeping us down? Access to capital, access to networks and access to resources.”

Many of the women who do make it past small-shoot mode are flourishing in traditionally male-dominated sectors, like construction, defense contracting, urban planning and cyber security. Steve Fuller, a professor of economic policy at George Mason University and the leading expert on the Beltway economy, has a theory that all the time women spent working on major projects in federal offices over the last 50 years earned them—and their daughters—the confidence and relationships to make plays in high-power industries.

“The economy here has always been favorable to women because so many of the jobs here required muscle between the ears,” says Fuller. “Inequity still exists, of course, but you find it less so in Washington. The occupations that characterize the Washington workforce are increasingly dominated by women.”

Chancee Lundy and Veronica Davis, two civil engineers with government work backgrounds at the Federal Highway Administration and the City of Alexandria, Va., are a prime example of sector pioneers. The two met in 2002 at a National Society of Black Engineers conference in Brooklyn, NY, where they had been randomly assigned as roommates. “Within ten minutes of meeting, we were already talking about building a business together someday,” says Lundy. “We had similar backgrounds, a passion for social justice and we both wanted to use our engineering skills to be progressive. We put in our years working for public and corporate employers, but in 2009—the worst of times!—we decided to jump out of the plane and build a parachute on the way down.”

What they built was NSpire Green, an environmental and urban planning consulting firm that focuses on projects they both believe in, like sustainable transportation solutions and cleaner manufacturing practices. Now six years old, NSpire Green serves municipal and private clients both in D.C. proper and in the larger metro area, including Prince George’s County in Maryland. “It took relationships to get into every market we are in,” says Lundee, “But our clients believe in us. They have been incredibly supportive, even when we were struggling to get financing from banks.”

Construction company owner Lisa Deane is another successful sector-buster. After working as a construction manager for more than 20 years, she purchased her firm, Federal Contractors Inc., in 2015 and has seen revenues top a million. She currently has five full-time employees but when big renovation projects come in, she’ll hire as many as 25. “We’ve contracted with four different federal agencies: the Department of Labor, the National Park Service, the Social Security Administration and the Department of Agriculture. One positive about working on federal projects is that if they don’t pay you within 30 days, they have to pay interest. You don’t get that with other clients,” says Deane.

The symbiotic relationship between federal agencies and women-owned businesses is expected to intensify in coming years thanks to the passage of a new rule changing the way agencies award contracts to small businesses. As of October 15, 2015, federal agencies (and there are more than 400 of them, counting legislative and executive offices) are allowed to negotiate directly with women-owned businesses and award them "sole source" contracts below $4 million without a formal public bidding process.

"This is going to be huge for me," says Deane. "Now, agencies can say to me, 'Here's a job, give me a price for it,' and as long as I'm reasonable, they don't have to put it out for other bids. It's changing the way I market too. I've already started writing a new capability statement to emphasize the fact that we are a woman-owned business."

In 2014, the Federal government awarded 4.7 percent of its contracts (nationwide) to women-owned businesses, up from 4.3 percent in 2013. SBA Administrator Maria Contreras-Sweet has stated publicly that the government's goal is to get that number up to 5 percent in the coming years. "Oh, I don't know about that," laughs Deane. "I mean, I think it should be at least 50."

While federal spending makes up about 35 percent of the D.C. metro area's economy today, it's projected to drop to about 28 percent by 2020, so Candice Miles of D.C. WBC constantly encourages the women in her business development programs to diversify their client base out past government entities. "You get your real freedom as an entrepreneur when you are managing multiple contracts and clients, allowing you to hire other people too," says Miles. "Otherwise, you are working 35-40 hours per week on one contract and you're swiping your I.D. just like a federal employee, except that yours says, 'Contractor.'"

Both Miles and Ana Harvey of the D.C. Department of Small and Local Business Development have recently started entrepreneurial programs, funded by both local and federal government grants, designed to help women launch, establish and grow business that will be anchored in D.C. neighborhoods. "What we're excited about are the native Washingtonian women," says Harvey. "They have a lot of pride in our city and they seem to be at the front of a 'Made in D.C.' movement."

Harvey, a former business owner herself who is now working for new D.C. Mayor Muriel Bowser, started "Simple Steps for the Creative Entrepreneur," a 5-week class that helps D.C. artists, designers and musicians formulate business plans and find professional mentors. Miles' DC Women's Business Center offers a full slate of mentoring programs too, as well as one- and two-day financial seminars aimed at a wide variety of business owners. "We are supporting women who provide pet services, health care services, who run bakeries and salons, and a good number of people who want to start nonprofits too," says Miles.

Keisha Cofield, the founder and owner of Blu December, a bath & body products brand, has taken a number of DC WBC workshops. "I'm so grateful for their support," says Cofield. "They point me in the right direction."

Cofield says a well-known, beauty-in-a-box company recently wanted to order 50,000 units of her signature Blu December candles ("My candles are amazing," she says. "I really put a lot of effort into the chemistry of candle making."). However, Cofield didn't have the capital to pull off that large an order, and the banks she approached for help told her she needed a full-time job to secure a loan.

"It's situations like that that are really tough," says Cofield. "Here I am trying to create a movement that I want to be a part of, and I have an actual product on the market. So I'm getting guidance now and I'm making connections with other women and passing out my business cards and joining forces. Together, we're more empowered. We'll do it all, you watch."

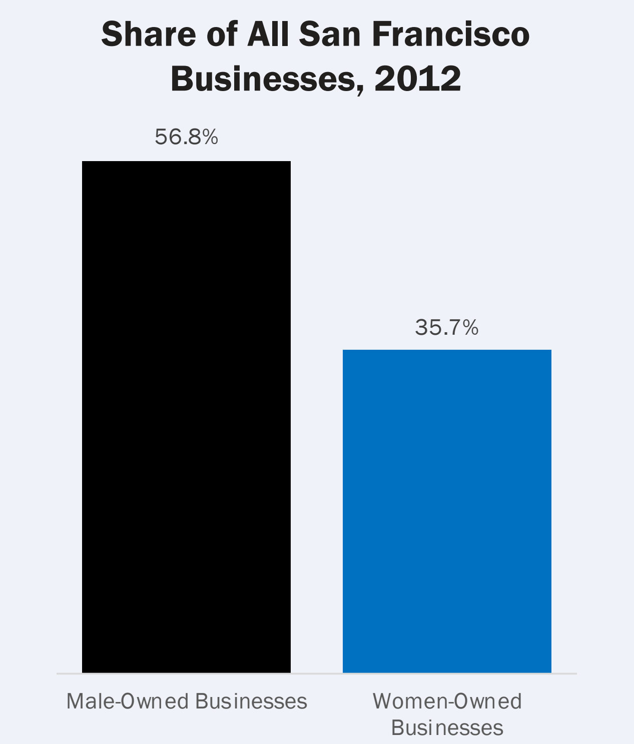
SAN FRANCISCO

San Francisco anchors America's most dynamic region for innovation and entrepreneurship, so it's no surprise that the city produces some of the nation's most successful women entrepreneurs. According to a CUF analysis, 26 percent of the San Francisco-based companies on the Inc. 5000 2015 list of the nation's fastest growing companies have a woman founder, a higher percentage than any of the other four cities we examined.

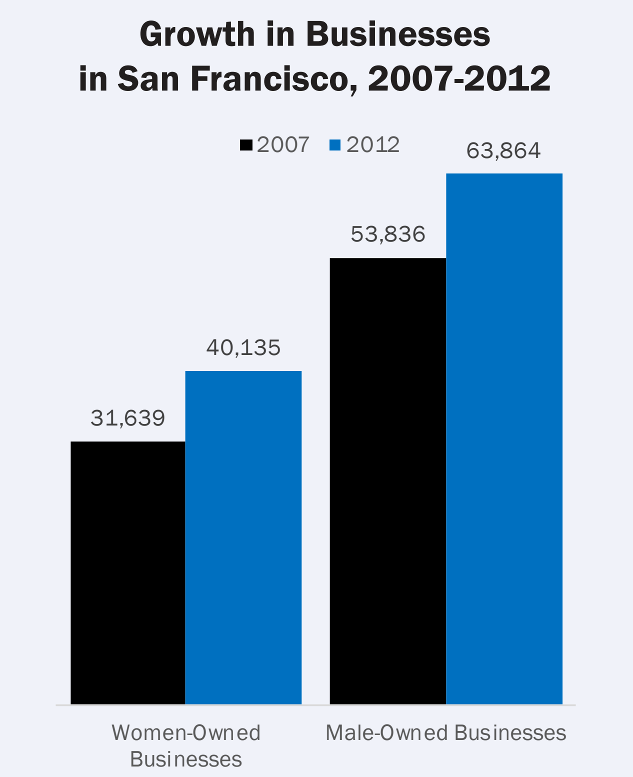
In recent years, women in San Francisco have founded or co-founded fast-growing startups including CloudFlare, One King's Lane, Eventbrite, 1-Page, SlideShare, Shift, PlanGrid and CurrentTV. Looking beyond the city limits, Zipcar, Polyvore, 23andMe and Houzz are just a few of the successful Bay Area companies with a woman founder.

The rate of female entrepreneurship in San Francisco is also high. Out of the nation's 25 largest cities, San Francisco was fifth in the number of women-owned businesses per capita. Though it is home to 850,000 residents, San Francisco has 38 percent more women-owned firms than San Jose (which has a population over 1 million) and 17 percent more women-owned firms than Austin (with a population of 913,000). It also has nearly as many women-owned businesses as Philadelphia (with a population of 1.56 million), Phoenix (1.54 million) and San Antonio (1.44 million).

Overall, San Francisco was home to 40,135 women-owned businesses in 2012, up from 31,639 firms in 2007, according to U.S. Census data. During the past five years, firms owned by women in San Francisco outpaced firms owned by men in the overall growth of businesses (27 percent to 19 percent), the growth in total revenues (34 percent to 10 percent) and the growth in employees (26 percent to 13 percent). "The recession was a rough time for women entrepreneurs



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area. The share of women-owned businesses and male-owned businesses does not add up to 100 percent because some businesses are equally male and female owned.



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

here, but in the last five years, it's really come back," says Emily Wirowek, president of the San Francisco Bay-area National Association of Women Business Owners (NAWBO). "We're seeing women thriving again."

While women entrepreneurs are clearly making gains in San Francisco, the recent growth in women-owned businesses has been slower than in other large cities. San Francisco was 23rd out of the 25 largest cities in the rate of growth of women-owned firms between 2007 and 2012. And in 2012, only 11 percent of women-owned businesses in San Francisco had paid employees, down from 14 percent in 2007.

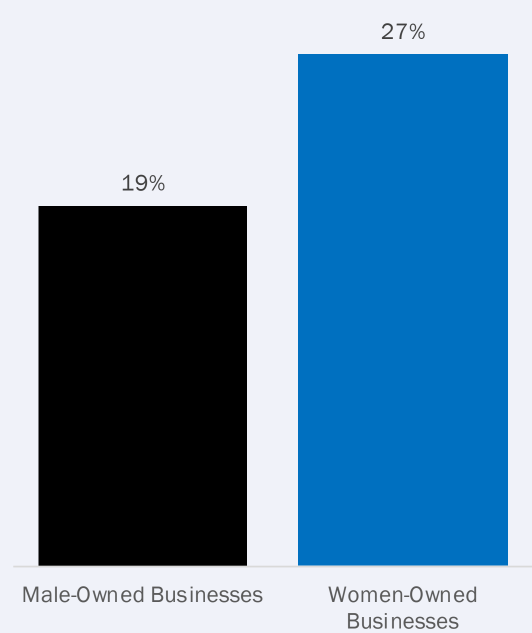
As in other cities, a lack of funding is one of the biggest obstacles for women entrepreneurs. According to the Center for Venture Research, only 7 percent of all venture capital funding goes to women-owned businesses. And according to finance researchers at Page Mill Publishing, less than a third of venture capital firms in the United States employ any female funders at all. This all adds up, especially in a city that is the globe's leading tech hub.

Tech and business leaders in the Bay area believe they have a unique opportunity to make an impact on gender diversity in San Francisco's world-influencing business sectors, including venture financing and myriad other professional services that have sprung up to support tech titans.

Clearly, there is much build on. The startup founders and government leaders we interviewed say San Francisco's culture has contributed positively to the recent growth. "People will go out of their way here to help you with networking and introductions," says Tong Qin, deputy director of the U.S. Small Business Administration in San Francisco who leads business development programs for Asian Americans (currently a third of the city's population). "And failure is not shamed here. It's just accepted that if you learned something from a startup that didn't work out, people will fund you for your next venture. That's very different than the East Coast."

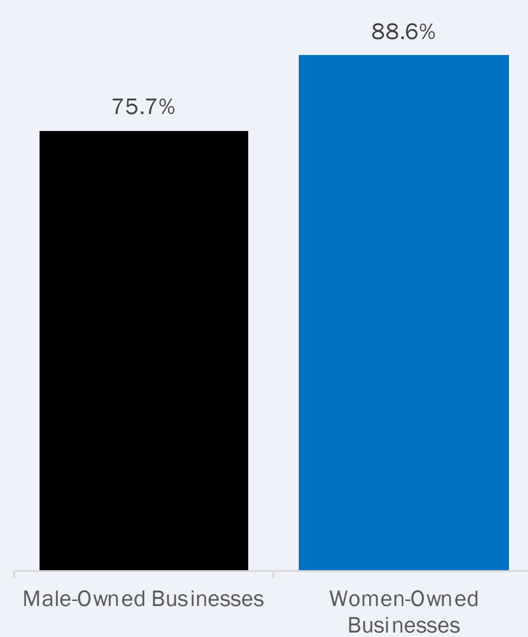
The origin story of StitchFix—an online personal styling fashion retail startup founded in 2011 and now has $150 million in annual revenues and about 250

Percentage Growth in Businesses in San Francisco, 2007-2012



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

Share of All Businesses in San Francisco Without Paid Employees



Source: U.S. Economic Census, Survey of Business Owners, 2012 and 2007. Data is for the city, not the metro area.

employees—illustrates the city's unusually collaborative culture.

Katrina Lake, the company's founder and CEO, had worked as an intern for entrepreneur Sukhinder Cassidy, who at the time was the CEO of pioneering social commerce site Polyvore. Lake had an idea for her own online retail venture. It was a website that would connect customers with a personal stylist who'd handpick fashion-forward items for them and then mail out a box of trial items every few weeks. Any items the customer didn't like could be returned postage-free, and customers would only pay for the items they kept. Lake summoned the courage to approach Cassidy with her idea. Cassidy's response was unforgettable. "She basically said, 'I want to be first money in. I believe in this,' and she wrote me a check," says Lake. "That meant so much. Many people were telling me it was a great idea, but this was a check for thousands of dollars. It was a powerful moment for me.

Augmenting the collaboration culture in San Francisco are some of the nation's most powerful female-founded venture capital firms. (About 10 percent of all female venture capitalists currently working in the U.S. are graduates of Stanford.) The city offers a number of public and privately funded support organizations such as La Cocina, an incubator that offers commercial kitchen space and tech support for women launching food businesses. The SBA-backed Renaissance Entrepreneurship Center targets business planning and marketing skills classes for lower-income residents and entrepreneurs in non-tech sectors.

"San Francisco is so interesting now," says Renaissance Center CEO Sharon Miller. "The rents are rising but the opportunities are rising as well."

Miller points to the city's creative approach to funding as a prime example of what's working, noting that San Francisco is where some of the world's major crowdfunding, peer-to-peer lending and microloan platforms got their start. "The Bay Area is super fortunate," she says. "We have a number of nonprofit loan funds…that make investments in businesses that a bank cannot make. They have much greater flexibility in lending to businesses. Those are our two primary tools, non-profit loans and crowdsourcing."

New business owner Kelly McVicker has been taking classes at the Renaissance Center for the last couple years as she has slowly turned one of her hobbies, pickling, and her grandmother's canning methods into a full-time venture. "I'd been going along for a year or two just running on creative steam thinking, 'If I just work hard and am passionate, it'll all work out,'" she says. "But I realized that I need a business plan, pillars and structures under the business."

McVicker, who registered her McVicker Pickles as a small business in San Francisco in 2012, says mentors at the Renaissance Center as well as other business owners she has met in the many fairs and markets that comprise the city's burgeoning "maker movement" convinced her to expand her offerings beyond $13 quarts of pickles and $5 jars of beer mustard. McVicker is now a sole proprietor, working mostly out of her home, and entirely self-funded, re-investing profits into growth as she goes along. Her caution is not uncommon among female entrepreneurs in any city, but Miller would like the future for women in the Bay area to be a little more radical, a little more Silicon Valley-style leading edge. "Women often don't feel capable of things they are completely capable of," she says. "I think women do take tremendous risks, but they want to make sure everything's OK before they take that risk. It's important to help women build up that confidence: 'Yeah, you actually can do anything.'"

Wirowek points to other confidence-boosting programs in the greater Bay area that have the potential for longer-term, wide-reaching impact on gender diversity in the tech sector. In the first quarter of 2016, for instance, NAWBO sponsored a workshop for female entrepreneurs at Google headquarters on how to land contracts there. NAWBO also offers regular access-to-capital workshops for female founders, and is in its second year of providing scholarships and mentors for young women leaning toward STEM careers (science, technology, engineering and math) as employees or, eventually, startup founders themselves.

"What we're addressing here is a society issue," says Wirowek. "We don't have as many women yet in the tech sector saying, 'OK, I can do this better and I'm going to go start my own business and compete against you.' It's time we change that."

ENDNOTES

1. Matt Weinberger, “How one woman turned her passion for tinkering into a $33 million business — without a dime of funding,” *Business Insider*, August 18, 2015.

2. Jalak Jobanputra has served on the Center for an Urban Future’s board of directors since 2011.

3. Analysis conducted in late 2015.

4. To be sure, the growth in many industries has taken place on top of a relatively small base, such that even small increases in the number of women-owned businesses in a sector can translate into large percentages. Nevertheless, women-owned firms increased by more than 100,000 businesses between 2007 and 2012, a not insignificant number.)

5. *Endeavor Insight, The Power of Entrepreneur Networks*, 2003-2013. http://www.nyctechmap.com/nycTechReport.pdf. According to the report, the number of New York City tech companies with at least woman founder increased from 42 in 2003 to 457 in 2013.

6. U.S. Economic Census, Survey of Business Owners, 2012 and 2007.

7. U.S. Economic Census, Survey of Business Owners, 2012 and 2007.

8. Center for an Urban Future analysis of a list compiled by *Crain’s New York Business* of New York City’s largest private sector companies.

9. Folkman & Zenger: https://hbr.org/2012/03/a-study-in-leadership-women-do

10. Dow Jones, Women at the Wheel, http://www.goldenseeds.com/content/PDFs/WomenPE_report_final.pdf

11. Barclays, The Psychology of Entrepreneurship, https://www.home.barclays/content/dam/barclayspublic/images/news-newsite/2015/06/Barclays%20report%2020150616v1-final.pdf

12. Wahdwa & Mitchell, Women in *Tech Evolving, Ready to Save the World*, 2013

13. Association for Enterprise Opportunity, *Bigger than you think: The Economic Impact of Microbusiness in the United States*, 2013.

14. CUF analysis of Echoing Green fellows from 2000 to 2015, using data on the Echoing Green website. Based on Echoing Green’s terminology, social ventures include nonprofits, for-profits and hybrid organizations.

15. TechCrunch

16. Michael Goodwin, How New York City’s Women Entrepreneurs Raised $3 Billion in 10 Years, *Huffington Post*, November 24, 2014.

17. *Endeavor Insight, The Power of Entrepreneur Networks*, 2003-2013. http://www.nyctechmap.com/femalefounders/

    http://wearegen.co/united-states/influence-nyc%E2%80%99s-female-tech-founders

18. The two women co-founders are Kass Lazerow at Buddy Media and Helene Monat of Integral Ad Science.

19. Karen Gordon Mills and Brayden McCarthy, *The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game*, Harvard Business School, July 2014.

20. Data provided by SBA. The New York District Office covers New York City, Long Island and the downstate counties of Duchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester.

21. Candida G. Brush, Patricia G. Greene, Lakshmi Balachandra, and Amy E. Davis. Arthur M. Blank Center for Entrepreneurship Babson College. *Women Entrepreneurs in 2014: Bridging the Gender Gap in Venture Capital*, September 2014.

22. Illuminate Ventures, *High Performance Entrepreneurs: Women In Tech, A Whitepaper*

ADVISORY BOARD

We acknowledge the helpful support we received from the members of an advisory board created for this project. Advisory board members, who provided suggestions and guidance but were not asked to endorse the final study nor are responsible for any errors or omissions contained in the final study, included

Leah Abraham, Settepani
Quenia Abreu, New York Women's Chamber of Commerce
Theresa Bedeau, Capital One
Nancy Carin, BOC Network
Soraya Darabi, Zady
Mary Ehrsam, Operation HOPE
Monique Greenwood, Akwaaba Bed & Breakfast Inns
Abby Hamlin, Hamlin Ventures
Gina Harman, Accion U.S. Network
Jalak Jobanputra, Future/Perfect Ventures
Karin Klein, Bloomberg Beta
Angela Lee, 37 Angels
Emily Lin, LIN + ASSOCIATES Architects, PC
Susan Lyne, BBG Ventures
Amy Millman, Springboard Enterprises
Kathryn Minshew, The Muse
Liz Neumark, Great Performances
Barbara Paley, Art Assets
Diana Perez, WHEDco
Rachel Sklar, TheLi.st

CENTER FOR AN URBAN FUTURE STAFF

Jonathan Bowles, Executive Director
Ahmad Dowla, Deputy Director
Jeanette Estima, Research Associate
Charles Euchner, Fisher Fellow
Adam Forman, Senior Researcher
Christian González-Rivera, Senior Researcher
Tom Hilliard, Senior Researcher
Amy Parker, Communications/Operations Associate

Center for an Urban Future
120 Wall Street, Floor 20
New York, NY 10005

This report and all other publications issued by the Center for an Urban Future can be viewed at https://nycfuture.org. Please subscribe to our monthly e-mail bulletin by contacting us at cuf@nycfuture.org or (212) 479-3344.