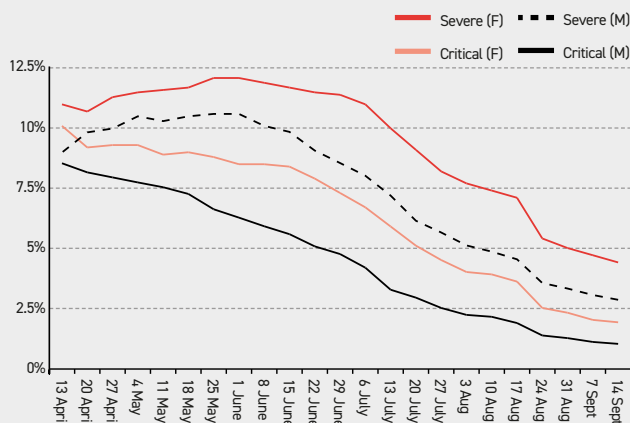


RESILIENCE AND RECOVERY

COVID-19 has posed significant challenges to most companies, but recent data from Beauhurst indicates that female-led, high-growth companies have been disproportionately impacted throughout the pandemic. However, despite this impact, more than 60 per cent of female-founded, equity-backed businesses are now operating with minimal disruption to their business, showing that female-led businesses are fighting back.

COVID Status (Male founded versus Female Founded):
Critical and Severe

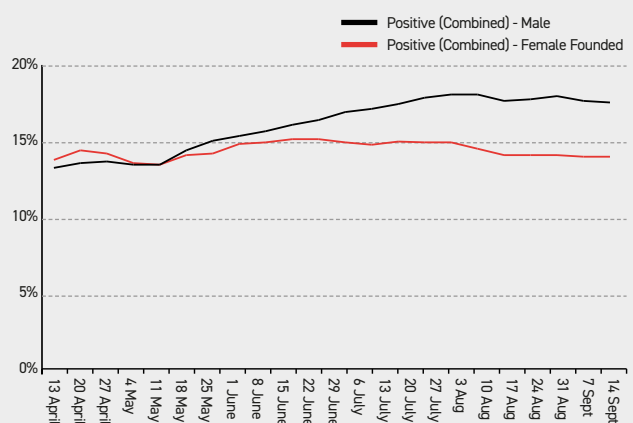


Source: Beauhurst

From our discussions with female founders and data analysis, we believe that there are a number of reasons why female entrepreneurs have been disproportionately impacted by the COVID-19 pandemic:

- 1. Women have often had to take on greater childcare or unpaid work burdens during lockdown**, which will have impacted female entrepreneurs.
- 2. Women are more likely to start businesses in sectors which have been worse affected by the pandemic, such as retail, hospitality, and leisure.** Also, female-founded businesses are less likely to be tech or IP-based businesses (28% and 33% for all equity-funded startups), which have been most likely to find opportunities for growth as a result of the pandemic.
- 3. In the lead-up to the pandemic the equity funding gap has persisted.** According to Beauhurst data, in the past eighteen months, the average raise for startups with at least one female founder was less than half of the average raise for startups with all male founders. In 2020, just 13 per cent of total equity investment went to female-founded startups and when it does, it tends to be for smaller amounts.
- 4. Women are less likely to seek external finance to bolster their cash flow.** However once female-founded businesses have received an initial investment, they are just as likely to raise additional rounds of funding compared to non-female-founded firms.

COVID Status (Male founded versus Female Founded):
Positive Combined



Source: Beauhurst

Positive action has taken place since lockdown to remove these barriers.

- **By August the outlook for high-growth female-founded businesses had improved.** Since then the improvement has continued and as of 14 September, less than 2% of female founded businesses tracked are in critical condition.
- **The Future Fund convertible loan scheme, aimed at UK startups which have raised third-party equity investment, has helped to address disparities in equity funding.** Of the 590 businesses to receive a convertible loan agreement through the Future Fund, companies with all-female or mixed-leadership teams have received the vast majority of funding (83%).
- **Financial institutions have also been encouraged to sign up to HM Treasury's Investing in Women Code which has helped to address the gender funding gap.** Since the launch of the Future Fund more than 30 venture capital firms and angel groups have become signatories to HM Treasury's Investing in Women Code.

In the crisis, we have heard inspiring stories of female entrepreneurs adapting to the challenges of the pandemic.



Charisse Smith is the CEO of CMe Media. She knew the pandemic was not a time to “shrink and take stock” and has instead used it as an opportunity to expand and grow the business with the help of a CBILS loan from Barclays. She has decided to set up satellite businesses in other parts of the country. The central CMe Media team will provide the data analytics but the satellite offices will lead on their own sales.



Tania Boler, the co-founder of Elvie has realised that they do not need to do so many meetings and inspections in person. They now do meetings virtually and she has found a way to inspect labs using GoPros on people’s helmets. She says they can greatly reduce the number of flights they need to take and become a net-zero company.



Fiona Nielsen is the founder of Repositive. She says that since working from home worked so well for them during lockdown, she sees no reason for everyone to have to live in Cambridge, which is an expensive place to be based. They have agreed to continue as a fully remote company and given up their lease on their office.

If we are to see a full and dynamic recovery from the recession we need as many entrepreneurs as possible to start businesses and create new jobs. In practice, this will require collective efforts to remove the barriers which have held back female entrepreneurs. Simply put, we can no longer afford to under-utilise half of the population’s talents.

KEY RECOMMENDATIONS



GOVERNMENT

When designing new business support schemes, the Government should try to include elements of crisis planning in the application process. Data acquired through this could then be used to target advice and mentoring at SMEs.

To help level the playing field for female entrepreneurs, Statutory Shared Parental Pay (SSPP) should be made the same as Statutory Maternity Pay (SMP). Under the status quo couples are often better-off if the mother takes the bulk of the time off.

Exporting can be a valuable source of resilience for SMEs. The Department for International Trade should publish statistics on the gender breakdown of SME exporters. This will allow policymakers to determine if there are any gender-specific barriers to exporting.

THE FEMALE FOUNDERS FORUM

The Female Founders Forum – a project by The Entrepreneurs Network in partnership with Barclays – is a group of some of the UK’s most successful female entrepreneurs.



INVESTORS

Female VC partners 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 a female CEO. However, only 13% of senior people on UK investment teams are women, and almost half (48%) of investment teams have no women at all. As an industry, VCs should commit to developing a pipeline of female talent.

Over the course of the four years this project has been running we have connected these founders with key figures from within the financial industry, politicians, journalists and aspirational entrepreneurs on the cusp of growth. We have written three other reports, Untapped Unicorns, Mentoring Matters and Here and Now.