

OCTOBER 2020

Resilience & Recovery

A Female Founders Forum Project

ARIA BABU



In partnership with



THE FEMALE FOUNDERS FORUM — A PROJECT CREATED BY THE ENTREPRENEURS NETWORK IN PARTNERSHIP WITH BARCLAYS — IS A GROUP OF SOME OF THE UK'S MOST SUCCESSFUL FEMALE ENTREPRENEURS.



ARIA BABU

Author

Aria Babu is the author of this report. She joined The Entrepreneurs Network and Female Founders Forum to work on this project after working as an analyst for Public First, a political consultancy. Prior to that, she coordinated the activities of The Small Business Charter.

She is on the advisory board of The YIMBY Alliance and her writing appears in the media.



JESS ETHERINGTON

Coordinator

Jess Etherington is a young entrepreneur and law student who joined The Entrepreneurs Network as Coordinator for the Female Founders Forum in 2020. Prior to this, she worked as a Paralegal at Kingsley Napley and Australian law firm, Gilbert + Tobin while running her own retail brand, Avalon the Label.

Jess has gained extensive experience working in several different countries and industries, including as a legal intern in Sydney, Poland and London. She has held positions including events coordinator for the Law Society at City University in London and coordinator for the TEDx Square Mile event at the Barbican in 2019.

At The Entrepreneurs Network, Jess contributes to growing the Female Founders Forum membership and advocating for female entrepreneurship.

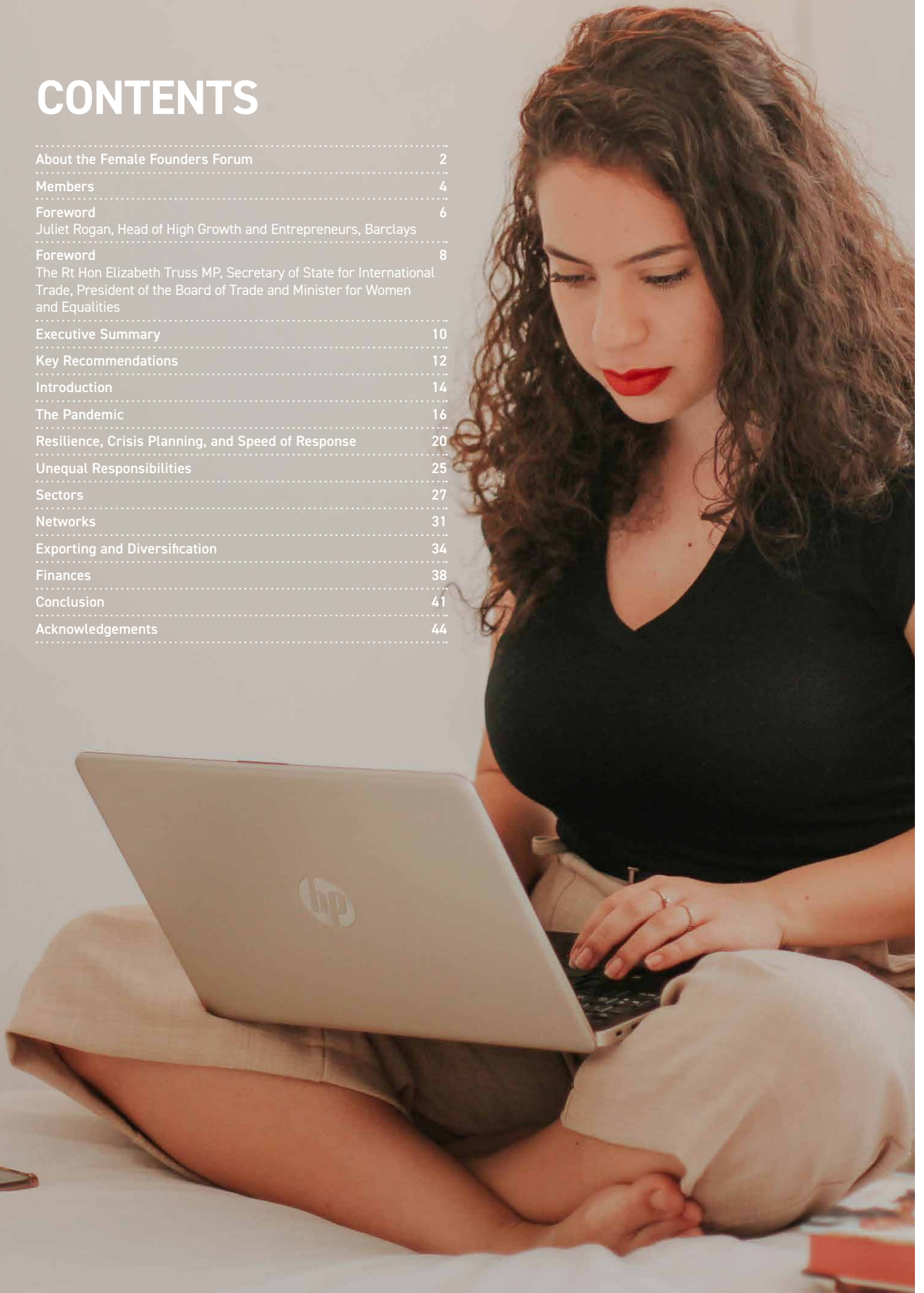


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“We wanted to address a specific problem informed by academic evidence: why too few women-led businesses reach the same economic scale as that achieved by male-led companies.”

ABOUT THE FEMALE FOUNDERS FORUM

At its core, the Female Founders Forum is a group of some of the UK’s most successful female entrepreneurs. More broadly, we are a group of key figures from within the financial industry, politicians, journalists and aspirational entrepreneurs on the cusp of growth.

THE FEMALE FOUNDERS FORUM

The Female Founders Forum was founded in 2016. The Entrepreneurs Network, in partnership with Barclays, wanted to address a specific problem informed by academic evidence: why too few women-led businesses reach the same economic scale as that achieved by male-led companies. With support from Beauhurst, we were among the first to shed light on the gender funding gap with our groundbreaking *Untapped Unicorns* report.

We followed up *Untapped Unicorns* with our *Mentoring Matters* report, which made the evidence-backed case for better access to networks and mentors to ensure female founders can thrive. Last year, our *Here and Now* report revealed that the share of funding to women-led firms has doubled in less than a decade, and that equity-backed female-founded businesses were just as successful as male-led businesses.

We aren’t just about research. We’ve brought like-minded entrepreneurs together in events around the country, including for speed mentoring events which matched established female founders with new entrepreneurs with ambitions to scale. This year we’ve built upon those connections by creating Regional Champions in Edinburgh, Leeds, Newcastle, Manchester, Cardiff, Birmingham and Southampton, and started a popular fortnightly newsletter to share opportunities for female founders across the country.



The Entrepreneurs Network is a think tank for Britain’s most ambitious entrepreneurs.

We bridge the gap between entrepreneurs and policymakers, with the aim of making Britain the best place in the world to start and grow a business.

We have a network of over 10,000 entrepreneurs and are the Secretariat of the All Party Parliamentary Group (APPG) for Entrepreneurship, which sits across the House of Commons and House of Lords.



Plan and start. Build and grow. Expand and scale. It's not easy to start, grow and scale a business. We know it takes drive, determination and passion to see things through. You'll bring your ideas, vision and experience — we'll bring ours too. Whether you're seeking practical tools, expert knowledge, connections, or inspiration for your next big step, our innovative approach means you don't just bank with us — you bank on your future. To find out more about how Barclays supports high-growth business and entrepreneurs, search Barclays Entrepreneurs.



Beauhurst provides research and insight on the UK's high-growth companies. Our data platform allows professionals to discover and track Britain's most ambitious businesses in unrivalled detail. For more information, visit beauhurst.com.



MEMBERS



JUNE ANGELIDES
Founder
Mums in Tech



MARGOT JAMES
Former Minister of State
for Digital and Creative
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IRINA PAFOMOVA
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HARRIETT BALDWIN MP
Member of Parliament for
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ANNABEL KARMEL MBE
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ANNE BODEN
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**BARONESS SUSAN
KRAMER**



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TANIA BOLER
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MARTA KRUPINSKA
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Azimo



HEATHER RICHARDS
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Transversal



ERIKA BRODNOCK
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Karisma Kidz



TAMARA LITTLETON
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The Social Element



JUSTINE ROBERTS CBE
Founder
Mumsnet



TUGCE BULUT
Co-founder
Streetbees



TAMARA LOHAN MBE
Co-Founder
Mr & Mrs Smith



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EDINBURGH

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**LOUISE HILL**

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**JOANNA JENSEN**

Founder
Childs Farm

FOREWORD

Investing in women will not only make our country fairer, but overcoming structural inequalities will also unlock significant economic gains.



JULIET ROGAN
Head of High Growth & Entrepreneurs, Barclays
October 2020

“Championing diversity - in all its forms - isn’t just a matter of fairness; it makes economic sense too.”

Championing diversity - in all its forms - isn’t just a matter of fairness; it makes economic sense too.

The numbers speak for themselves. Creating an environment where women start and scale businesses at the same rate as men could add nearly £250bn to the UK economy.

When the UK succeeds, Barclays succeeds. With the trust of 24 million customers and nearly one million businesses, inclusive UK economic growth is essential for our success. So we have a vested interest in closing the gender funding gap and addressing the obstacles which have been holding female entrepreneurs back.

I am delighted to introduce this new report Resilience & Recovery, as part of the Female Founders Forum.

Working in partnership with The Entrepreneurs Network, we remain proud to be at the forefront of shaping UK policymaking to ensure the UK remains an attractive place for female founders to start and scale a business in the post-COVID economy.

The impact of COVID-19 on female entrepreneurs

The COVID-19 pandemic has, as Resilience & Recovery highlights, hit female entrepreneurs harder than their male counterparts.

Whilst great strides have been made to close the gender funding gap in recent years, it’s clear that the COVID-19 pandemic has exacerbated, rather than diluted, the existing structural barriers that female entrepreneurs face.

As this report shows, many women have had to take on a greater family care burden during lockdown which acts as a significant constraint preventing women from achieving their entrepreneurial potential.

Women are also less likely to seek external finance and more likely to work in industries which have been worse affected by the pandemic, such as retail and hospitality and leisure.

Green shoots of optimism

In spite of the difficult context in which founders are operating, there are reasons for optimism and powerful tales of resilience continue to shine through.

Take CMe Media, a Fareham-based advertising company in the UK which Barclays has supported throughout the pandemic. With the support of a £100,000 CBILS loan, Charisse has not only kept the business afloat but is also putting in place rapid growth and expansion plans for CMe Media.

Charisse’s story of remarkable resilience is not uncommon in the founders we speak to on a daily basis at Barclays. This has also been echoed, throughout this report, in the inspirational examples from Fiona Nielsen, founder of Repositiv, Tugce Bulut of Streetbees, Tania Boler from Elvie and The Social Element’s Tamara Littleton.

With only 1 in 3 entrepreneurs in the UK being female, there is vast untapped economic potential in supporting more women like Charisse, Tamara, Tania, Tugce and Fiona into entrepreneurship.

“Committing to help 100,000 women start up and run businesses across the UK over the next three years.”

How we can close the gender funding gap

At Barclays, we know we won't solve this problem overnight but we're committing to doing everything we can over the coming years to help more female founders succeed.

As a founding signatory of the HM Treasury Investing in Women Code, we are proud to be launching a series of 3-year commitments to provide ongoing and meaningful support for female entrepreneurs.

Part of the answer lies in helping to remove the cultural and aspirational barriers facing female entrepreneurs. The first HM Treasury Investing in Women Code commitment Barclays launched in August, through our LifeSkills programme, is designed to do just that: support the next generation of business owners with the skills they need to turn their plans into action.

Taking steps towards being a successful entrepreneur not only requires resilience but also external support. That's why Barclays is committing to help 100,000 women start up and run businesses across the UK over the next three years.

Through a programme of mentoring and support delivered via the Barclays Eagle Labs, Rise network and Barclays Business Bank, alongside increased training and tools for Barclays' coverage leads and dedicated local champions, we will be backing women to succeed in the post-COVID economy.

If we want the fastest possible recovery from the coronavirus-induced recession, we need to access previously untapped opportunities for growth. This means removing the barriers which have been holding female founders back. Barclays will be doing all it can to help make this a reality.

The opinions, recommendations and conclusions contained within this report are those of The Entrepreneurs Network and the Female Founders Forum and do not represent those of Barclays.



FOREWORD

Early 2020 was an exciting time for female entrepreneurship. The funding gap was narrowing, the proportion of funding going to female-founded firms was steadily increasing, and the overall amount of equity funding available for women had increased fivefold.



THE RT HON ELIZABETH TRUSS MP

Secretary of State for International Trade, President of the Board of Trade and Minister for Women and Equalities

October 2020

“As much as £250 billion of new value could be added to the UK economy if women started and scaled businesses at the same rate as men.”

Whilst these developments are an important step forward, the job is far from finished. I want the UK to be the best place for women to start a business.

I have always stated my belief that enterprise is a liberating force for women. Because what does running your own business mean? It means financial independence. It means the ability to shape your own future and make your own decisions.

Women know well that if you have a great idea, you don't need somebody else to make it happen. You can make it happen yourself.

The COVID-19 pandemic has been difficult for everyone, but the recovery is under way. As we can see in the inspiring case studies throughout this report, female entrepreneurs are powering this recovery. With women already twice as likely to run e-commerce businesses as they are to run bricks and mortar businesses, female-led businesses are set to benefit from new consumer habits and can fast forward modern economic growth.

I am confident that the increased take up of remote and flexible working can mean greater freedom and opportunity, particularly for those who shoulder extra responsibilities while running a company. More than a quarter of employers believe these changes have increased productivity and efficiency, and already plan to introduce new forms of flexible working.

Free enterprise drives prosperity, and free markets work best when everybody has the opportunity to participate.

Venture capital stands to benefit from reaching out beyond the usual suspects, to make sure the best talent and the best ideas are not overlooked in favour of the familiar. I am determined to unleash this talent.

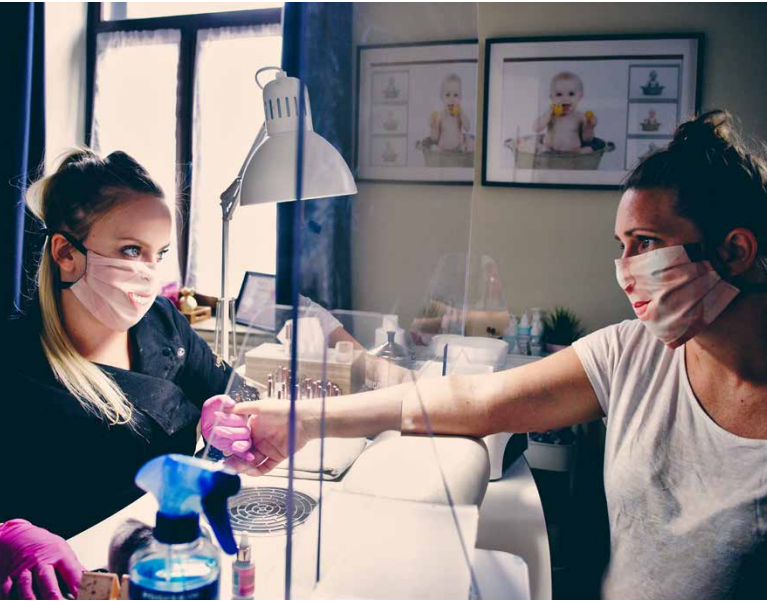
As International Trade Secretary, my job is to break down barriers to trade and open up opportunity to everybody, regardless of their sex, race, or background. Many people think it's just big corporations who benefit from international trade. But actually, in the new trade deals I am striking, I am working to make sure that entrepreneurs benefit in every sector from tech to food and drink.

We also need to make sure that girls have equal opportunity to study subjects like maths and computing, which help lead to successful entrepreneurial careers. It is great news that in the last ten years there has been a 31% increase in girls studying science, technology, engineering, and maths. This progress is not just good for women, it is good for the whole country and vital to our recovery from coronavirus. As this report shows, tech businesses have been best placed to recover from the crisis and identify new opportunities.

As much as £250 billion of new value could be added to the UK economy if women started and scaled businesses at the same rate as men. I am determined to open up these opportunities both in Britain and overseas to see British female founders leading across the world.

“With women already twice as likely to run e-commerce businesses as they are to run bricks and mortar businesses, female led businesses are set to benefit from new consumer habits and can fast forward modern economic growth.”





EXECUTIVE SUMMARY

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.

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% of total equity investment went to female-founded startups and when it did, it tended to be for smaller amounts.

4. **Women are less likely to seek external finance**. However, once they received an initial investment, female-founded startups were just as likely to raise additional rounds of funding compared to non-female-founded firms.

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 share of funding (83%).

Furthermore, mixed-gender senior leadership teams have received the most funding with 410 companies receiving an average of £1.1m each. There were 147 all-male teams which received an average of £640,000 per company. Only 8 of these companies were led by all-female teams, but they received an average of £900,000.



- **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.**

This scheme commits investors to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector.

Signatories are required to provide HM Treasury with data on female-led businesses to be collated and published on an aggregate and anonymous basis.

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.

It is important that governments and people who work with female entrepreneurs take an interest in resilience, so female founders are better prepared for future crises.

- Resilience is an important feature both during crises and after they are over. Resilience makes it more likely that a business will survive and succeed in the long term. Research into the impact of the 2008 financial crisis found that companies which were able to gain a lead during the recession were still, a decade later, in the top quintile of performers for their sector.
- Additionally, some changes due to the pandemic may benefit female founders in the long run. For instance, the rise of remote working may make it easier to balance childcare alongside running a business.

- We spoke to members of the Female Founders Forum, many of whom have created resilient businesses which are thriving during the pandemic. In fact, all of them have reported that they will keep some of the changes they have made during this time.

- **Charisse Smith of CMe Media** finds that with everyone working from home, this provides an opportunity to cut costs and expand her business to other parts of the UK.
- **Fiona Nielsen, founder of Repositve** has said that working from home really works for her team and they have now become a fully remote company.
- **Tugce Bulut of Streetbees** echoes this sentiment and says that they no longer need to recruit exclusively in London and have successfully onboarded staff who live in other countries.
- **Tania Boler from Elvie** says she has realised that they can reduce company travel making it easier to achieve their mid-term goal of becoming a net zero company.
- **The Social Element's Tamara Littleton** says they now use research and social listening tools to identify risks related to particular clients which they started at the beginning of the pandemic and intend to keep doing.

KEY RECOMMENDATIONS



UNEQUAL RESPONSIBILITIES

Women often take on a disproportionate amount of unpaid work. The government should acknowledge the extra burden female entrepreneurs face and create policies which make it easier for them to run businesses despite this.

Statutory Shared Parental Pay should be increased so it is equivalent to Statutory Maternity Pay.

Tax free childcare should be extended to more flexible alternatives like app-based intermediaries.

Train companies should offer more flexible alternatives to the traditional season tickets.



SECTOR

Men and women start businesses in different sectors and women are less likely to found STEM businesses which have been less impacted by the pandemic

Government should gather more data on STEM drop-off rates.

Government should draw attention to support, and potentially subsidise initiatives which teach people to code.

Government should champion and support organisations which encourage girls to pursue careers in STEM and facilitate information sharing between them.



NETWORKS

Women are less likely to know other entrepreneurs personally, and more likely to value formal networks.

Schemes such as the Small Business Leadership Programme and Peer Networks should be a key part of business support moving forward and should be actively promoted towards female entrepreneurs.

HM Treasury and the British Business Bank should ensure all Start Up Loan recipients are provided with an offer of mentoring and consider providing additional aftercare support once the loan has been repaid.



RESILIENCE, CRISIS PLANNING AND SPEED OF RESPONSE

Crisis plans make organisations more resilient when faced by disasters.

When designing new business support schemes, the Government should incorporate elements of crisis planning into the application process.

Organisations which work with SMEs should raise the issue of crisis planning where it is relevant and support their development.



EXPORTING AND DIVERSIFICATION

Businesses which export are more resilient because it means they are less reliant on a single market for revenue.

The Department for International Trade has plenty of resources to help businesses export. To improve uptake, when the government works with SMEs through other schemes they should direct them towards this exporting advice.

The Department of International Trade should publish statistics about the gender breakdown of SME exporters.



EXTERNAL FINANCE

Women start businesses with less money than their male counterparts and are less likely to raise equity finance which is usually the most lucrative form of funding available to businesses.

HM Treasury should continue to publish data with gender breakdowns for business support programmes. To identify gaps in support, Ministers should engage directly with female entrepreneurship groups when designing future support.

Organisations signed up to HM Treasury's Investing in Women Code should commit to meeting with female entrepreneurship groups and nonprofits such as Diversity VC to identify gaps in their processes that may lead them to pass up on opportunities to invest in female-led businesses.

Vcs should commit to developing a pipeline of female talent to address the fact almost half (48%) of investment teams have no women at all.

INTRODUCTION

The COVID-19 pandemic has changed everyone's lives. The Britain of 2020 would have been unimaginable to people last year. GDP has dropped by over 20%, 7.5 million people are out of work and the number of people claiming benefits has doubled.¹

Women, in particular, have been hit hard by the crisis; for example, they are more likely to have been made unemployed.² With schools shut and working from home becoming the norm, lockdown is likely to have imposed a great burden on women who work. Research from America shows that women are more likely to be working at the kitchen table while their male partners take the home office.³ Furthermore, women are more likely to take on unpaid labour like homeschooling children and caring for extended family.⁴

At the Female Founders Forum, we are interested in businesses started by women and how resilient they have been during this crisis. We were the first organisation to draw attention to the equity funding gap – that today just 13% of total equity investment goes to businesses with at least one female founder. While we support and celebrate all female entrepreneurship, our research has focused on equity-backed businesses as in the long-term such businesses will play an outsized role in the UK economy. In the US only 1 in 600 new businesses are backed by VCs, but those businesses represent 10% of private sector employment and make up 50% of stock market listings.⁵

Female entrepreneurs went into the crisis at a disadvantage. Less than a third of all entrepreneurs are women, and ventures founded by all-female teams received only a penny in every pound of venture capital investment.⁶ With only 6% of women founding their own businesses, the UK's economic potential is being held back by low rates of female entrepreneurship.⁷ Countries which are otherwise similar to the UK have a smaller gap between the rates at which men and women found businesses. In the UK, for every female entrepreneur there are more than two male entrepreneurs. In this respect, Spain, the United States and the Netherlands are more gender equal. In the Netherlands there are as many as

nine female entrepreneurs for every ten male entrepreneurs. The Rose Review estimates that if women in the UK were founding businesses at similar rates as they are in these other countries, about £200bn would be added to the UK economy.⁸

“Women are more likely to be working at the kitchen table while their male partners take the home office.”

The unequal impact of the pandemic is not limited to high-growth, equity-backed businesses, nor is it limited to the UK. Facebook has looked at SMEs throughout the world and found that globally, female-led businesses were 7% more likely to close between January and May 2020. They found that the gender disparity was greatest in the countries with the most stringent lockdowns.⁹

To make up for all the jobs that have been lost, we need as many entrepreneurs as possible to be starting businesses. If we want the fastest possible recovery from the COVID-19-induced recession we should be accessing previously untapped opportunities for growth and this means removing the barriers which have been hindering female entrepreneurs.

Recent data from Beauhurst indicates that equity-backed businesses founded by women are twice as likely to be in a critical or severe condition than those founded by men, indicating that female-founded businesses have been hit harder. But the full impact of the crisis is yet to be seen. Current data from the ONS shows a lower rate of business failure than usual in 2020, partly because it takes a while to file the full paperwork for closing a business and partly

1 Office for National Statistics. (2020). GDP first quarterly estimate, UK: April to June 2020.

2 Office for National Statistics. (2020). Labour Market Overview, UK September 2020

3 Chubb Survey. (2020). Resilient, Committed, Engaged and Worried: The Experiences and Risks of Americans Working from Home During COVID-19.

4 Enterprise Research Centre. (2020). 'Stay Home' and Work? Implications of COVID-19 and the UK Governmental Response for Self-Employed Women

5 Kaplan, S. and J. Lerner, (2010) "It Ain't Broke: The Past, Present, and Future of Venture Capital," Journal of Applied Corporate Finance 22 (2), 36-46.

6 Rose, A. (2019). The Alison Rose Review of Female Entrepreneurship

7 Ibid.

8 Ibid.

9 Data For Good Facebook. (2020). Global State of Small Business Report.

because government support measures appear to have successfully kept businesses afloat.¹⁰ However, 10% of businesses report a moderate risk of closure and 11% of businesses say they are experiencing a turnover less than half of what they would normally expect.¹¹

Some degree of business failure is a natural consequence of a dynamic and competitive market. However, during COVID-19 it is likely that many businesses which would usually be profitable will have been unable to continue operating and may be forced to close. There are a range of business practices, such as using external financing and exporting, which can make a business more resilient in the face of unavoidable crisis. We do not want to see businesses fail due to sheer bad luck so when we rebuild from this crisis we want to create more resilient businesses.

“Equity-backed businesses founded by women are twice as likely to be in a critical or severe condition than those founded by men.”

Resilience can mean different things in the context of entrepreneurship. Some use ‘resilience’ to discuss character traits of entrepreneurs and staff in a firm. It can be used to discuss ways in which businesses create resilience within regions, communities and economies, and it can be used in the context of business failure. In this report, we will focus on resilience as the ability a business has to withstand failure.

10 Office of National Statistics. (2020). Business demography, quarterly experimental statistics, UK: April to June 2020

11 Ibid.



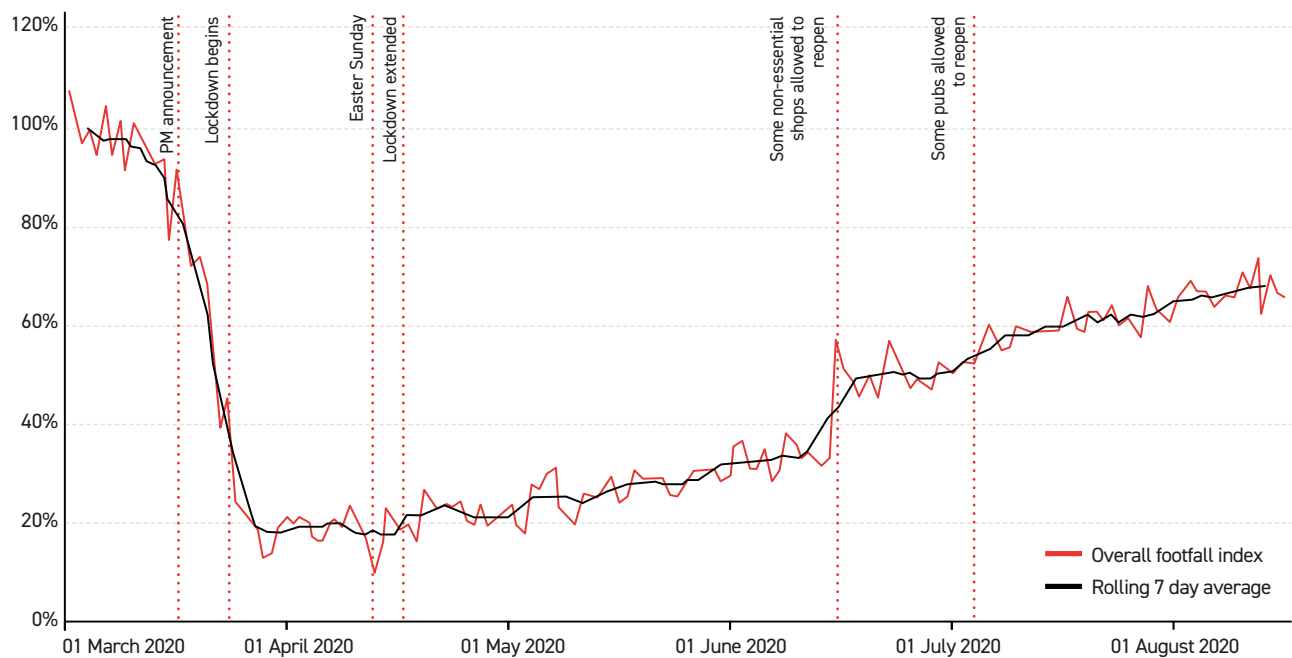
THE PANDEMIC

The COVID-19 pandemic and ensuing lockdown has had a major impact on the UK economy. 730,000 people who were in work in March 2020 are no longer on any company's payroll and the number of people who are self-employed has decreased by 238,000. Total weekly hours worked has dropped by 17.5% or 183.8 million hours. The full number of people currently out of work, including those furloughed, is 5 million.¹² Meanwhile, job vacancies have decreased from 820,000 to 434,000. For those in work, earnings growth is negative, and amounts to a fall of about 1.8% in real terms.¹³

As the jobs numbers indicate, the situation for businesses is challenging. 65% of businesses do not have cash reserves to last them more than 6 months, 23% have applied for government loans and finance, 47% have reported a decrease in turnover and only 13% have reported an increase.¹⁴ Footfall in retail areas is 68% of what it was at the same time last year.¹⁵

The economy is now more than a fifth smaller than it was in the final quarter of 2019. The hospitality industry has been the worst impacted, having shrunk by over 86% from April to June of 2020.¹⁶

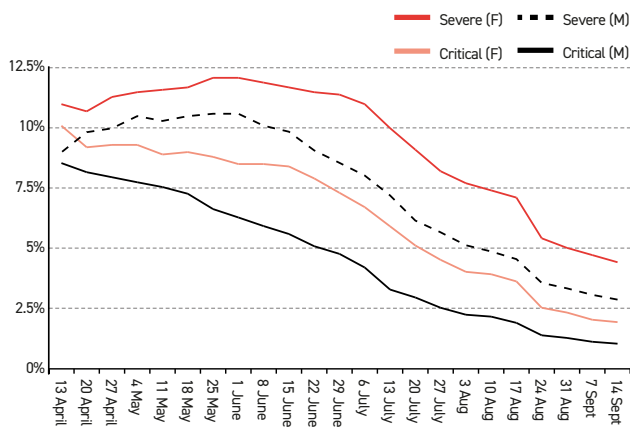
UK FOOTFALL 01 MARCH - 01 AUGUST 2020



Source: Springboard and the Department for Business, Energy and Industrial Strategy.

12 Office of National Statistics. (2020) Labour market overview, UK: September 2020.
 13 Office of National Statistics. (2020). Business demography, quarterly experimental statistics, UK: April to June 2020.
 14 Office for National Statistics. (2020). Coronavirus and the economic impacts on the UK: 10 September 2020.
 15 Office for National Statistics. (2020). Coronavirus and the latest indicators for the UK economy and society: 21 May 2020.
 16 Ibid.

COVID STATUS (MALE FOUNDED VERSUS FEMALE-FOUNDED): CRITICAL AND SEVERE



Source: Beauhurst.

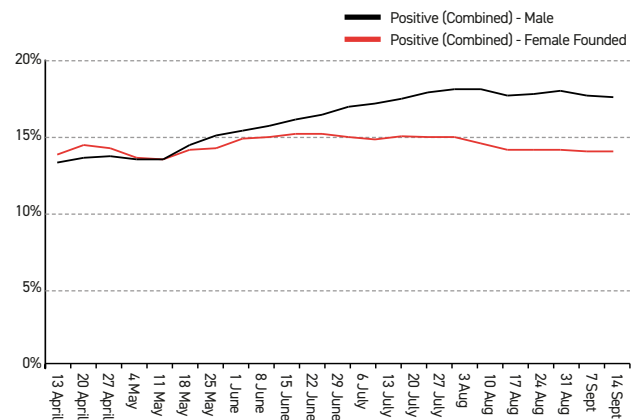
To secure an economic recovery, we need new jobs to be created to replace the ones lost. Entrepreneurship has never been more important, and it is vital that the pool of entrepreneurial talent is not limited by arbitrary factors such as gender.

While firms across the economy have been impacted, it is worth taking a specific look at high-growth and early-stage businesses. These companies will play a vital role in creating new jobs to replace those which have been lost. Beauhurst tracks over 30,000 high growth companies. These include a wide range of businesses from small startups to market-leaders with hundreds of employees.¹⁷ During the COVID-19 pandemic, Beauhurst has been monitoring eighteen different factors to gauge firms' overall status. Categories tracked on the index include whether a product launch has been postponed, hiring or staffing cuts, loss of a customer group or whether lockdown restrictions have limited operations. Each week they use this data to give a company a new tag, designating those in the worst state as **permanently closed**, followed by **critical**, **severe**, **moderate** and **low**. Then the top categories for businesses which appear to be doing well are **potentially positive** and **in recovery**.

As we can see from this data, female-founded firms have fared worse during the pandemic. There are a number of factors which may explain this.

Across all businesses, the number in the critical and severe categories has come down from where it was at the peak of the pandemic. However, firms with a female founder were

COVID STATUS (MALE FOUNDED VERSUS FEMALE-FOUNDED): POSITIVE COMBINED



Source: Beauhurst.

more likely to be in these categories in mid-April (April 13th) as the pandemic peaked, with 21% of businesses struggling. Male-led firms, by contrast, only had 18% in the same categories. One potential explanation of the disparity is that according to a study from the Enterprise Research Centre in the UK, male entrepreneurs are more likely to have a contingency plan.¹⁸ Alternatively, it may be explained by male entrepreneurs having access to larger cash reserves. According to Beauhurst data, in the past eighteen months, the average equity raise for startups with at least one female founder was less than half of the average raise for startups with all-male founders.¹⁹

“To secure an economic recovery, we need new jobs to be created to replace the ones lost. Entrepreneurship has never been more important, and it is vital that the pool of entrepreneurial talent is not limited by arbitrary factors such as gender.”

As the crisis continued, while the number of businesses in critical or severe conditions decreased for all groups, it took longer for female-founded firms to escape this category. By the beginning of July, the number of male entrepreneurs in these groups was down to 12%, while 18% of female-founded

17 Beauhurst. (2020). Our Data.

18 Wisheart, M et al. (2020). Building resilience in under-represented entrepreneurs: A European comparative study.

19 Beauhurst Data.

“As the crisis has continued, businesses without a female founder have seen their fortunes improve more than those with a female founder.”





firms were in this state, which is similar to the proportion who were in a critical or severe state in April. The recovery has since continued and at time of print, the percentage businesses in a critical or severe state has fallen to 6% among those with female founders, and to 4% for those without.

Not all businesses have been damaged by the pandemic. While retail in general has been hit, supermarkets have experienced a surge as people who were staying at home bought more groceries.²⁰ Some companies have found opportunities to make more money by providing services which helped people during lockdown or by switching to online retail faster. In April, Steam, an online video game service, had its highest number of users ever with over 24 million people logging in on one day.²¹

Unsurprisingly, new businesses founded during the pandemic are more likely to be in a scientific or technology-based sector.²² This could explain why female-founded businesses are also less likely to be found in the potentially positive category. Women only make up 16% of the workforce in tech, a proportion that has remained roughly the same since 2009.²³ Similarly, Beauhurst data, reported in a previous Female Founders Forum report *Here and Now* found female-founded businesses are less likely to be tech or IP-based businesses (28% vs 33% for all equity-funded startups) and more likely to be in sectors worst affected.²⁴

From the peak of the pandemic, up to 11th May, about 14% of both female and male founded businesses were in the potentially positive category. As the crisis has continued, businesses without a female founder have seen their fortunes improve more than those with a female founder. At time of print, 16% of all-male businesses were in the potentially positive category and 1.5% were in recovery from the impact of the pandemic. However, the proportion of female-founded businesses in the potentially positive category had fallen to 12.9%, though 1.3% were in recovery.

It is worth considering the role of size. Female-led SMEs are on average 44% smaller than male-led SMEs. This may be a factor, but among Beauhurst tracked firms the data is mixed. Larger businesses are both more likely to be in a critical or severe state and in the potentially positive category compared to smaller firms. Businesses with between 5 and 24 employees were the least likely to be in a critical or severe state. This may be because larger startups are both more likely to be very successful and more likely to have over-extended themselves. The lack of a clear relationship based on size may be due to business stage playing a more important role than size, as the seed and venture stages have the highest proportion of potentially positively impacted companies and businesses which have experienced a low impact.²⁵

So why have female-founded businesses been affected worse by the pandemic?

20 Foy, S. (2020, May 27). Supermarket sales in record surge during lockdown. *The Telegraph*.

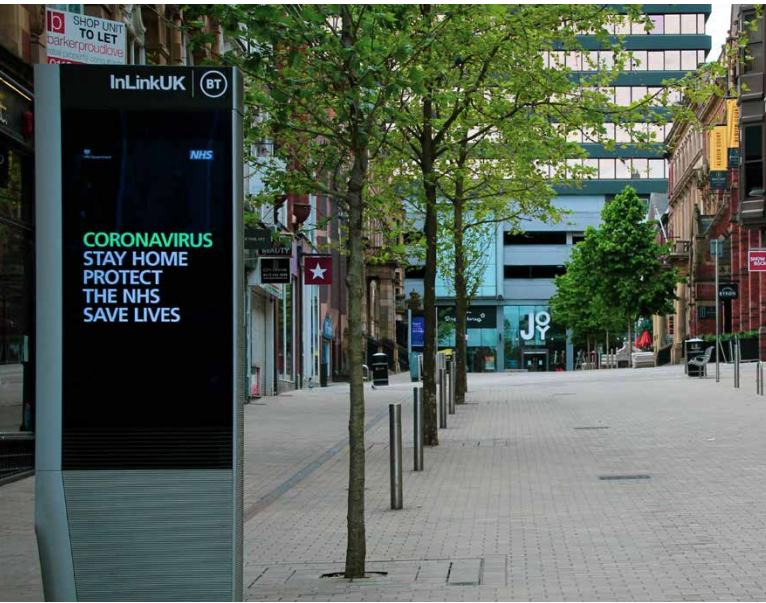
21 Steam. (2020).

22 Ibid.

23 Wise. (2019). 2019 Workforce Statistics – One million women in STEM in the UK.

24 Denham, A. (2019). *Here and Now*.

25 Beauhurst Covid Tracker.



RESILIENCE, CRISIS PLANNING AND SPEED OF RESPONSE

Crises can take many different forms.

There are global crises, such as COVID-19 and the financial crisis, which affect almost everywhere. Then there are crises which will impact specific places, such as natural disasters, terrorist attacks or political unrest. There are also crises which are sector specific, such as industrial action or disruption along a trade route. There are even some crises which affect a single business in isolation, such as a flood in the head office, the founder suddenly getting ill, or a data breach.

The multitude of ways in which a crisis can happen means that if an entrepreneur has ambitions to trade over the long term, they should expect to encounter at least one, sooner or later. As a result, resilience is always important and businesses should choose to cultivate and enhance it.

Resilient businesses are good for a country's economy. The response by New York City businesses to the 9/11 terror attacks is instructive. The World Trade Centre housed over 300 different businesses, including some of the city's largest financial institutions. The impact of 9/11 on the nearby businesses was devastating, with many losing members of staff and being forced to relocate at short notice. If all of the businesses in the surrounding area ceased trading, it would have led to a \$71.6bn fall in GDP – equivalent to just under 7% of the State of New York's economy. By contrast, if all the nearby businesses relocated the losses would have been limited to \$1.7bn. In reality, about 95% of the businesses in the surrounding area were able to relocate and start trading again, although for some firms this took up to 8 months. The result of this high level of resilience was that the local economic losses from the attacks

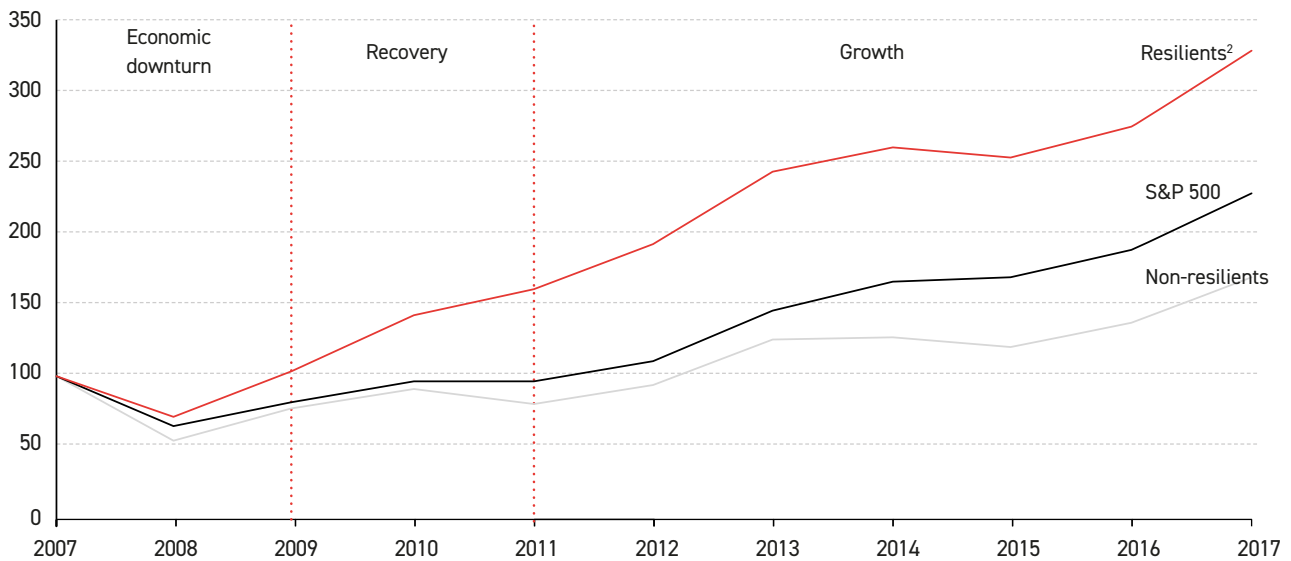
were limited to \$11bn.²⁶ Resilience can limit the economic impact of a crisis and allow businesses to recover faster, protecting jobs in the process.

Resilience is also beneficial to individual firms, beyond the obvious benefit of continuing to exist after a crisis, it also makes it easier to gain an edge over competitors. McKinsey tracked 1,100 publicly traded companies and published data on their performance from 2007 to 2017.²⁷

Resilient businesses can gain a long-term advantage. Most companies performed worse overall in the aftermath of the financial crisis, but around 10% bucked the trend in 2007-2011 and through the trough of the recession had compound annual returns to shareholders of at least 7%. These resilient companies in 2017 were still in the top quintile of their sectors,

26 Rose, A. Z., Oladosu, G., Lee, B., & Asay, G. B. (2009). The Economic Impacts of the September 11 Terrorist Attacks: A Computable General Equilibrium Analysis. *Peace Economics, Peace Science and Public Policy*, 15(2).

27 McKinsey. (2019). Bubbles pop, downturns stop.

CUMULATIVE TRS PERFORMANCE¹

¹ TRS = total returns to shareholders; calculated as average of subsections' median performance within resilient and non-resilient categories; n = 1,140 companies; excludes financial companies and real-estate investment trusts.

² Resilient companies defined as top quintile in TRS performance by sector.

Source: S&P IQ; McKinsey analysis.

meaning that after they gained a lead during the recession, most managed to maintain it six years later.

What sets resilient companies apart from the rest? First, they do not appear to have clear advantages ahead of the crisis. In fact, the companies that McKinsey identified as resilient underperformed the stock market ahead of the crisis. However, when the downturn was at its trough in 2009, these companies' reported earnings which were 10% higher than their pre-crisis earnings. By comparison, the other tracked companies had earnings 15% lower than pre-crisis levels.

Second, their earnings did not appear to be higher because they were experiencing better revenues than their competitors. Instead, they were able to cut their costs quickly. For example, one manufacturing company switched to using robotic-arc welding which decreased production costs by 30%. As a cohort, in 2007 they reduced their

debt, while peers increased it, and they divested underperforming ventures faster. Then, after having entered the trough with more flexibility, they used their superior cash levels to buy up assets from struggling competitors.

“Resilience can limit the economic impact of a crisis and allow businesses to recover faster, protecting jobs in the process.”

Third, and finally, resilient businesses tended to operate in sectors which did well despite the crisis, such as healthcare, biotech, and oil and gas. These businesses over-delivered on revenue and used this period to take on more costs.

The main finding from the analysis is that resilient businesses reacted more quickly to the financial crisis than other businesses. These findings are echoed in a 2013 study which found that businesses which innovate in anticipation to change, rather than in reaction to it, are much more resilient.²⁸ Research by Harvard Business School found that resilient businesses were more information seeking during this pandemic, with some of the most successful businesses acting quicker than their governments. Brazilian energy company, Brazil Energy Biomass, started planning their COVID-19 safety procedures before the first wave in their country. They saw the World Health Organisation's advice and had protocols ready within two weeks and by mid-March they were ready for COVID-19, which is when the Brazilian government started their preventive measures.²⁹

²⁸ Teixeira, Eduardo de Oliveira & Werther, William B., (2013). “Resilience: Continuous renewal of competitive advantages,” *Business Horizons*, Elsevier, vol. 56(3), pages 333-342.

²⁹ Harvard Business School, Working Knowledge. (2020). *Restarting Under Uncertainty: Managerial Experiences from Around the World*.

CASE STUDY CME MEDIA

CHARISSE SMITH FOUNDER & CEO

Charisse Smith is the founder and CEO of CMe Media. Her company advises business on the placement of advertising, covering everything from billboards to television.

The pandemic directly hurt its revenues. Lockdown measures meant that advertising space on public transport and high streets became less valuable, reducing the opportunities for commission. Moreover, a number of its clients reduced their marketing budgets and some even closed down. Others were unable to pay their bills and CMe Media was faced with a likely cash flow problem. However, Barclays helped them to access a CBILS loan and provided support throughout the application process.

Charisse knew that she had to use the money to try to expand during the recovery, so she put together a business plan. "It was not a time to just shrink and take stock" as she put it.

Usually, expanding would mean hiring new sales leads but she decided that paying the salaries of three new team

members was too great a risk after needing to furlough staff during lockdown. Instead, she is in the process of setting up CMe Media virtual businesses across the country and looking for strong leaders to run these. The satellites will licence the CMe Media brand and operate these as business owners. Charisse will coach and provide the vital support service needed to operate as satellites of the CMe Media business. The support and the valuable cash flow will give them the springboard they need to grow sales from a standing start. Charisse is hoping that with people working from home, this will be a great opportunity to expand into new parts of the country. She is hoping to soon have established businesses in Scotland, Wales and London. Charisse has also relaunched her digital business which is doubling month on month at the moment and will hopefully see the addition of a CMe Creative brand joining the CMe Digital and CMe Media brands by 2021.

CASE STUDY ELVIE

TANIA BOLER CO-FOUNDER

Co-founded by Tania Boler, Elvie is a femtech business with a mission to improve women's lives through smarter technology. When Tania started out, femtech did not exist but she has helped the sector become mainstream after raising £42m. Tania has proved that female entrepreneurs are capable of raising large amounts, that British startups can be at the forefront of new industries and that femtech is a sector worth taking seriously.

Elvie has pioneered the world's first kegel trainer, a silent breast pump, and a popular pelvic floor trainer. Because they bring medical devices to multiple markets, each with different regulatory requirements, their quality management process is incredibly important. To keep on top of this, Elvie runs a very thorough risk register. "As part of the DNA of our company, we view everything in terms of risk". Their risk tables cover every eventuality, including financial, regulatory and product risks, as well as potential geopolitical problems.

Elvie trades across the globe, working with Taiwanese, American and Chinese manufactures and selling in twelve countries. They have been worried about different sources of international instability for a while and moved some

of their operations out of China due to worries about the looming trade war. They have also been monitoring the Brexit uncertainty, unsure what is going to happen with immigration, regulation and trade.

As a result, they were quick to notice the problems in China and immediately started to work with vulnerable parts of their supply chain to ensure it continued to flow. "We were already experiencing COVID in January" says Tania, so they were faster to react than others in Europe and America. They have still managed to continue expanding into new markets through this difficult time.



The Enterprise Research Centre interviewed entrepreneurs in London, Madrid, Paris, Frankfurt and Milan, finding that in London male entrepreneurs are 7% more likely to have made plans for adversity. This may be a factor in explaining why male entrepreneurs are better at surviving crises, although the same research asked entrepreneurs about which aspects of their business they thought were vulnerable and found that the majority of them did not experience problems of the type they were most worried about.³⁰

The benefit of a crisis plan could be that the time spent thinking about solutions and agreeing next steps is shortened, having been done in advance. It is also plausible that the types of founders who are more likely to create crisis plans are better at handling crises in general. Another explanation is that crisis plans may have wide applicability. If an entrepreneur is prepared for a flood in the main office, their contingency plan may also apply if there is a prolonged transport strike or a national lockdown.

One key barrier to the adoption of crisis plans is that business owners often believe they are too busy and fail to set time aside to assess risks. As a result, crisis planning is often put

on the back-burner. This is a general problem that affects all businesses. Swedish data suggests that firms applying for business support benefited more from setting aside time to assess business problems, which they needed to in order to fill out an application for support, than they did from the support itself.³¹ Future business support initiatives could try to include elements of crisis planning in the application process. In addition, non-executive directors can play an important strategic role on this issue, allowing owner-managers to stay focused on the present.

We spoke to twelve female entrepreneurs in the writing of this report. Four of them had crisis plans before the pandemic. They thought their key vulnerabilities were key staff going off sick, a trade war with China, Brexit, flooding, or fire ruining their servers. Although none of the businesses directly prepared for a pandemic, the supply chain disruptions due to trade disputes that Elvie had prepared for were similar to the disruption caused by COVID-19. Similarly, preparing for problems such as being forced to vacate the office at short notice due to a fire or flood could be copied, using many of the same interventions that the pandemic required, like working from home.

RECOMMENDATIONS

- **Government:** When designing new business support schemes, the Government should include elements of crisis planning in the application process. Data acquired through this could then be used to target advice and mentoring at SMEs.
- **Business organisations:** Organisations that work directly with SMEs, such as banks, chambers of commerce, LEPS, as well as business networks, should raise the issue of crisis planning and where relevant, support the development of crisis plans.

³⁰ Ibid.

³¹ Dumitriu, S. (2019). Management Matters.



UNEQUAL RESPONSIBILITIES

For many women, entrepreneurs or otherwise, the pandemic will have had a worse impact on them. During normal times, married women across the OECD spend more time on unpaid work in the home,³² even if they outearn their husbands,³³ and even if their husbands are unemployed.³⁴

COVID-19 has created more of what has traditionally been seen as women's work. Children, who would usually have been in paid childcare or in school, have been kept at home; people spending more time in their houses will have created more mess which needs someone to tidy up, and family members who are shielding will need more errands, chores and caring work done for them. Globally female entrepreneurs are 10% more likely to say that during the pandemic domestic responsibilities were impacting their work.³⁵

During lockdown, women in the UK have done two-thirds more childcare than men. They have also cut down their paid hours and this will impact their professional lives.³⁶ Prior to the pandemic, mothers worked 80% of the hours fathers did. During lockdown this has dropped to 70%.³⁷

Furthermore, research from America finds that while working from home, women are more likely to be working at the

kitchen table, where they can be interrupted, while men are more likely to take the home office.³⁸ Anecdotally, this seems to be the case in the UK as well.³⁹ However, polling from YouGov suggests women are almost half as less likely to find working from home difficult.⁴⁰ In normal times, remote work offers advantages in terms of flexibility which is especially useful in the context of managing childcare responsibilities.

“Globally female entrepreneurs are 10% more likely to say that during the pandemic domestic responsibilities were impacting their work.”

For some female entrepreneurs, the reason their businesses are struggling during the pandemic may not only be due to

32 OECD. (2020). Gender Equality, Data.

33 Pew Research Centre. (2013). Modern Parenthood, Chapter 6: Time in Work and Leisure, Patterns by Gender and Family Structure.

34 Ibid.

35 Ibid.

36 Narwan, G. (2020, September 1). Burdens of lockdown are greater for women. *The Times*.

37 Institute for Fiscal Studies. (2020). How are mothers and fathers balancing work and family under lockdown?

38 Ibid.

39 Lally, M. (2020) Women are asking to be furloughed to cope with home-schooling, but are their jobs now at more risk? *The Daily Telegraph*.

40 The Economist. (2020, July 20). Coronavirus Latest: Working Britons used to have less time for leisure but COVID-19 pandemic is changing our work-life balance. *The Economist*.

finance or the sector they work in or other broad economic trends. It could also be due to unequal gender dynamics at home. Over 600,000 of the UK's entrepreneurs are also mothers and many of them will have had to pick up extra slack.⁴¹

Of course, not all female entrepreneurs will be in this situation. Many will not have children, or will have adult children who do not live in the home. Many may be single or have female partners, and some will have completely gender equal partnerships or even partners who take on more than half of the domestic burden. However, even female entrepreneurs who have a completely gender-equal split of chores at home are not competing on a level playing field, as their male counterparts who they are competing against are much more likely to have less unpaid labour to do. For example, globally female business leaders are 20-30% less likely than their male counterparts to say that they have

relied on their spouse to care for dependants.⁴² For female entrepreneurs to be as successful as their male counterparts, we need social changes not just in the business sphere but also in people's homes and private lives.

Beyond the impact during the pandemic, unequal childcare responsibilities act as a significant constraint, preventing women from achieving their entrepreneurial potential. A survey of entrepreneurs found that female entrepreneurs with children were significantly more likely to agree with the statement: "I struggle to balance my responsibility as a business owner with my personal commitments."

Over the long run, shifting cultural norms around gender roles are making it easier for mothers to pursue careers as entrepreneurs. But in the short run, actions to reduce the cost of childcare and create greater flexibility could expand opportunities for female entrepreneurs.

RECOMMENDATIONS:

- **Government:** We should change the expectation that women stay at home after the birth of a child. Much of this requires social change which will take longer, but the government can help by making Statutory Shared Parental Pay (SSPP) the same as Statutory Maternity Pay (SMP). SMP is 90% of the mother's weekly earnings but SSPP is only 90% up to a maximum of £151.20 per week, meaning that couples are usually better-off if the mother takes the bulk of the time off.
- **Government:** In many sectors, app-based platforms have provided flexibility for consumers, allowing us to benefit from an 'on-demand' economy. There is potential for similar innovations to play a major role in childcare going forward. For entrepreneurs with children, this flexibility is especially valuable. The ability to organise childcare at short notice will allow more female entrepreneurs to seize opportunities. However, tax-free childcare must be paid to end-providers and cannot be paid to intermediaries. As a result, users of childcare platforms are unable to take advantage of tax-free childcare. At the March Budget, Chancellor Rishi Sunak made the welcome step of making tax free childcare compatible with school payment agents allowing parents of school aged children to use it for wraparound childcare, such as after school clubs.⁴³ Extending these reforms to app-based

intermediaries would allow entrepreneurs to respond to a need for ad hoc and short-term childcare.

- **Train Companies and Government:** While the majority of Europe provides flexible discounted ticketing for rail travel, in the UK season tickets only provide savings when used for five out of seven days. When women are more than three times as likely to be in part time work as men, this becomes a gender issue.⁴⁴ The Campaign for Better Transport calculates a three day a week annual season ticket could save commuters coming into London £1,600 per year on average.⁴⁵ Recent discussions between rail companies and the Department for Transport to allow 'three days out of seven' and 'twelve out of a month' season tickets are welcome, in order to support the gradual part-time return to the office are welcome.⁴⁶ However, the merits of this proposal extend beyond the pandemic. To support female entrepreneurs, the government should promote flexible ticketing as a permanent shift.

41 Ibid.

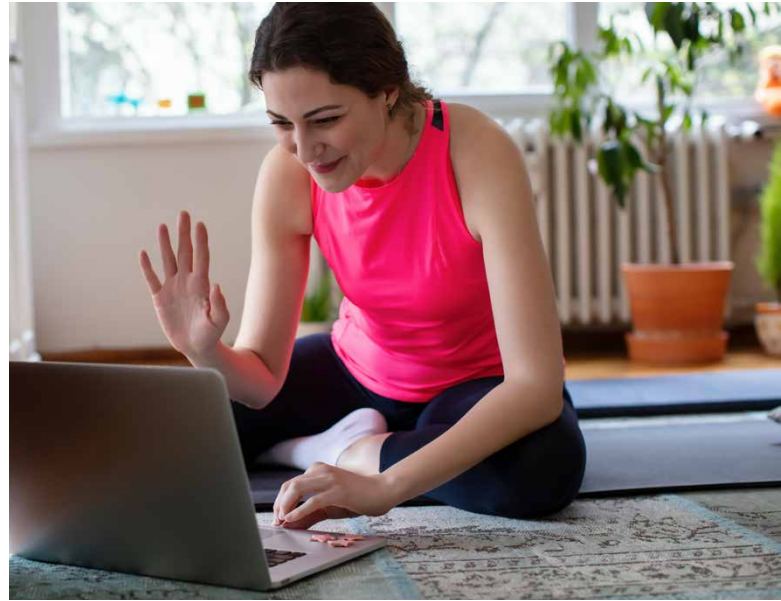
42 Ibid.

43 GOV.UK. (2020). Policy Paper; Budget 2020.

44 Denham, A. (2019). Women are ditching the traditional working week - so why haven't train companies caught up?. *The Telegraph*.

45 Campaign for Better Transport. (2015). Campaigners call for flexible season tickets for part-time workers during National Work Life Week.

46 Which?. (2020). Flexible train tickets: will your part-time commute get cheaper?



SECTORS

The COVID-19 pandemic will have impacted different sectors to different degrees. Some sectors will have most of their work done in offices and will have been able to transition to working from home relatively easily, while other sectors may find trading difficult under social distancing.

One of the female founders we spoke to had to find a way to set up laboratories in people's homes and had engineers trying to work together with cameras attached to their helmets. She fears that some of the innovative ideas which come from creative people working together will have been lost.

The difference in the pandemic's impact by sector will have a knock-on impact on gender. Patterns of female-founded businesses mostly mirror those of female employment. So women, while representing about a third of all business owners, are more likely than men to start businesses in Retail, Hospitality, Real Estate, Healthcare, Social Work and Community Services.⁴⁷

Business closure rates have been lower in Q2 2020 than they usually are, so businesses which may have failed due to COVID-19 have not closed yet. This will be partly due to the amount of time it takes to shut down a business and partly due to government support, such as the job retention scheme, business rate reductions, and tax deferrals, keeping businesses that would have otherwise failed afloat. Data from other countries also does not yet show an increase in business closures. As a result, we cannot yet use business closure rates to identify the sectors most affected. Instead,

we can indirectly identify the pandemic's impact on different sectors by looking at business formation rates and take-up of government support.

The number of new businesses starting up has fallen, thus reducing the dynamism of the UK economy. However, there are positive signs of recovery. Analysis of companies house data from the Centre for Entrepreneurs found low rates of new business formation during lockdown. However, June has shown a 47% increase in start up rates when compared with the past year and overall start up figures between March and June are down by only 3%. More specifically there has been a boom of COVID-19 related businesses, with major increases in the production and retail of disinfectant, cleaning services and workwear. There was also a 69% increase in biotech businesses and an 110% increase in internet retail.⁴⁸ The new businesses being created are disproportionately likely to be in the scientific and technical industry. Most other industries have seen small declines in business creation with the most pronounced declines found in construction, healthcare and hospitality.⁴⁹

⁴⁷ FSB. (2016). Women in Enterprise: Untapped Potential.

⁴⁸ Centre for Entrepreneurs. (2020). Covid startups kick off entrepreneurial recovery.

⁴⁹ Ibid.

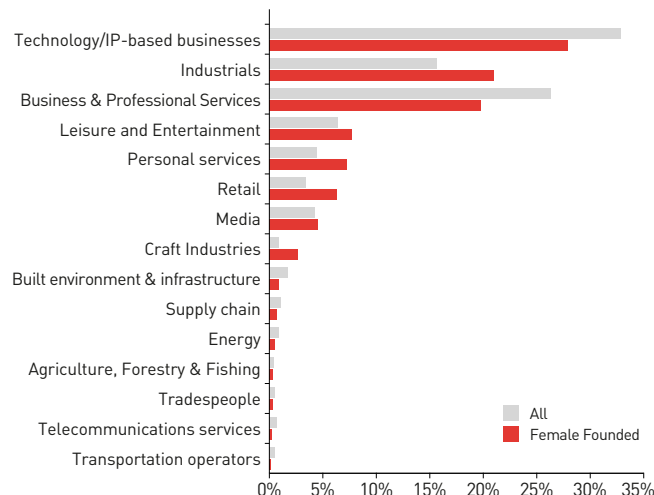
Similarly, data from Beauhurst’s COVID-19 Business Tracker finds tech driven sectors that enable remote working had the highest proportion of positively impacted businesses. While, the sectors most reliant of footfall such as leisure, retail, and entertainment were most significantly negatively impacted.⁵⁰

While it is welcome that we are seeing a new wave of science and technology focused businesses, action will be needed to ensure women are equally able to benefit from the new opportunities. Female-founded startups are less likely to be tech or IP-based businesses (28% vs 33% for all equity-funded startups) and more likely to be in retail, leisure and entertainment, and personal services.⁵¹

The Coronavirus Businesses Interruption Loan Scheme (CBILS) and the Bounce Back Loan Scheme (BBLs) are two schemes which provide financial support for businesses impacted by COVID-19. The CBILS loans are for up to £5m. The government guarantees 80% of the loan and pays the interest and fees for the first year. Businesses have to prove that they would have been viable if not for the pandemic. BBLs loans, by contrast, are limited to a maximum of £50,000 but benefit from a 100% government guarantee.⁵² Due to their limited size and reduced risk on the lenders’ part, they are likely to be used by smaller businesses. Looking at differential take-up of CBILS and BBLs can indicate which sectors have faced financial distress as a result of the pandemic. For instance, if a sector is only a small proportion of the business population but a high proportion of CBILS and BBLs recipients then it suggests that sector has been impacted harder.

Retailers and wholesalers were the largest users in terms of volume of both CBILS and BBLs. Although only 9.3% of the business population are within the sector, 19% of CBILS and 16% of BBLs facilities went to the sector. As equity-backed female founders are disproportionately likely to start businesses in retail, this suggests that sectoral factors may explain in part why more female-founded businesses were hit harder by the pandemic.

WOMEN-FOUNDED STARTUPS ARE CONCENTRATED BY INDUSTRY



Source: Beauhurst.

Manufacturing appears to have been particularly badly hit. Despite representing just 4.7% of the business population, manufacturing received 13% of CBILS facilities and 6% of BBLs facilities. The skew towards CBILS may reflect the relative size of manufacturers, as well as the sector’s ability to provide collateral. Equity backed female founders are similarly disproportionately likely to start businesses in the industrials category which encompasses manufacturing, food and drink processors, and clothing.

In addition, the government has taken special measures for some industries. In the Summer Statement, the Chancellor announced that there would be a VAT cut on restaurants, cafés, pubs, accommodation and attractions, as well as the “Eat Out To Help Out Scheme” which offered diners discounted meals during Mondays, Tuesdays and Wednesdays in August to encourage people to eat out.⁵³

However, some similarly affected female-dominated sectors have not received equivalent support. In cases like nail and beauty salons, they were forced to close longer than other businesses and, once able to reopen, often unable to resume the full services that they offer.

50 Beauhurst. (2020) COVID-19 Business Impact: Understanding the impact of COVID-19 on ambitious UK businesses.

51 Ibid.

52 British Business Bank. (2020). Coronavirus loan schemes benefiting businesses in all corners of UK, reveals new analysis from British Business Bank.

53 GOV.UK (2020). Guidance: Get a discount with the Eat Out to Help Out Scheme.

CASE STUDY RESI

ALEX DEPLEDGE CO-FOUNDER & CEO

Businesses which are able to provide online versions of tasks previously performed in person have seen growth. For example, Alex DePledge is a co-founder and the CEO of Resi, which provides architectural consultancy online. Alex wants to make it easier for people to manage bespoke architectural projects. Resi has a personalised dashboard which means that clients can have live updates about changes to floor plans, project manage the plans and message with architects via the app.

Throughout the pandemic Resi was able to keep trading because its operations are already mostly socially distanced. They sent their clients lasers which can examine a property, meaning that their surveyors do not need to visit a client's home. As a result they have managed to gain an edge over traditional architects, managing to win business from competitors who were not able to visit homes during

lockdown or now while some still need to shield. Alex believes that the big winners have been businesses which have moved online, saying that "The businesses that survive will be the ones that are able to move online. There are always opportunities in recession, so its a question of thinking differently and moving fast"



RECOMMENDATIONS

- **Government:** On average, entrepreneurs who have studied STEM subjects are more likely to build more scalable companies. But only 35% of university graduates with STEM degrees are female,⁵⁴ and only 39% of A Level maths students are girls⁵⁵ even though girls and boys achieve similar results in maths at GCSE.⁵⁶ The government should continue to collect more data on STEM drop-off rates and continue efforts to promote the uptake of STEM courses at university.
- **Universities and Charities:** A number of organisations such as the WISE campaign, the Institute of Physics and the Women's Engineering Society work with schools and universities to encourage girls to study STEM subjects and graduates to take careers in STEM careers. Their interventions include things like promoting female role models, working with schools to show pupils what careers are open in STEM fields, and working with industry to address biases which may exist. Government should champion these organisations and facilitate data sharing between them and education providers.
- **UCAS:** While applying for university courses, UCAS currently provides some detail about average employment rates and earnings for graduates of different courses. This information should be displayed more prominently, and alongside useful comparable statistics like how much people who meet the entry requirements earn on average.
- **Government:** In the future, retraining and life-long learning will be the norm. Coding schools and bootcamps can play an important role in ensuring women have access to careers in tech. The Government should consult on allowing coding schools to access government funding to expand access, as Coadec and The Entrepreneurs Network advocated in *The Startup Manifesto*.⁵⁷ Furthermore, the Government should utilise its convening role to draw attention to female-focused coding initiatives such as Code First Girls who provide free and partially subsidised courses, alongside engagement with employers.

54 STEM Women. (2019). Percentages of Women in STEM Statistics.

55 WISE. (2018). 5,000 more girls take STEM A Levels.

56 Allen-Kinross, P. (2019, August 22). GCSE results 2019: Girls still lead the way over boys. *Schools Week*.

57 The Entrepreneurs Network and Coadec. (2019). *The Startup Manifesto*.



NETWORKS

Good sources of advice are useful to people regardless of their situation. This is no less true for entrepreneurs who are going through a crisis. Many entrepreneurs will have exceptional skills in whatever field they're running their business in, but may suddenly realise that they have no idea how to negotiate rent on an office, or what a sensible price for accountancy services are.

Female business leaders are more likely to seek advice from people outside of their business than male leaders are, but when they do it is more likely to be from informal sources. Women generally prefer advice from mentors, networks and government while male entrepreneurs prefer advice from accountants and solicitors.⁵⁸ Research at the European-level found that entrepreneurs in London were much more likely to be reliant on family as a source of advice. These two things together may cause problems for female entrepreneurs, who are 8% less likely than men to know another entrepreneur, meaning that their informal networks may not be as helpful as men's.⁵⁹ This may explain why women value formal networks more than men.⁶⁰ This will be important to remember when we move out of the crisis. With more people working from home, women should still be provided with networking opportunities which may have arisen in places like co-working spaces.

In light of this research, and the high demand for networking opportunities for female entrepreneurs across the country, Barclays and the Female Founders Forum are scaling their

successful model of running roundtable events in Barclays Eagle Labs, holding events and establishing regional champions in Edinburgh, Leeds, Birmingham, Manchester, Cardiff and Southampton.

“Female business leaders are more likely to seek advice from people outside of their business than male leaders are, but when they do it is more likely to be from informal sources.”

When speaking to a sample of members of the Female Founders Forum we found they sought advice from a broad range of people. Three ran networks or consultancies which gave businesses advice so they looked to their own groups for guidance. Two of them said they didn't need advice because they were doing very well during the crisis with one saying that her investors, who she would usually go to for advice, panicked so she was left to rely on her own instincts.

Of the remaining five we spoke to, they all looked to some combination of formal networks, like the Supper Club, or to their investors. Two of them said they used female entrepreneurship groups specifically.

58 Ibid.

59 Global Entrepreneurial Monitor. (2017). Global Report 2016/17.

60 Ibid.

CASE STUDY NESS LABS

ANNE-LAURE LE CUNFF FOUNDER

Anne-Laure Le Cunff is the founder of Ness Labs. She combines her academic expertise in neuroscience with her startup background to provide content, coaching and courses to entrepreneurs and other creators, delivering productivity and creativity insights grounded in the latest neuroscience research.

Ness Labs is a self-funded or “boot-strapped” venture. When talking about networks for entrepreneurs, Anne-Laure said that there were a lot of communities for female entrepreneurs who had raised equity or were hoping to, but she was part of a small community of female entrepreneurs running boot-strapped companies and that she found the support of entrepreneurs who were like-minded and had similar experiences very helpful.

CASE STUDY STREETBEES

TUGCE BULUT CO-FOUNDER

Tugce Bulut is the co-founder of Streetbees, a company which uses data and AI to gain insights into consumer opinion and behaviour. Since the firm was founded in 2015, it has raised over £20m, employs over 100 people, and been listed as one of the UK’s 100 fastest growing firms.

Tugce says that she is part of a lot of entrepreneurship groups in which people are very supportive. In one of the groups, other entrepreneurs who had to lay-off staff were posting the CVs of staff they recommended. This was helpful to the entrepreneurs who were still recruiting, where a direct recommendation can be very helpful in finding the right person, especially when you cannot meet them in advance.

As highlighted in the past Female Founders Forum report *Mentoring Matters*, formal mentoring programmes can have long-term positive impacts.⁶¹ First, mentors can open up their own networks providing access to investors. Second, mentoring can lead to the formation of long-term professional relationships.

This can also be one of the benefits of accelerators and incubators. These support the development of early-stage businesses by providing low-cost office space, research facilities, and mentoring from experienced entrepreneurs. Research from Nesta, commissioned by BEIS, found that businesses attending accelerator programmes have higher survival rates, employ more people, and are more likely to raise external finance.⁶² Accelerators may help close the equity funding gap as the proportion of female-founded businesses attending accelerator programmes is closer to gender parity (38%) than the distribution of equity funding to female-founded businesses.⁶³

Barclays runs the Barclays Accelerator powered by Techstars. It is the Bank's flagship programme focused on accelerating the growth of early stage FinTech businesses. Having started in 2014 with 185 alumni of the programme Barclays now has a long history of helping startups develop and scale through workshops, one-on-one training from experts and in-person advice from mentors. There's also exclusive networking with some of the best from within Barclays and the FinTech world. The programme is run out of Barclays innovation hubs called Rise, created by Barclays which has a focus on building a global community of the best minds in FinTech to disrupt, challenge and confront the way things are done in financial services.

Barclays also runs a high-growth programme in partnership with Cambridge Judge Business School called the Barclays Scale Up UK Programme.

The Government has recently announced two new schemes designed to expand access to high-quality advice in order to enhance business resilience. The Small Business Leadership Programme provides businesses with a free 10-week online programme delivered by business schools. While Peer Networks bring together diverse cohorts of business leaders, so they can discuss common challenges with their peers. The goal of the schemes is to ensure the continued exchange of ideas and advice between SMEs after the programme has concluded.⁶⁴

RECOMMENDATIONS

- **Government:** Networks play an important role in diffusing best practices and expanding access to advice. Research suggests businesses tend to learn best from their peers, so policies such as the Small Business Leadership Programme and Peer Networks should be a key part of business support moving forward.⁶⁵ Considering their potential to improve SME productivity and improve resilience, it is vital that female entrepreneurs are made aware of the schemes. To that end, the Government should commit to publicising the schemes on platforms and through organisations used by female entrepreneurs.
- **Government:** One fifth of recipients of the Start Up Loan scheme are not offered any form of mentoring.⁶⁶ This is a missed opportunity to spread best practices and increase engagement with formal business networks among female entrepreneurs. A review of the scheme found high rates of discouraged borrowing among recipients relative to the general business population, suggesting that additional support may need to be offered on the loan's completion as well.

“US research finds that female-run businesses which do export are not only 3.5 times as productive as female-run firms that do not export, they are also 1.2 times more productive than male-run firms which do.”

EXPORTING AND DIVERSIFICATION

Businesses which are reliant on only one type of customer are more vulnerable than others. For example, if you're a stationery company reliant primarily on students, students postponing their exams may seriously impact your business. If you diversify and start selling to offices as well you would be more resilient. The same applies to exporting. If your business is entirely reliant on British consumers, a recession in the UK would be very damaging. If you also export to another country you're less vulnerable to British macroeconomic trends.

A number of the female entrepreneurs we spoke to started to offer different products during the crisis, to people and businesses who suddenly had different needs. For example, the Social Element started to use more animations and images instead of studio filmed content and focused more on insights and crisis management.

AA Advisors found that while corporate investors were much less likely to invest during lockdown, high-wealth individuals and families became much more interested in investing, so they reoriented to focus more on family networks.

There is a major opportunity for female founders to attract investment through these networks. In many cases, they will be entrepreneurs themselves and will understand the needs and challenges of early-stage business. The Council for Investing in Female Entrepreneurs, which AA Advisors' founder and CEO Alexandra Daly co-chairs, is launching a resource hub to help female entrepreneurs start and scale their business. The Investing in Women Hub will aim to make funding accessible to all and demystify the process.

For these reasons, businesses which export are also generally more resilient than businesses which only operate within

one country. A study following the financial crisis found that businesses with operations in a broad range of geographic areas were more resilient, as were businesses which entered new markets quickly. However, the degree to which firms were reliant on international markets did not seem to affect resilience.⁶⁷ Meaning that as long as businesses have some operations abroad, it does not matter if they are focussed primarily on the domestic market. During the COVID-19 pandemic, as lockdowns took place in different countries, businesses with a diverse customer base were able to sell in places where the economy was more open.

Furthermore, companies which had geographic diversity, specifically companies with a significant presence in China and other East Asian countries, had more information about COVID-19 than other companies, and they were able to grasp the magnitude of the pandemic faster and react before their competitors. For example, a German company, VacuumCo had a subsidiary in China. When their Chinese team first had government restrictions imposed on them, the German and Swedish teams reacted quickly, so before the virus had even started to spread in either country, they bought personal protective equipment. This meant in March, when supplies were scarce, they were well stocked and able to continue operating.⁶⁸

67 Hilmerston, M. (2013). Small and medium-sized enterprise internationalisation strategy and performance in times of market turbulence. *International Small Business Journal*, 32(4), 386-400.

68 Ibid.

CASE STUDY ENTER THE ARENA

JULIA ELLIOTT BROWN FOUNDER & CEO

Julia Elliott Brown is the founder and CEO of Enter the Arena, a business with the mission to help female founders raise equity finance and grow. Julia has spent over 20 years working with high-growth startups and is passionate about closing the equity funding gap. Enter The Arena's flagship is the Fundraising Academy coaching programme, which supports female founders with raising investment.

Before the pandemic, Julia was aware of the risk caused by offering only one service. She said she "didn't want all her eggs in one basket", and also wanted to support clients more broadly on their journey to scale given her wealth of business experience; so she decided to diversify. She launched a peer advisory group called The Arena to support high growth potential female founders beyond their first fundraising, helping them transition from Founder to CEO by developing their entrepreneurial leadership skills and building out their network and relationships with other women in the same boat.

This diversification proved very helpful during the pandemic because for the first few months of lockdown the investment market became very challenging, and although Enter The Arena was busy supporting existing clients in closing their raises, and guiding founders through the challenges

of securing emergency funding, unsurprisingly very few founders were looking to start new fundraising campaigns at that time. If the company had been solely reliant on entrepreneurs who were going through funding rounds, it would have seen much less business. Fortunately, The Arena peer advisory groups are about supporting female founders with growth over a much longer time period, whether they are raising investment or not, and provided an alternative income stream, as well as being a critical support to members through the pandemic.

Now things are opening up again and founders are ready to go out and raise new investment rounds, both the "funding" and "growth" sides to Enter The Arena's business are thriving, making a transformative difference to female founders as they prepare to raise, secure investment, and go onto scale their businesses to make a real difference in the world.

CASE STUDY WEARISMA

JENNY TSAI FOUNDER & CEO



Jenny Tsai is the founder and CEO of Wearisma, an Influencer Marketing platform that provides insights to brands such as Gucci, New Look, Made.com and many others.

When the UK and Europe first locked down and most fashion businesses had shut all of their shops, selling to EMEA became increasingly challenging. Fortunately, they were able to pivot their focus to Asia, where they were already exporting. Having experienced COVID-19 earlier, the Asian market was then more open and had a boost of people buying fashion and luxury products again. Pivoting towards Asia early allowed Wearisma to learn from the Asian market as to how it adapted with Covid-19, putting them in an advantageous position when selling to EMEA as lockdown lifted.

International evidence suggests female-run SMEs are less likely to export than male-run SMEs.^{69 70} However, there is limited UK data on the propensity of female-run firms to export. Past data from UK Trade and Investment suggests that female business owners have made progress in exporting with their share of attendance at trade fairs rising from 13% in 2000 to 34% in 2010.⁷¹ Unfortunately, these imperfect figures are no longer published by the government. There is a strong case for improved data collection to establish if the gender imbalances in exporting detected in other similar countries apply to the UK.

“Pivoting towards Asia early allowed Wearisma to learn from the Asian market as to how it adapted with Covid-19.”

Encouragingly, US research finds that female-run businesses which do export are not only 3.5 times as productive as female-run firms that do not export, they are also 1.2 times more productive than male-run firms which do.⁷² Beyond resilience, there is reason to believe there would be benefits from encouraging higher rates of exporting. Research from the Office of National Statistics finds a clear link between exporting and productivity. Exporters are 21% more productive than other businesses, after controlling for size, industry and ownership status.⁷³

RECOMMENDATIONS

- **Government:** The Department for International Trade has plenty of resources and advisors to help businesses export, including new initiatives such as the Tech Exporting Academy. To improve take-up of this support, existing government support for SMEs such as the Small Business Leadership Programme or the Start Up Loan Scheme, should direct recipients to the additional help available for exporting in particular.
- **Government:** 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.



FINANCE

While in normal times, access to equity investment can accelerate business growth, in a crisis it takes on an even more important role. It provides businesses with a buffering capacity, buying them time and ensuring that one bad quarter does not sink an otherwise sound business model.⁷⁴ It is easier for a firm to keep employees they may otherwise not be able to afford, which is helpful because downsizing during a crisis can breed hostility and damage the productivity of retained employees.⁷⁵ Retaining staff in a time of crisis can also lead to positive media coverage which has been associated with 3% higher returns to shareholders.⁷⁶ It also enables a firm to take advantage of the misfortunes of other firms, meaning they might be able to hire good staff who have been laid-off and purchase competitors' assets.

Businesses that have accessed external finance ahead of a crisis will, in general, find it easier to take advantage of the above opportunities. For instance, female founders who have used equity finance in the past are more likely to be aware of and have relationships with potential investors. Furthermore, past investment can act as a signal of credibility to other investors. In the Female Founders Forum report *Here and Now*, we highlighted Beauhurst data on follow-on funding showing that female entrepreneurs who have raised equity funding in the past are just as likely as male entrepreneurs to be successful at raising second and third funding rounds.⁷⁷

Inequality in access and use of external finance before the pandemic is likely to have made it harder for female founders to access finance during the pandemic. On average, women start their businesses with 53% less capital than men.⁷⁸ Female entrepreneurs are less likely to take on loans and less likely to use personal savings for their startups. While it has been steadily increasing, only 21% of equity investment goes to female-founded companies and only 1% of equity investment goes to all-female teams.⁷⁹ This could be explained in part by choices made by women. In past Female Founders Forum roundtables, some female founders have expressed reluctance to give up control of their business.

These factors may explain why female entrepreneurs favour grant funding with 40% choosing this route.⁸⁰ It is the only form of funding which women utilise at higher rates than men. This does not hold for all types of grants though. For instance, of the 1,079 Innovate UK grants made to businesses tracked on Beauhurst with founder data available, 223 went to businesses with at least one female founder.⁸¹

A preference for grant funding may hold women back. Grants are typically 20-28 times smaller than angel investments and they often do not come with mentoring and advice.⁸² When we spoke to members of the Female Founders Forum, a number of them said that their investors were useful sources of advice. Tania of Elvie says her investors had worked through the financial crisis and some had offices in the World Trade Centre, so this was not the first global crisis they had come across and their advice was incredibly helpful.

Using data from Beauhurst, we find that in 2011, for every £1 of funding raised, only 6p went to a business with at least one female founder. This is a persistent problem but progress has since been made. It is now 13p in every £1. Progress has taken place at a time when the importance of equity investment in the wider economy has increased significantly. This is reflected in the total value of equity investment in businesses with at least one female founder. Back in 2011, female entrepreneurs raised £79m in equity financing, but by 2015 this had increased tenfold to £795m, rising to £1.76bn in 2019.

While average deal value has increased over the past decade for men and women, the expanded use of equity funding has been driven primarily by greater dealflow. The number of deals going to women has increased more than sevenfold since 2011. By contrast, over the same time period the number of deals going to businesses with all male founding teams has only increased by 3.5 times.

74 Bradley, S. W., Shepherd, D. A., & Wiklund, J. (2010). The Importance of Slack for New Organizations Facing "Tough" Environments. *Journal of Management Studies*, 48(5), 1071-1097.

75 Gittell, J. H., Cameron, K., Lim, S., & Rivas, V. (2006). Relationships, Layoffs, and Organizational Resilience. *The Journal of Applied Behavioral Science*, 42(3), 300-329.

76 Harvard Business School Working Knowledge. (2020). Market Investors Pay More for Resilient Companies.

77 Ibid.

78 Ibid.

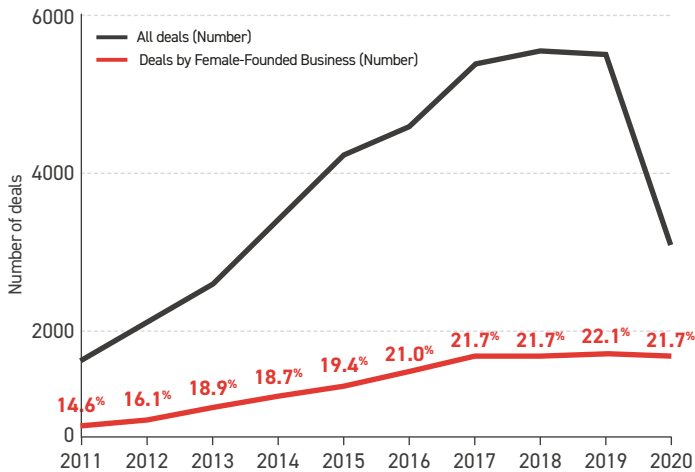
79 Ibid.

80 Dumitriu, S. (2019). *Future Founders*.

81 Beauhurst Grant Data. (An additional 229 grants were made to businesses without founder data).

82 Ibid.

FEMALE-FOUNDED SHARE OF DEALS: NUMBER



Source: Beauhurst.

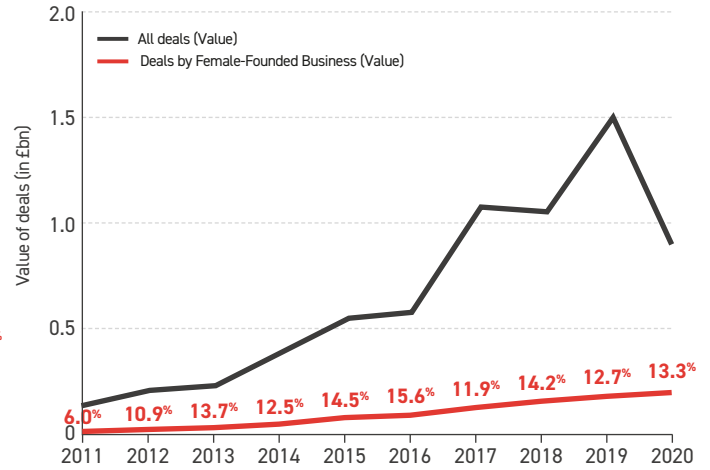
Female-founded businesses are still less likely to receive deals for equity funding and when they do receive money it is for smaller amounts. In the past eighteen months, the average raise for startups with at least one female founder was less than half of the average raise for startups with all-male founders. The pandemic appears to have reversed some recent progress, with female-founded firms raising 93% of their 2018/19 average and male founded firms raising almost 100% of their pre-crisis average in 2020.

A series of randomised controlled trials in the US found that a female name, picture and voice cut a company's odds of receiving funding. Investors also preferred pitches done by attractive men.⁸³ This bias could partly be due to a lack of diversity in the sector. Of the top 100 venture firms globally, only 7% of partners are women and only 38% of firms have at least one female partner.⁸⁴

On a more hopeful note, when looking at businesses five or more years after their initial funding round, female-founded startups were slightly more likely to have secured second (67% vs 63%) and third (43% vs 42%) funding rounds. For female entrepreneurs, the first hurdle is the key one. Once that has been cleared they are just as successful as their male counterparts.⁸⁵

Government schemes are addressing this inequality. Since 2012, the British Business Bank's Start Up Loan Scheme has given loans to over 60,000 businesses. It allows founders to

FEMALE-FOUNDED SHARE OF DEALS: VALUE



Source: Beauhurst.

borrow up to £25,000 from the Start Up Loans Company without providing collateral. They are also bundled with 12 months of free mentoring from an experienced business advisor. 40% of these loans have gone to female entrepreneurs, which is impressive considering only about 32% of entrepreneurs are women.⁸⁶

At the start of the crisis, the majority of financing support available for businesses came in the form of debt finance. However, debt financing is often inappropriate for fast-growing tech-based businesses as they typically have uncertain revenues and in many cases may be loss-making. The need to find an equity-based solution was highlighted by the Save our Startups campaign, which The Entrepreneurs Network was a founding signatory of, with over 6,000 leaders in startups backing the call. As a result of the campaign, the government created the Future Fund, a matched convertible loan scheme for startups looking to raise between £250k and £10m. Loans matched through the Future Fund convert to equity at either the next fundraising event or when the loan matures (after three years). Since the launch, £588.3m worth of convertible loans have been approved for 590 companies.

As well as addressing the need for an equity-based solution, the Future Fund has also addressed existing inequalities in financing, with 82% of funding going to mixed-gender senior teams. Only 8 out of the 590 companies went to businesses with all-female leadership teams while 147 loans were approved for businesses with all-male teams. In cash

83 5 A. Wood Brooks, L. Huang, S. Wood Kennedy & F.E. Murray. (2014). "Investors Prefer Entrepreneurial Ventures Pitched by Attractive Men". *Proceedings of the National Academy of Sciences*, 111(12), 4427-4431.

84 Ibid.

85 Ibid.

86 British Business Bank. (2019). British Business Bank Start Up Loans Programme Lends £500m to UK Small Businesses.

terms, this means that all-male teams received 13 times more than all-female businesses but they received less on average, receiving an average of £640,000 per team versus all-female teams receiving an average of £900,000.⁸⁷

Management Team	No. of convertible loans approved	Value of convertible loans approved
Mixed gender	176	£177.4m
All male	66	£45.1m
All female	3	£3.2m
Chose not to provide data	7	£10.4m
Total	252	£236.2m

Source: British Business Bank

Beyond directly investing in female-led businesses, the Future Fund is also supporting diversity in entrepreneurship by encouraging co-investors to sign up to HM Treasury’s Investing in Women Code. Since the launch of the Future Fund a further 30 venture capital firms have signed up. The HM Treasury-led scheme is a commitment to support the advancement of female entrepreneurship in the UK by improving female entrepreneurs’ access to tools, resources and finance from the financial services sector. Organisations signed up have a member of the senior leadership team who is responsible for ensuring equality in all interactions. They agree to adopt internal practices which help to improve support for female entrepreneurs and collect key gender data which can be aggregated with data from other signatories and published by the government. As part of the Future Fund, the British Business Bank encouraged cosigning venture capital firms to sign up to HM Treasury’s Investing in Women Code.

RECOMMENDATIONS

- **Government:** The government has made a good start by publishing the gender breakdown of The Future Fund and the Start Up Loans. Ahead of the launch of the Future Fund, John Glen MP, Economic Secretary to the Treasury wrote an article directly addressing concerns that the policy will mostly benefit “established, male-dominated, London-based businesses”.⁸⁸ This is a welcome approach to policy making and should be continued in the future. Along the same lines, they should continue to gather and publish data with gender breakdowns where possible to identify gaps in government support.
- **Investors:** Over thirty VC funds have signed up to HM Treasury’s Investing in Women Code as a result of the Future Fund. This is an impressive statement of intent, but it must be converted into action beyond meeting the bare minimum. Organisations should commit to meeting directly with female entrepreneurship groups and nonprofits such as Diversity VC to identify gaps in their processes that may lead them to pass up on opportunities to invest in female-led businesses.

- **Investors:** Addressing gender disparities within equity financing will require us to also address gender disparities in investment decision making. Research cited in *Mentoring Matters* found that 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.⁸⁹ However, only 13% of senior people on UK investment teams are women, and almost half (48%) of investment teams have no women at all.⁹⁰ VCs should seek to change this as soon as viable. As an industry, VCs should commit to developing a pipeline of female talent to avoid replicating a scenario identified by a16z co-founder Marc Andreessen where VCs compete aggressively for a small pool of female CEOs and then chalk the problem up to a lack of interest.⁹¹

87 British Business Bank (2020) Future Fund publishes diversity data of companies receiving convertible loan agreements.

88 Glen, J. (2020, May 21). We want diverse founders to access the Future Fund. *Sifted*.

89 Babson College. (Accessed 2020). The Diana Project.

90 Ibid.

91 Robinson, M. (2016, June 14). Over half of all the employees at this top Silicon Valley VC firm are women. *Business Insider*.



CONCLUSION

Female-founded, equity-backed businesses have been disproportionately impacted by the pandemic compared to businesses with all male founders, with a higher proportion of female-owned businesses in sectors hardest hit by the pandemic. However, 9 in 10 female-founded, equity-backed businesses are now operating at levels of moderate disruption or better. The disproportionate impact to female-founded businesses is likely to be a result of six main factors:



1. UNPAID WORK

The pandemic has increased the amount of unpaid work that needs to be done at home, primarily childcare. Women have taken on the bulk of this extra work which has impacted their work-lives during the crisis.



2. SECTOR

Science and technology businesses have been least impacted by the pandemic. Women are underrepresented at all levels of STEM and are less likely to found businesses in this sector. Additionally, some sectors that appear to have been worst affected by the pandemic include more female-founded businesses.



3. NETWORKS

Female entrepreneurs are more reliant on informal sources of advice than male entrepreneurs. They are also less likely to know another entrepreneur personally so they have had less access to advice from people who could help them during times of crisis.



4. CRISIS PLANNING

Female entrepreneurs are less likely to have a crisis plan in place.



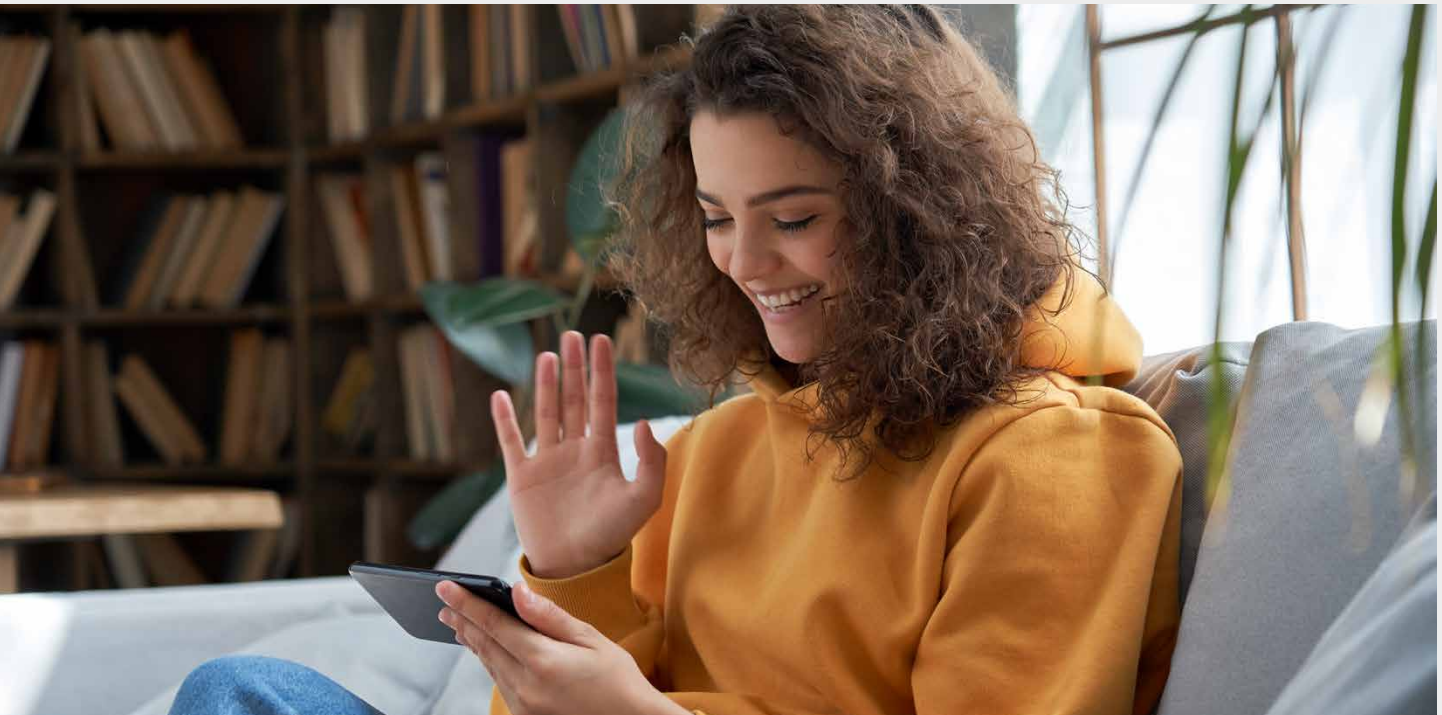
5. EXPORTING

Female-founded businesses are less likely to export. Businesses without export markets were more likely to have lost their entire incomes when the UK lockdown was called.



6. FINANCE

Female entrepreneurs face barriers when trying to raise equity finance, as a result are less likely to receive equity investment and receive smaller investments on average. As a result, during the crisis it is likely they will have had less financial slack to make up for lost income or take advantage of new opportunities.



However, while it is easy to dwell on the negatives, there is cause for optimism. Over the past decade, the equity funding gap has begun to close and financial institutions are increasingly aware of the need to do better. The dramatic increase in the number of organisations signed up to HM Treasury's Investing in Women Code bodes well. The challenge now is for more institutions to turn those commitments into actions.

Barclays is a founding signatory of the HM Treasury Investing in Women Code, a commitment from the financial services industry which was launched in 2019 to improve female entrepreneurs' access to tools, resources and finance. Barclays has announced a series of three-year commitments to provide ongoing and meaningful support for female entrepreneurs:

1. Helping 100,000 women across the UK to start up and run a business
2. Connecting female-led businesses with the finance and support they need to succeed
3. Providing skills for this generation and the next to help them into entrepreneurship

Long-term trends in working patterns may also be a good sign. Now that working from home has been normalised, we may see fewer women drop-out of the workforce when they have children. In the long run, this could mean more women with the skills and connections needed to start businesses.

“Now that working from home has been normalised, we may see fewer women drop-out of the workforce when they have children. In the long run, this could mean more women with the skills and connections needed to start businesses.”

In the crisis, we have heard inspiring stories of female entrepreneurs adapting and finding new solutions to the challenges raised by the pandemic. If we are to see a full and dynamic recovery from this recession we need as many entrepreneurs as possible to start businesses and create new jobs. In practice, this will require us to challenge and 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.

.....
“Simply put, we can no longer afford to under-utilise half of the population’s talents.”



ACKNOWLEDGEMENTS

The Entrepreneurs Network together with Barclays would like to thank the following individuals and organisations for their contributions in writing this report and their support of the Female Founders Forum project.

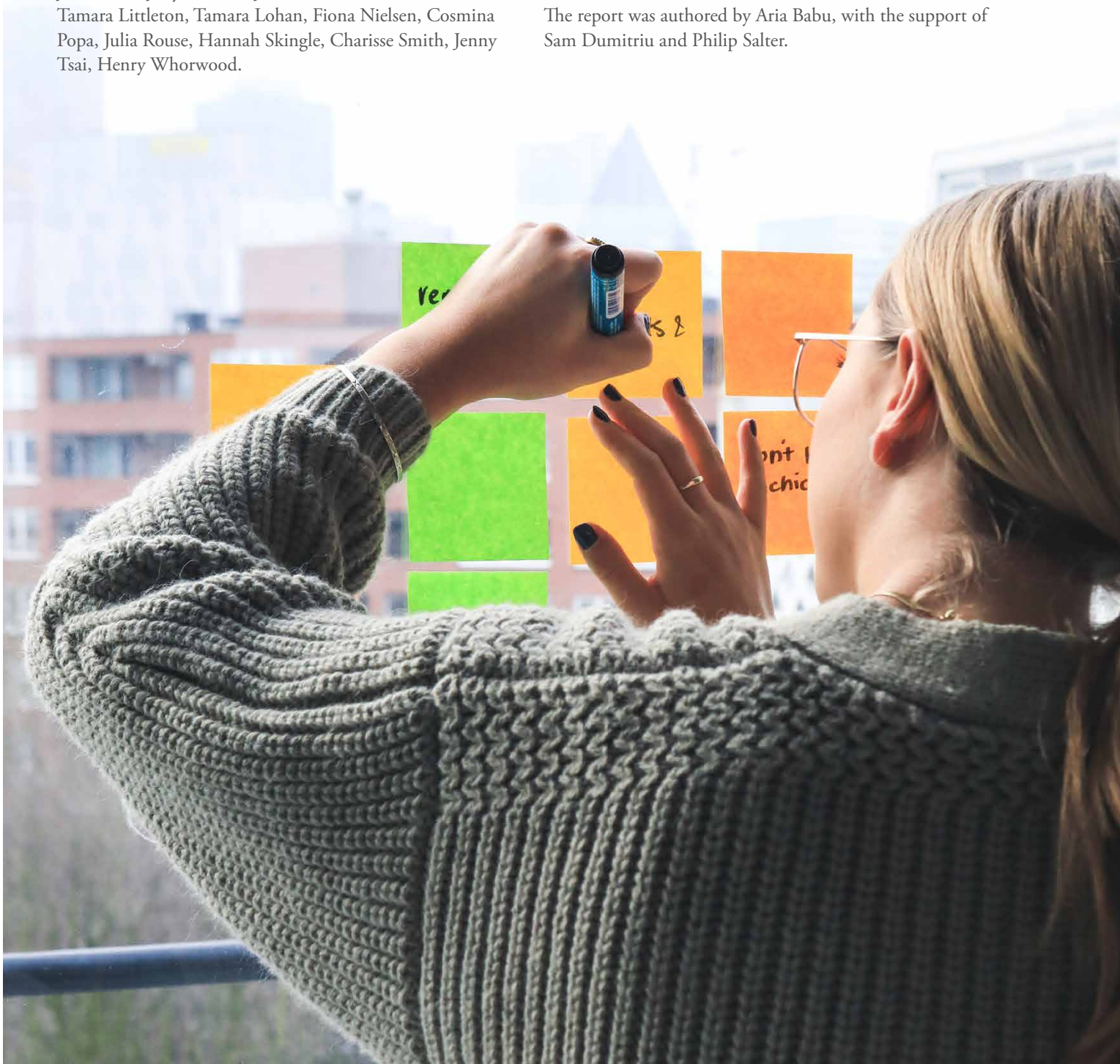
Individuals

Nilam Atodaria, Tania Boler, Tugce Bulut, Alexandra Daly, Alex DePledge, Annabel Denham, Julia Elliott Brown, Jess Etherington, Graeme Fisher, Polly Haydn Jones, Sophie Jarvis, Kate Jolly, Victoria Jonson, Anne-Laure Le Cunff, Tamara Littleton, Tamara Lohan, Fiona Nielsen, Cosmina Popa, Julia Rouse, Hannah Skingle, Charisse Smith, Jenny Tsai, Henry Whorwood.

Organisations

All-Party Parliamentary Group for Entrepreneurship, All-Party Parliamentary Group for Women and Enterprise, Beauhurst.

The report was authored by Aria Babu, with the support of Sam Dumitriu and Philip Salter.



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