

Female entrepreneurs remain untapped source of growth for Canada's economy



News - Feature



More data, research and support needed to maximize the economic impact of enterprises owned by women

BY RICHARD CHU, BIV

The number of women entrepreneurs continues to grow in Canada, but some argue that more support and research is needed to boost the economic impact of women-owned enterprises.

A recent Taskforce for Women's Business Growth report notes that more than a third (35%) of self-employed workers in Canada are women and 16% of Canada's small and medium-sized businesses are now majority-owned by women. Together, women entrepreneurs contribute more than \$117 billion in annual economic activity in Canada.

While the statistics are encouraging, Barbara Mowat says that women entrepreneurs remain a largely untapped source of economic growth.

Mowat, who is president of Impact Communications and chairwoman of three chapters of the Women Presidents Organization in Vancouver, says that many women-owned businesses remain small relative to those owned by men.

An October 2010 Industry Canada report found that while the average business that is owned by women had steady revenue growth between 2000 and 2007, the average revenue was half of that reported by comparable businesses owned by men.

"There's a tremendous loss when we don't encourage and try to look at growing women-owned businesses," says Mowat. "A 20% increase in the total revenue of women-owned enterprises can contribute an additional \$2 billion per year to the Canadian economy. I think that clearly shows that we have a lot more to contribute."

Laurel Douglas, CEO of B.C.'s Women's Enterprise Centre (WEC), says that key challenges for women entrepreneurs include access to capital, business-skills development and workload and time management. More research into the challenges for women entrepreneurs and a national strategy to address these concerns were among the key recommendations from the 22-member taskforce, which included both Mowat and Douglas.

Because of its ability to address access to capital and other key concerns for women business owners, the WEC has been cited as a model for other provinces and countries to replicate. Since 1995, it has helped provide up to \$33 million in direct and indirect financing,

generating more than \$1 billion in economic activity and 1,500 jobs in B.C.

"We're definitely helping to contribute to the economic fabric of the province by having this service here," says Douglas. "If [similar economic development] organizations that support women don't provide loans, they're only addressing part of the problem."

She adds that, while the number of support programs for women entrepreneurs continues to grow, encouraging female business owners to expand their businesses faster remains a challenge because business growth tends to be a lower priority for women.

"The primary driver is independence. Some are looking for professional accomplishment. Building strong relationships with clients and serving their market are tied in third place with financial reward as a motivator."

As a result, Douglas estimates that only between 10% and 20% are classic entrepreneurs who are focused on creating and cultivating a big business. Most are "lifestyle business owners" who focus on creating a business that provides a living for themselves and "a semblance of work-life balance, if you're the lucky one."

Jill Earchy, executive director of the Forum for Women Entrepreneurs (FWE), notes that, while flexibility of time is a key reason for going into business many women end up working more hours than they did as an employee.

The steady increase in time and energy required to build a company convinced Diana Stirling and Shannon Ward of OnTrack Media to revamp their business model in 2006. Since founding the company in 2003, the two women have focused on increasing annual company revenue to \$1 million. They had reached their goal in three short years, but not without sacrificing time away from their young families.

"When I got pregnant with my son, and Diana with her second child, we got to the point where we knew we couldn't sacrifice what we had been sacrificing anymore," says Ward. "It just wasn't worth it just for the money."

After analyzing their business model and processes, they decided to focus on the most profitable area of their business: advertising services. They went from a business with 13 full-time staff in a downtown Vancouver office to one with a single full-time employee working from a home office.

"We rebuilt it on what we call a 'pre-tirement' framework, where we demanded more from the business than just money," says Stirling. "We define pre-tirement as being able to live your life now and not putting things off."

With extensive use of various cloud-computing tools, Stirling and Ward can now travel for four months of the year and still run and expand their businesses.

"While we let go of 80% of our [original] clients, it didn't affect 80% of our revenue or profitability," says Stirling. "Today, our business is more profitable than it was before, which I think is absolutely key."

At the same time of the revamp of their first company, they also started a second business called Insider Trading, which now provides affinity programs that offer discounts for members and employees for more than 60 companies and professional organizations in B.C. Together, both companies generate more revenue and profit than the single business they started nine years ago.

"We're no less successful today than when we had 13 employees," says Stirling. "What we have been trying to teach women entrepreneurs is that it's not just about the revenue or staff, but about what you define as success and what's most important to you. It comes back to demanding more out of your business than money."

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