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Enterprise & Regulatory Reform

**EXPERIENCES WITH BUSINESS
SUPPORT CENTRES FOR
WOMEN ENTREPRENEURS**

**Case studies from USA,
Canada and Sweden**

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DRAFT REPORT ONLY

Prepared for Enterprise Directorate of BERR

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Executive Summary

This report examines initiatives aimed at both increasing start-ups among women and encouraging development and growth of women-owned and women-led businesses in three countries – USA, Canada and Sweden. These countries have been identified from the literature and discussions with small business and enterprise researchers as being exemplars in terms of the advice and support offered to women in this area. In particular, all three countries base their policies around centres located in different regions. These specifically target women and deliver initiatives which are ‘female-friendly’ in a variety of ways.

A number of common factors emerged as contributing to the achievements of these centres:

- There is a need to ensure sustained, consistent funding. Research on and interviews with American Women’s Business Centres (WBCs) consistently indicate that the main barrier to effectiveness is the lack of stability in operating capital created by a relatively small government grant and the enforced need to seek match funding. By contrast, Women’s Enterprise Initiative (WEI) organisations in western Canada receive a grant over three times as large and additional capital to fund a loan programme. They emphasise that this means that they are not distracted by the need to raise additional money through sponsorship.
- The main focus of the policies directed at women-owned businesses in all three countries was initially defined as (pre-)start-up, since such support specifically needs to be delivered in a different way to mainstream, supposedly gender-neutral support. This applies particularly to women on low incomes and ‘less sophisticated’ clients (a term used by WEI). Emphasis is placed on ‘triage’ – diagnosing challenges faced by individuals and directing them to the correct support – and ‘hand-holding’ – intensive, relationship-based one-on-one support and counseling.
- A key component of the success of the Canadian WEI has been the availability of loan funds directly from centres. This is less common among American WBCs, but has certainly proven popular where it is offered. In both cases, provision consists mainly of microloans for women refused credit from more mainstream sources. The Canadian case study shows that if the centre is responsible for actually making loans, this intensifies the relationship with clients and leads to higher survival rates.
- WBCs stress the female-dominated, non-intimidatory atmosphere of centres as key to both attracting and retaining clients, in contrast to the competitive, male-dominated atmosphere of other support agencies. However, it is worth noting that around a fifth of WBC clients are men, due to federal non-discrimination

rules. Swedish initiatives are also based on research showing that women in the country were taken less seriously by 'traditional' support and lending institutions, making them more unwilling to use them.

- Over time, the focus of centres has gradually shifted (and is continuing to shift) towards a growing level of support for business growth and job creation in women-owned businesses alongside continuing support for start-ups. In Canada and USA, this occurs as the centre matures and staff add to their competencies and develop networks of alumni and consultants. This shift in activity can be hampered by too rigid a definition of purpose in initial legislation.
- Counselling, mentoring and networking are often free of charge to clients, but training usually entails at least some cost. This is partly because clients tend to not trust or to undervalue the potential worth of free training courses. However, charges are usually minimal, due to the low income status of many clients, and normally do not contribute significantly to operating costs (although there are exceptions in USA).
- In all countries, the structure and operation of centres does not conform to a rigidly fixed model. Centres are free to vary their focus, strategy and methods (within limits) to take account of the specific characteristics of the area and client base where they are located.
- Partnership working is emphasised strongly, although (especially in the case of the USA) insufficient rigour in drawing up guidelines can lead to confusion, duplication of services, double-counting of clients and/or territoriality on the part of notionally collaborative agencies. Effective partnership working has been shown to require partners to recognise the need for gender sensitivity.
- All countries strongly promote the benefits of networking/mentoring as support tools. This is implemented in a variety of ways – for example, formal networking meetings or the use of alumni or local businesswomen as 'ambassadors'. Word of mouth from users of the centres is also frequently cited as the most useful recruitment method to attract new clients, alongside outreach to community organisations and local business networks.
- In each country, stress was placed upon the need for organisations to be established to advise and play an advocacy role to government on behalf of women entrepreneurs. These are particularly strong in USA; such organisations have proven effective in guiding policy towards more effective interventions.
- Beyond the centres, attention needs to be given to the external conditions that affect female entrepreneurship – for example, the wider Swedish social protection arrangements and non-discrimination laws allow business centres to concentrate on business issues, rather than offering, say, childcare arrangements.

Thought needs to be given, also, to how the work of the centres would interact with other business infrastructure – for example, the provision of office space to both start-ups and related consultants in dedicated facilities.

The key aspects of women's enterprise policy which could be transferred to the UK context are:

- Long-term guarantees of stable, consistent funding – preferably over a five-year (or longer) time horizon.
- The use of female advisors and trainers to support female clients, and greater use of networking, mentoring and role models.
- A more long-term mode of training focused on relationships and less linear methods of learning than traditionally used. These should be delivered in a friendly, non-judgmental, non-patronising environment.
- Local flexibility of operating model and strategy.
- Clearly defined roles and demarcations for support aimed specifically at women, and how it fits in with existing agencies. Evidence suggests this could combine specific training and advice/counseling packages, with signposting to other relevant support. There is also the potential to integrate specific finance packages into any such initiative, including elements of the extant microcredit schemes.
- The use of well-known existing organisations as a sponsor or home base for a women's business centre, to both link in to pre-existing networks and build on the host's reputation. The advantage of this is that it is likely to attract clients during the initial stages of operation.
- The establishment of an official advocacy organisation to lobby on behalf women's business and guide relevant policy interventions. This could also include a role for general awareness-raising on women's business topics, raising the profile of female entrepreneurs, promotion of successful entrepreneurs as role models etc.
- There is a need to debate whether a 'women's business centre' should mean a women-*only* business centre.
- A programme of research into women entrepreneurs' support needs and robust evaluation, segmenting impact by different client groups (pre-start, nascent, existing businesses) and socio-demographic factors. This should also include explicit arrangements for sharing practice between centres in different locations (and, indeed, with similar organisations overseas)

USA Case Study

I SUMMARY

- Some 28% of American businesses are majority-owned by women, compared with 17% in the UK. Among the self-employed, there is a much larger gap between men and women in England than the USA. Around 8% of women in employment in England are self-employed, compared with 18% of men; the respective US figures are 6% and 8%. This means that women make up 37% of the self-employed workforce in the USA, and only 28% in England.
- There are several key differences in the policy environment between the USA and the UK. In particular, the USA has more strict time-limited welfare availability, and a greater stigma attached to it, than in the UK, and affirmative action and positive discrimination policies are more widespread in the USA. Both of these factors would tend to encourage a greater degree of entrepreneurial action among American women.
- The main American initiative aimed at promoting entrepreneurship among women is the Women's Business Centers (WBC) programme, funded by the Small Business Administration. This has been in existence for some 20 years, but only recently became a permanent programme. There are currently 114 WBCs in operation throughout the USA, according to the SBA, with a wide variety of structures and operational procedures. There is no single model to which all WBCs must conform.
- The SBA annual grant to each WBC of \$150,000 must be matched by other funding, such as non-federal government grants, cash donations, in-kind contributions and charges for services such as training. On average, around two-fifths of WBCs' revenue derives from the SBA grant, 18% from programme fees, 16% from grants and 14% from non-SBA government funding. Donations, both corporate and individual, can also make up a significant portion of revenue. However, the proportions of each of these components vary substantially from centre to centre.
- WBCs have a relatively small paid workforce (from 2-3 up to around 20 full-time equivalents), supplemented by sub-contractors and volunteers performing a wide range of services, including training and mentoring.
- While counseling of clients is free, centres often charge for at least some training (although, again, the proportion of training which is not free varies from centre to centre). The cost to the client is often low, however, since WBCs tend to target clients with low incomes. Clients tend to perceive free training as being of a lower standard than that which is paid for.

- WBCs explicitly target disadvantaged women, as specified in the Act which established them, in an attempt to gain a greater degree of support among legislators than a programme targeting women in general would have attracted. Under federal rules, WBCs must also make all their services available to men, leading to some 18% of clients being male.
- Around 150,000 clients use WBC services annually, equating to roughly 1,300 per centre. Around two-thirds of clients have a household income under \$50,000, and only 49% have achieved their high-school diploma. Roughly two-fifths were in black and minority ethnic groups, well above the proportion in the population as a whole. Three-fifths of clients are already managing their own business, although most *new* clients were low-income women wanting to establish a micro-enterprise.
- Client recruitment methods vary, although most longer-established centres regard word-of-mouth as their most valuable channel to attract clients. Alongside advertising – often limited by a small marketing budget – there is outreach to local communities and businesses through local organisations and events, and referrals from other local support organisations.
- Core WBC activities are prescribed by the SBA, including a lengthy list of topics on which training must be delivered. The SBA also specify that centres must be open at least some evenings and during the weekend, and engage in online activity, and that enterprise, start-up and nascent businesses must be the WBC's main focus. Alongside the core training and counselling activity, most centres offer mentoring and networking, while a minority offer their own micro-loans to clients unable to obtain credit elsewhere.
- WBC activities are tailored to take account of difficulties faced by female entrepreneurs, with most offering confidence-raising and empowerment seminars, and a holistic learning style making greater use of long-term relationships and one-on-one counseling than is found in traditional business support. The WBCs are promoted as a 'safe space' for women, avoiding the intimidation and apprehensiveness often arising in male-dominated learning environments. As such, WBCs regard their clientele as separate from that catered for by other SBA programmes such as Small Business Development Centres, which tends to be backed up by impact surveys. However, the niche and targets for all such programmes are not particularly well-defined.
- Evaluations of impact note that for every 25 WBC clients, one new business is created, and for every 14 clients, one new job is created. On average, each centre aided the creation of 58 new businesses, and 105 new jobs, in 2003. In 2006, WBCs supported the creation of 3,000 new business and 6,900 new jobs (a lower average per centre than in the 2003 survey), at a cost of \$170 per

client. WBCs are particularly highly related by newly-established businesses, have a higher start-up ratio among clients than other SBA programs.

- The gap that WBCs fill in the American system is to provide longer-term support to low-income women facing multiple barriers to entrepreneurship, and for whom no other organization caters, concentrating in large part on those wishing to establish a micro-enterprise. In particular, WBCs aim to boost the confidence of such clients, and provide a non-intimidatory atmosphere for learning. Alongside this, some WBCs offer loans to those denied credit elsewhere but who have a business plan with a reasonable chance of success.
- The key difficulty facing WBCs is finance, particularly the instability of finance caused by having to seek match funding for the federal grant.
- In terms of transferability to a UK context, the main gap that would likely be filled by a WBC-style programme would be longer-term support to pre-start micro-enterprises, using the 'women-friendly' learning style and environment championed by the WBCs to increase clients' confidence, knowledge and skills.

2 Policy background

2.1 Small Business Administration

The Small Business Administration (SBA) is an independent agency of the federal government, responsible for promoting enterprise and protecting the interests of small businesses in the USA. In this context, 'independent' means that it does not come under some larger department, rather than that it is free to make its own policy. It delivers both technical and financial assistance, as well as specific programs to aid small businesses in disadvantaged areas or owned by disadvantaged groups (including women-owned businesses) and advocacy and ombudsman functions within the federal government on behalf of small businesses. The staff are mainly career employees, although there is a higher proportion of political appointees than in most other government agencies. The latter are responsible for ensuring that SBA actions follow the remit of the President and Congress. Oversight is provided by the House Committee on Small Business and the Senate Committee on Small Business and Entrepreneurship, which is also charged with researching the challenges faced by small businesses and recommending appropriate actions and legislation. Policy on behalf of women entrepreneurs is guided, to some extent, by annual recommendations from the National Women's Business Council.

2.2 General enterprise background

[This section draws on Shaw, Carter and Marlow (2007)]

Comparing the level and extent of business ownership by women in the US and UK is complicated by definitional issues. The main business datasets in the UK (the VAT register and IDBR) are not disaggregated by gender, leaving the Labour Force Survey/Annual Population Survey and other non-ONS sources such as the Annual Small Business Survey. In the US, on the other hand, the most commonly used official source of data on women-owned businesses (WOBs) is the five-yearly Census of Business Owners (although self-employment data is also available), alongside non-government surveys produced by the Center for Women's Business Research.

Of these measures, the most comparable is the self-employment data, which paints a somewhat different picture of the differences in female entrepreneurship between the US and UK than the conventional stereotypes. According to the latest APS figures for England, 8.0% of women in employment are self-employed, compared with 17.9% of men. The number of self-employed women has increased at a faster rate than self-employed men, although the share of females among the self-employed is not substantially higher, standing at 27.9% in mid-2007, compared to 26% in 1992. The 2005 Small Business Survey indicates that 16% of all businesses are wholly female-led, with a further 1% majority female-led and 18% equally-led – a total of 35% of businesses where women make up at least 50% of owners, partners or directors. Among businesses with

employees, this proportion is higher (41%), although this is due to more businesses having equal male and female ownership – the proportion of businesses with employees having *more than 50%* female leadership is only 12%, compared to 17% for all businesses.

In the US, businesses with more than 50% female leadership account for 28% of the total (Center for Women's Business Research, 2005; National Women's Business Council, 2004; Brush et al, 2006b), somewhat higher than in the UK, but not as great a difference as is often asserted. In terms of self-employment (where definitions are consistent between the US and UK), figures from the US Bureau of Labor Statistics for 2007 show a much narrower gap between male and female self-employment rates, but also a generally lower level of self-employment. Some 6.0% of the women in employment are self-employed (lower than the 8% reported for England), compared with 8.4% of men in employment. This narrower gap means that women make up a higher proportion of the self-employed – 37.2%, compared with 27.9% in England.

2.3 Other relevant policies

In the US, two policies in particular stand out as potentially having an impact on entrepreneurship, and both serve to make the climate for business start-up and development significantly different to that in the UK.

First, although it varies slightly from state to state, the US has strict time-limited welfare availability, particularly for groups such as lone parents, and welfare dependency carries a particular stigma. As such, entrepreneurship may well be a more attractive option for women on low incomes with family responsibilities, offering a way off welfare with flexibility of hours and location, and some federal and state programmes are targeted on moving people on benefits into business ownership.

Second, American efforts to promote equality have been marked by the use of affirmative action, or positive discrimination, from the 1960s onwards. Although affirmative action *per se* has now been downgraded in importance, its legacy persists with many small businesses having opted in the past to include members of groups which fall under discrimination rules (including women) in order to qualify for benefits (Jacobsen, 1998; Rai, 2003), and with the current quota system for procurement diversity. As recently as 2001, laws were passed to enable Federal agencies to set aside some contracts for women, and many similar provisions enacted prior to this point are still in operation.

3 Current initiatives aimed at women

3.1 Women's Business Centers

[This section draws on information supplied by Ann Marie Almeida of the Association of Women's Business Centers (AWBC), Julie Weeks of Womenable and interviews with a number of managers of Women's Business Centres.]

3.1.1 STRUCTURE AND FUNDING

There are currently just over 100 organisations operating a Women's Business Center in the US. The Small Business Administration lists 114 on their contact list, which dates from the beginning of 2008, although (according to the AWBC) around six or seven of these are no longer receiving the relevant SBA grant, and are therefore no longer entitled to be referred to as WBCs proper. Although the Act that first established WBCs was passed in 1988, the programme encountered scepticism about the need for a separate funding stream catering to women business owners. Until the scheme had a proven track record established over the initial few years of operation, relatively few WBCs were established. The rate of establishment of WBCs picked up somewhat after this point, meaning that the majority of WBCs are only around ten years old or younger, and the full impact of the programme has only been properly measurable in the past few years.

Of these Centers, a significant minority were formed as an integral part of or additions to existing enterprise or employability support programmes, or even within universities. Goldwyn, Langowitz and Sharpe (2005) note that 38% of centers fall into this category. Comments from the AWBC indicate that this form of structure is growing in popularity (although precise figures are not routinely collected), since it facilitates the sustainability of the Center. The remainder of centers are standalone organisations, although they often work in formal or informal partnerships with other relevant organisations in their locality. The structure and operational processes of WBCs vary widely. One interviewee noted that the first time she attended a WBC conference, she was amazed at the range of difference across the attendees' centres – in particular, she singled out centres which (mainly due to their pre-existing structure) also offered advice on employment and careers (as opposed to simply entrepreneurship-related topics), which she 'could never have done' due to her different background and training and budget restrictions.

The procedure to establish a WBC involves applying to the SBA for a grant, which contributes, at most, 50% of the funding for the center in its first year, and can only be used for the delivery of programmes (training, business consultancy etc.). The current annual grant is \$150,000, which can contribute towards any activity, with the exceptions of lobbying on certain issues, meeting the cost of fundraising activities and capital expenditure over \$5,000. The remainder of the operating costs must be raised by the

center from other funding, either monetary or in-kind – the latter can account for up to half of match funds. Other *non-federal* government funding can count towards this match funding; additional federal funding (e.g. other grants, which tend to be easier to obtain than the WBC grant) *can* be sought, but does not count towards the match. In the second and subsequent years of operation, the total proportion of income which the SBA grant is allowed to contribute declines. In the second year for example, the SBA grant covers one-third of revenue. Initially, grants were awarded for a period of five years, following which the centre could apply for a further five year grant period, after which no further funding from the WBC scheme was available. However, in 2007, the WBC programme was belatedly moved from pilot to permanent programme status, allowing fully renewable funding to be implemented. Now, the five year initial period is followed by recurring three-year cycles of funding renewal for each centre.

Goldwyn, Langowitz and Sharpe (2005) report that, among the WBCs they surveyed, some 41% of income, on average, was derived from the main SBA grant. The bulk of the remainder was contributed by a mixture of fees and other income from running programmes (18%); grants (16%); and other, non-SBA government funding (14%).

Breaking down revenue further and analysing expenditure is complicated by the fact that relatively few centres make their financial information readily available, and those that do tend to use slightly different categorisation of items. Some 25 centres from the master list were randomly chosen, of which only five made public useful financial data – figures in this section are taken from these centres' published annual reports, combined with data from interviewed WBCs. Among the five with financial data in their annual reports, annual revenue varied from \$348,000 (the smaller end of the scale of WBCs) to \$2.25m (among the largest), of which the proportion made up by government grants varied from 27% to 70% (note that this represents all grants, rather than just the main SBA grant).

Little publicly available information is available on the staffing levels associated with these revenues – the figures for expenditure tend to place such expenses in the 'Management & General' category, making it difficult to calculate a separate figure for wages and salaries. Only one centre explicitly declared wages, which amounted to some 61% of their total expenditure for the year. A second centre, with a revenue of around \$2.1m listed 27 staff, albeit with no indication of whether they were full or part-time, or if they were all employed for the full year. Interviews with centre managers revealed a few more details. The number of paid staff varies, although tends to be under 20 or so, with some centres having as few as 2-3 full-time equivalent employees. Where the WBC is part of a larger organisation, the WBC grant tends to pay for a small proportion of their staff numbers, who then make use of and refer clients to the organisation's other staff where necessary for counselling, training or consultancy.

Much training and counselling tends to be contracted out (the actual proportion varies substantially between centres), or makes use of volunteers, even in those centres with larger paid workforces. One centre noted that they 'have hundreds of volunteers that

do everything from provide consultations and mentoring to clients, to sit on our board, to provide administrative support such as annual appeal mailings. Total volunteer hours adds several full-time staff to our capacity'. Another had an extensive database of 600 volunteers, to teach classes or provide mentoring. A lack of paid staff can have significant consequences – one interviewee reported that this situation meant that counsellors could be booked up months in advance.

A related common feature of the centres is the requests for donations from the public, with some centres apparently being in a precarious financial position. For example, GROW (in Grand Rapids, Michigan) recorded a trading deficit of \$36,000 in their latest annual report/newsletter, which was accompanied by a front-page plea for donations, stating that 'a gift of \$10 or \$20 will make a difference'. For this centre, the revenue deriving from donations of various kinds (foundations, fundraisers and individuals are specified in the accounts) amounted to 27.5% of the total. Other centres reported a similar pattern:

- In the Mi Casa Center (Denver), 28% of revenue derived from foundations, and 11% from in-kind contributions
- WomenVenture (St Paul, Minnesota) derived 49% of revenue from contributions
- In WESST in New Mexico, in-kind contributions contributed 17% of total revenue, and other contributions a further 7%

In all these centres, the amount raised from fees or other earned income is a relatively low proportion of the total, reflecting the fact that provision is, to a large extent, either free of charge to the end user or heavily subsidised. Counselling, in particular, continues to be free of charge, with centres only tending to charge for training and specialist services (e.g. business consultancy). Interviewed WBCs reported a similar pattern, with the highest proportion of revenue deriving from program fees being around 22%, and the lowest 3% (although this was a special case, since most of that centre's funding came from the state, precluding the charging of fees for training). The reliance on donations and contributions over earned income seems to be a particular feature of the US, and is encouraged by the tax system.

However, around half of the centres interviewed were seeking to raise the proportion of revenue derived from charging for training, since the availability of public funding had become steadily more restricted in the recent past. In addition, several noted that clients tend not to value free training as highly as paid training (no matter how nominal the fee). When a course was free, clients were more likely to drop out and/or regard the quality as poor from the outset. Bearing in mind the target clientele of low-income women, the cost of training was not high – one centre quoted charges of \$10 per hour or less, with a typical 20 hour course on writing a business plan, spread over 8 weeks, costing \$150 in total. The cost of certain activities was also often at least partly dependent on the client's income.

3.1.2 CRITERIA, TARGET GROUPS AND CLIENTELE

The stipulations attached to the WBC grant, and the exact application procedures and eligibility criteria are available at :

www.sba.gov/aboutsba/sbaprograms/onlinewbc/wbc_2008_grant_announcement.html

In brief, an application consists of the following:

- A justification that the applicant's mission and goals aligns with both WBC national goals and the mission of its local host organisation (if applicable).
- Relevant past experience in training, advice and support, in particular aimed at women.
- A staff organisational chart, including a CV of the proposed Program Director.
- An outline of location, opening hours and target market.
- A justification of the need for a WBC in their location (including how a WBC would complement and not duplicate other services), and a plan to target socially and economically disadvantaged women.
- A three-year business plan, with stated targets, goals and objectives. Performance goals are negotiated with the SBA annually.
- Plans for collaboration with the SBA itself and other SBA programmes (SBDC, SCORE, microloan provision) and other mainstream partners (banks, local government, chambers of commerce, community colleges etc.), and outreach to local media
- Evidence of the use diverse sources to leverage in funds, and which sources will contribute the match funding. The higher the case match leverage demonstrated, the higher are the scores attached to this requirement which count towards the overall rating of the application (e.g. if the match is 1:1, the score is 5 points; above 1:2.6, the score is 15 points). This section also includes a score for quality assurance procedures.
- Evidence that activities will be evaluated, in terms of both quantitative impact (number of business helped, impact on turnover and profits) and customer satisfaction.
- Evidence of use of technology – the greater the number of items ticked on a 'use of technology' self-assessment checklist (mainly relating to information available on the applicant's website or the use of online communication methods), the higher the score.

The Act that first established the WBC program explicitly referred to the need to help *disadvantaged* women, rather than all women – the target is that around half of all clients fall into the disadvantaged category. Socially disadvantaged clients comprise members of specified BME groups and the physically disabled. Economically disadvantaged *individuals* are those ‘whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities’ and/or whose income is below 80% of the median for the area. Economically disadvantaged *communities* are those ‘with a poverty rate of 20 percent or greater or a median family income at or below 80 percent of the applicable area median family income’.

This stipulation was included for political reasons, as representatives whose constituencies included low income areas were more likely to vote for legislation which included specific provision for such groups, rather than an Act based purely on gender equality issues. However, these stipulations are now regarded as a hindrance by some, as maturing centres are trying to implement a more rounded programme of activities but are being held back by the need to cater for disadvantaged women in particular. On the other hand, some centre managers take the opposite view, arguing that non-disadvantaged clients are catered for elsewhere, and that WBCs *should* embrace this target market which has no other support available.

It is also worth noting that the WBCs do not just cater for women – gender equality legislation means that all WBCs must be open to both male and female clients. However, some centres make a point of highlighting their appeal to women in particular as a central plank of advertising at least some of their activities as a subtle means of dissuading men from attending, arguing that, in some cases, women clients need a different environment where they are firmly in the majority.

Figures from the AWBC indicate that around 150,000 clients made use of WBCs in the latest year for which figures were available, which equates to roughly 1,300 clients per centre. Those centres which we interviewed tended to confirm this figure, dealing with between 1-2,000 clients annually. Some 18% of clients are men, although among our interviewees this varied from 3% up to 40% (somewhat of a special case, related to that WBC’s position within a larger business support organisation). Goldwyn, Langowitz and Sharpe (2005) notes that more established centres tend to attract a higher average number of clients – at the time of their survey (2004), this amounted to 88 clients per month for centres established for more than 5 years, and 64 per month for younger centres. They also report the following findings about clientele:

- The majority of clients (around two-thirds) had a *household* income under \$50,000 (around £25,000) and around one-third had a personal income of under \$20,000.
- Some 6% lacked any formal educational qualifications, and 49% held a high-school diploma as their highest qualification (roughly equivalent to NVQ2 level).

- Around two-fifths (42%) of clients were in BME groups, well above the proportion in the population as a whole (26%, or 34% including Hispanics and Latinos).
- Some 60% of clients, on average, were already managing a 'start-up business' (i.e. one that they had started themselves, regardless of the length of time it had been established).

Concetrance (2007) indicates that some 32% of WBC clients (in the fiscal year 2005) had not yet started their business, with a further 14% in the start-up phase (i.e. open six months or less), and 54% more established businesses (note that this includes returning clients as well as new ones). At the time of *initial* contact, however, some 58% had not yet started their own business. Businesses supported were relatively small compared to those aided by other SBA assistance programmes, with a median turnover of \$32,500 and a median of 2 employees. Around 32% of clients were aged 45-54, the largest age grouping, with only 13% under 34. Interviews with WBC managers confirmed that the majority of *new* clients were low-income women wishing to start a micro-enterprise.

Most WBCs are highly community-focused, targeting their activities at key locations in their geographically-prescribed area. The major method of client recruitment among more established centres tends to be via word-of-mouth, with centre alumni enthusiastic about the benefits of the WBCs. The AWBC suggests that it takes 3-5 years for a centre to become more or less self-sustaining in terms of generating business through this method, an opinion confirmed by discussions with WBC managers. For the first few years of operation, centres tend to rely on a combination of techniques to engage clients. Many centres use advertising and the mass media, although budgets for marketing tend to be relatively small. This leads to, for example: advertising in cheaper media outlets (e.g. radio, rather than television); imaginative advertising placement – one centre placed adverts in the 'Help Wanted' classifieds, which was both cheap and appealed directly to a possible target market; and the placement of news stories in the local press and TV and radio bulletins, rather than paying for advertising.

WBC employees and volunteers make efforts to be visible in the community, in particular working through community organizations to spread news of the establishment of the centre to target non-business owning residents, and attending events which they consider would appeal to local women. Employees also engage local businesses (e.g. through presentations at events held at local Chambers of Commerce), and engage in formal or informal partnerships with relevant local support organisations, to promote mutual referrals. Some centres have also put together bespoke training packages to engage particular groups of clients. For example, several centres now have packages designed specifically for women leaving prison, to encourage them to start up their own business and/or reduce their distance to the labour market so that paid employment is a more viable option.

Only one interviewee reported that most clients arrived at the WBC via their website. Most of those were pre-start businesses looking for grants (which neither the WBC nor that particular state provides, and which is actually stated quite clearly on the site). However, once they learned what *was* available at the WBC, they tended to become clients. The Kansas City WBC pointed out that local circumstances figure heavily in recruitment methods. In their case, Kansas City is also home to the Kaufmann Foundation, as well as numerous other entrepreneurship support organisations, creating a tight-knit support community with much business at the WBC being generated by referrals from elsewhere.

In addition, WBCs can claim federal funding for programmes supporting women from welfare into starting their own business. According to Prowess (2006), these programmes are heavily over-subscribed and, due to the conditions associated with the funding which emphasise start-up outputs, WBCs often attach strict attendance conditions and compulsion to finish the course and begin trading.

3.1.3 ACTIVITIES

Actual programme delivery activities vary from centre to centre. The SBA application form requires evidence that the applicant will deliver 'long- and short-term training, counseling and technical assistance, and must provide for serving nascent entrepreneurs as well as start-up and established businesses'. It also specifies a minimum number of topics (and subtopics) about which all WBCs *must* deliver training:

- Finance – how to obtain credit, prepare financial statements, manage cashflow and understand tax and accounting principles.
- Management skills – how to start and strategically plan a business; how to manage employees and inventory; how to evaluate technology; basic information about legal issues; mentoring (including at least two mentoring roundtables per year).
- Marketing – how to develop a marketing plan; price, packaging and distribution strategies; identifying business opportunities; using PR, networking and advertising.
- Procurement/certification – how to obtain certification as a woman-owned business and a disadvantaged business, and information on effective bidding for government and private procurement contracts.
- Technology adoption – training on website design, e-commerce and business-related software; online group training sessions; at least four hours per week of individual counselling and training on internet usage.
- 'Additional specialized assistance' –dependent on their target market, examples of this category include home-based business, legal matters, accounting, rural

business, agribusiness, construction, child care, elder care, manufacturing, business expansion and franchising, or international trade, ,business programs helpful to veterans, people seeking to get off welfare, people with disabilities and other subcategories of women in business.

Thus, all centres deliver training and counselling activities in a wide range of areas, delivered through workshops, seminars etc. Alongside generic business skills courses, most WBCs offer sector-specific workshops and seminars, ranging from basic introductory sessions to more intensive training, often in partnership with a local sectoral organisation. However, although part of the WBCs' stated mission is to widen the range of businesses which women own, the most popular sectoral offerings are in the service sectors, often traditionally 'female' industries (e.g. care), with relatively little interest expressed in manufacturing or technology-intensive sectors.

As in the UK, there is a growing focus on leadership training, as it is felt that this is the main challenge facing US SMEs – the least popular functional training courses among the WBCs surveyed by Goldwyn, Langowitz and Sharpe (2005) were those concerned with employment issues, suggesting many WBC clients are not interested in developing or growing their business, at least in terms of hiring employees. Other common activities include mentoring, networking and peer-to-peer learning (carried out by more than 80% of WBCs), while a minority of centres offer support services such as childcare.

The conditions of the WBC grant state that enterprise, start-up and nascent businesses must be the main focus of WBCs, although the more mature and larger centres have expanded their offerings to include business development and growth activities aimed at more established businesses alongside the mandated start-up training. However, these centres remain a minority, and most development training is carried out by Small Business Development Centers. A small number of WBCs offer their own loan programme or seed capital to small businesses, or act as guarantor for loans from other financial institutions. Many WBCs lack the trained staff necessary to provide detailed financial support services to individual businesses, instead concentrating their offerings in this field on more general financial literacy courses.

Among the centres interviewed, only two actually loaned money to clients. These loans were typically small, in the range of \$500-\$35,000; if more than around \$50,000 was required, centres would tend to loan part of the money and refer the client on to a mainstream lender for the remainder. The annual number of such loans is fairly small (around 30-50, on average) because the WBC will only lend money if the clients have been turned down by other mainstream lenders. Instead of simply basing their decision on a simplistic reading of the client's credit score, the WBC will examine in more depth the reasons why the client has such a low rating than they cannot obtain finance, and assess the prospects of the business plan proposed in a more sympathetic manner than most banks. Of thus lending, centres regard the micro-loans as particularly important, since most other agencies do not deal with loans under \$5,000. Other WBCs without their own loan funds act as a conduit for SBA loan programmes, assessing applications

and making approval recommendations, rather than lending out of their own budget, or act as guarantors for lending from mainstream institutions. One interviewee of a mid-sized centre noted that there were around 70 applications for SBA funds in the past financial year, of which 37 (worth around \$700,000 in total) were approved.

WBCs attempt to tailor their offerings to take account of the familiar problems and characteristics common to female entrepreneurs, which they consider to be magnified among low-income and/or BME clients. These include family responsibilities (which lead to the establishment of lifestyle businesses), difficulty accessing credit and 'role incongruity', where entrepreneurial attitudes clash with traditional expectations of women's roles. This latter trait is noted as one that is particularly manifest among some ethnic groups and in rural areas, and leads to stereotyping and loss of respect by the financial and business community. Programmes also concentrate on confidence issues, with many centres offering workshops on work/life balance and 'empowerment'. The criteria for gaining an SBA grant state that the applicant WBC must be open for 40 hours per week, which must include some opening hours during weekends and weeknights, and a plan for online counseling to serve clients outside the traditional working day.

The 'safe space' aspect of the WBCs is often highlighted by the centres as a key plank of their appeal. This approach emphasises one-on-one counseling, a predominantly female workforce and long-term relationships to develop trust and encourage learning and development, taking account of women's 'different learning styles', and avoiding potential intimidation or apprehensiveness which can arise in traditional male-dominated learning environments. This female learning style essentially comprised learning holistically, through relationships, rather than courses reaching specific skills in a piecemeal manner. This is not exclusively female, however - men can also benefit from this learning style, and do, indeed, make use of WBCs. Among the WBCs interviewed for this project, the proportion of male users was generally in the range of 5-15% (with, as noted above, one reporting 40% of clients being men). While none of the interviewees explicitly encouraged male usage, they were welcomed to all centres with the caveat that some could feel slightly intimidated by the preponderance of females in workshops and seminars. In recognition of this, and to help overcome their trepidation, one centre semi-jokingly referred to their male users as 'the brave and the wise'.

Several respondents to Goldwyn, Langowitz and Sharpe (2005) noted that, in their previous experience, few women attended 'traditional' business training, so it was assumed that there was little demand for women for any such training. The new methods employed by the WBCs revealed a previously untapped market among women, who had previously been deterred by the training methods used.

As noted above, it takes several contacts to gain a client, and around 25 clients to generate one business start-up. Based on these figures, Womenable (2006) characterises one of the functions of WBCs as 'triage' - 'offering basic information to all who walk in the door, and provid[ing] introductory classes designed to filter out those

who may not be quite ready for starting their own business' (p2). With the client group that WBCs are aimed at, push factors and necessity entrepreneurship are likely to be more important than among the population as a whole, rendering this triage function, the discrimination between those who are and are not ready to enter self-employment, highly significant. One centre interviewed puts this triage function at the heart of their operating procedure, as it houses both entrepreneurship training and a careers advisory service, with clients directed down the most appropriate route by means of an initial diagnostic to determine if they have the skills and attitude necessary to be a successful entrepreneur. Another referred to their role in start-up as 'hand-holding' – clients often come to the centre with just an idea, and she saw her job as building up their confidence and guiding them to the right support (e.g. loans, networks) so that the client could actually establish a business, no matter how long it might take.

Box I provides an illustrative example of the methodology followed by a single WBC. This is not to be taken as a definitive model, rather a structure and method of operating which has proven to be successful in terms of creating businesses and raising turnover among client businesses, and (in their own words) a typical example of the ethos underpinning WBCs' operations.

Box 1: An example of the methodology followed by a WBC

WBCI provides entrepreneurial training in a women-centered environment, which has been shown to produce higher rates of success in business as well as to increase self-esteem. Numerous studies have shown that at every level of education – from secondary school to higher education to adult education – women educated in an all-women environment demonstrate better mastery over specific skills, including critical thinking ability and cultural awareness, as well as increased professional achievement, leadership development, and personal confidence. At WBCI women are the focus of all of our resources.

By utilizing the best in adult learning techniques, which has been demonstrated to lead to higher graduation, business plan completion, and business start up rates, the WBCI's program increases confidence and learning and creates a community of supportive women. This respectful approach builds upon each client's life experience, utilizes specific tools to engage learners with different styles, and is always related directly to our clients' individual businesses. The WBCI training methodology addresses clients where they are when they come to our program and empowers clients to move to high levels of skill understanding and usage.

Because we recognize that social class is not just about lower incomes it is also about isolation and lack of access, our program is expanded beyond narrowly attending to technical training and financing. We include personal empowerment training as well as networking opportunities to help our clients access the power network or "inner circle" of business.

Furthermore, relationship-based lending allows us to approve loans to low-asset, poor-credit clients who could not otherwise get a loan for their business. Our commitment is to getting the money in the hands of women who can not get loans elsewhere. After graduating from business plan training women are eligible to apply for a loan from between \$1,000 - \$25,000. Our loan fund is fully capitalized and revolving. Unlike most loan funds in the country, it is our own money, which we lend out with whatever risk-portfolio we choose. By filling the gap left by other lending agencies which do not lend less than \$5K, our smallest loans allow clients the opportunity to buy computers and other essential business equipment for which they would otherwise not have access to capital. Relationship-based lending is our risk management and it works; our clients feel connected to the agency, our staff, and the community of business women that we support.

[Taken from an e-mail interview with the centre's Director of Research and Policy. The centre's name has been anonymised.]

3.2 Small Business Development Centers

Small Business Development Centers are support organizations dedicated to providing free counseling and subsidised, low-cost training to both those who want to start a business and established business owners seeking to improve performance. They are usually located within universities, and are partnerships between federal, state and local governments, the private sector and educational institutions. Each state has a single SBDC partnership (with the exceptions of California, which has six, and Texas, with three), which have offices throughout the state. For example, New York's SBDC is administered from the State University of New York in Albany, and has 23 campus-based 'regional centers' and a further 29 outreach offices. In total, there are approximately 1,000 service centres forming part of the SBDC network, according to the Association of SBDCs. In 2005, these centres assisted 1.25m clients, of which 710,000 received a minimum of one hour of individual counseling or two hours of group training. The total budget for the centres was roughly \$200m, of which \$85m (42.5%) came from the federal government. A significantly higher proportion of the SBDC budget goes towards overheads for universities than either WBCs or SCORE (see below), leaving less funding going directly towards client activities.

3.3 Other notable initiatives

Count Me In, an American microfinance organisation for female entrepreneurs is currently promoting the **Make Mine a Million \$ Business** initiative, which aims to 'inspire one million women entrepreneurs to reach annual revenues of \$1 million by the year 2010', by addressing the development needs of business, rather than encouraging greater levels of start-up. To this end, the programme delivers an integrated package of finance, mentoring, marketing and technological opportunities. Applicant businesses must be at least two years old, at least 50% female-owned and with high growth potential. If accepted, the business receives a year of mentoring from Count Me In business coaches and experts, up to \$50,000 of debt finance, a marketing consultation, discounts on business services, free business and management software and networking hardware (most of these services are provided by sponsoring businesses, such as Cisco and FedEx). By summer 2007, around 26,000 women had signed up to the scheme.

Women-21.gov is an organisation designed to assist women entrepreneurs to create jobs and fulfil opportunities in the US. It was established by the US Department of Labor and the US SBA. Women-21.gov is "a premier one-stop federal resource for targeted information, registration for online programs, and networking opportunities to help women entrepreneurs navigate the ever-changing business world and do what they do best: innovate, create jobs, and make a vital contribution to the strengths of America". Women-21.gov has 18 partners, which fall into four distinct groups: (i) four partners which are focussed upon women from specific ethnic groups; (ii) one partner which is a university, (iii) three partners which are national mainstream partners which

are not designed for specific subgroups in society, and (iv) nine partners which are targeted specifically at women.

SCORE (formerly known as the Service Corps of Retired Executives) is also part-funded by the SBA, but does not have a mission to engage female clients in particular. It has 389 chapters, and 10,500 volunteers (both working and retired executives and business owners) offering free advice and training to entrepreneurs. It advises around 130,000 clients annually and trains a further 130,000, mostly pre-start-up. Client satisfaction ratings are high, but no figures have been collated to date to enumerate business starts as a result of the programme. A new target of 20,00 start-ups annually as a result of support has been instituted for 2007. Since the programme uses volunteers, the costs are significantly lower than other SBA programmes.

It should be noted that WBCs, SBDCs and SCORE are not in competition, and often engage in collaborative activity – indeed, many WBCs make use of SCORE counselors for training, mentoring roundtables etc. However the Government Accountability Office has noted that such collaborative arrangements are not well-delineated, and the steer that centres receive from the SBA in this area is lacking, leading to potential inefficiencies and duplication of services, particularly since future funding is partly dependent on client numbers. This situation also leads to the possibility that there is some double-counting of client numbers. A minority of WBCs felt that they were in competition with SBDCs and SCORE for clients, but still had to put up a façade of co-operation – ‘we smile at each other nicely, and knife each other in the back’, as one interviewee put it. This competition for clients and overlapping of services are difficulties that any UK implementation will face, with the need for carefully-designed partnership working and protocols to overcome such clashes and properly evaluate economic impact.

3.4 Preferential procurement rules

As noted above, there are still some lingering effects of affirmative action in the form of supplier diversity programmes. However, the indications reported by several interviewees are that private sector programmes are more effective than public sector schemes, and there is pressure for the latter to be scrapped, partly to create a more level playing field for all businesses, and partly because there is a belief that government-mandated set-asides inhibit growth. Private sector initiatives, instead, tend to be based on the principles of enlightened self-interest, benefitting both the corporate sponsor and the women-owned businesses participating.

An example of diversity programmes which do not make use of preferential rules is the annual New York Power Authority-sponsored supplier exchange event, which enables women and BME-owned businesses to explore opportunities with larger organisations, both public and private – e.g. Bank of New York, IBM, Colgate-Palmolive, New Jersey Transit, the NY Port Authority.

IBM also run their own Global Supplier Diversity Program (GSDP), based in New York state. One of the oldest such programmes in the US, dating from the 1968, it now attempts to improve procurement rates from businesses owned by individuals that fall into groups which have been discriminated against by gender, ethnicity, sexuality or disability. The programme works with organisations such as Women's Business Enterprise National Council, which certify businesses as women-owned, and makes supplier diversity goals a performance measure for managers in charge of procurement. Expenditure with businesses which fall under the program is around \$2bn.

This form of preferential procurement is fairly common among large US corporations. The Marriott chain, for example, is aiming to spend 15% of its procurement budget with BME, women and LGBT suppliers by 2009, and is making good progress – currently, 13.9% of expenditure is contracted to qualifying suppliers. However, some schemes go further in attempts to engage suppliers. In addition to simply awarding contracts to suppliers, IBM run a mentoring programme, where executives work with qualifying GSDP businesses to develop the business – for example, reviewing business plans, projections and strategies. Scholarships, training programmes and town meetings (in areas suggested by umbrella organisations as liable to generate good contacts) are also used as outreach tools.

In 2002, Microsoft launched a similar scheme. Managers in charge of procurement are encouraged to 'adopt' and mentor at least one business with a BME, woman or disabled veteran owner. The business is then introduced to other procurement managers as a potential supplier, as well as being exposed to Microsoft products they might purchase. This illustrates the mutual benefits that such programmes are intended to generate, but it is worth noting that efforts would have to be made to ensure that the relationship is not one-sided in favour of the larger partner. Other employees, and authorised Microsoft vendors, are also encouraged to adopt and mentor qualifying businesses, in order to facilitate their potential introduction into the supply chain. As a result of the programme, spending with diverse businesses increased by around 200% over the first three year's of the programme's operation.

4 Evaluation/research into initiatives

4.1 Impact of initiatives

Several reports have examined the impact of WBCs, although there are a number of gaps where little if any data is available (for example, on the average turnover or employment of businesses supported, and expenditure per client). Equally, no reports have examined the value of the initial guarantee of five years of funding, although anecdotal evidence indicates that this is roughly the length of time it takes for a centre to become self-sustaining. In addition, it needs to be borne in mind that centres must find match funding, and that the SBA grant alone is insufficient to deliver the required activities. Interviewed centres reported that the increased difficulty of finding funding in the current economic climate meant that they often had to devote resources to fundraising which could have been used to deliver training, and that they were seeking to increase the proportion of their income deriving from programme fees, even though this goes against their stated mission to help disadvantaged clients.

One interviewee told us: 'In truth, we can't really get by on just matching federal funds. We need to raise far more money than that – especially now that I'm hiring more staff and expanding our network into [neighbouring areas] and the rural areas. So I have to go out there and personally find the money somewhere.' This implies that a guaranteed level of funding, at a higher level than the SBA grant, is highly important to the initial and continued impact of a centre – the fewer resources diverted from core activities, and the lower the charge for training, the more the centres can fulfil their remit to help disadvantaged women. Interviewed centres agreed that it was the *instability* of funding caused by the need to find greater levels of finance every year as the centres grew and became more successful that was the greatest difficulty they faced.

The most high profile impact analysis (Richtermeyer and Fife-Samyn, 2004) contains some useful qualitative and quantitative data which give some indication of the extent to which WBCs have impacted on the economy, even if value for money evidence is lacking. Based on a detailed study of accounting and management information submitted from WBCs operating in 2003-04, the report finds:

- WBC clients reported gross turnover of \$293m in 2003 (equivalent to \$3,432 per client), and \$26m profits. Some 6,500 new jobs were created, and 3,578 new businesses, by WBC clients in 2003.
- It takes an average of 3.3 contacts (e.g. enquiries from the public) to generate a WBC client who receives training or counseling, emphasising the need to provide new information and material to prospective clients. The average center received around 5,000 contacts, generating 1,458 clients. For every 14 clients, one new job is created. For every 25 clients, one new firm is created. On

average, each centre aided the creation of 105 new jobs in client businesses, and the creation of 58 new businesses in 2003.

- Urban locations have more clients, but non-urban locations create more jobs. The effects on the number of clients and impact stemming from population size or poverty level of the WBC's location are relatively minor, suggesting that most WBCs tend to serve fairly similar target markets.
- The older the centre is, the more likely it is to be bundled within a larger organization – e.g. Chamber of Commerce, community development agency. Standalone centres tended to have more clients undergoing training, but bundled centres report a greater number of contacts.
- The presence of SBDC has no impact on the number of clients attending a WBC, implying that the two organisations serve a different client base.
- Around three-quarters of client businesses were in service sectors, roughly the same as the sectoral distribution nationally.
- In 2003, the average number of clients counseled per centre was 678, and the average number trained was 1,025. Note that these figures are not mutually exclusive – based on the total number of clients per centre, an average of around 250 clients per center receive both training and counseling.

More recent, if more basic, information on impact can be found on the federal government's *Expect More* site (expectmore.gov), which gives an assessment of programme performance against targets. The latest available assessment indicates that the WBC programme is performing moderately effectively, and, in particular, is reaching a greater proportion of BME and economically disadvantaged clients than similar federal programmes. In 2006, the WBCs counseled around 24,000 clients (each receiving an average of just under 3 hours of counseling) and trained 105,500 (each receiving an average of 8.5 hours training). Some 3,000 new businesses were created, and 6,900 jobs (indicating lower averages per centre than those reported for 2003 in Richtermeyer and Fife-Samyn, 2004). The average cost of assistance was \$170 per client, roughly the same as SBDCs.

The assessment also notes several independent reports which verify that the clients which use WBCs tend not to overlap with those attending SBDCs, confirming that the WBC programme serves a definite niche. Comments from interviewed WBCs tend to agree with this assessment. Virtually all of the interviewees were of the opinion that most of their clients would not attend the local SBDC if the WBC was not there; indeed, several noted that some of their clients had been so intimidated by the approach the SBDC took with them on their initial contact that they never returned, preferring the more relaxed approach of the WBCs. This is partly connected, some thought, to the focus on larger companies and business growth that the SBDCs adopt, with the result that advisors' attitudes towards those wishing to start a micro-business (especially

a 'mom-and-pop'-style business) can come over as patronizing. This feeling can be intensified when the advisor is an older, well-off man and the client a younger low-income woman. As one interviewee said, when her clients had previously approached the SBDC, they felt like 'they were being patted on the head and told that they were a good girl', rather than being directed towards suitable advice and support. Similar comments were directed towards SCORE. Another interviewee felt that SBDCs lack 'the necessary cultural competency to serve our clients well. Although rare, we have had cases where young women of color (perhaps single mothers on welfare) seek consultations with SCORE and leave in tears after being told that they can't start their business'.

However, these attitudes are not universal, and many made the point that not all SBDC and SCORE chapters share this attitude, and that SCORE counselors (and particularly the online counselling service) can be extremely helpful with regard to sector-specific advice, especially in niche activities. Even SBDC branches and SCORE chapters within the same state can vary substantially in their attitude towards micro-enterprises and the support available. One WBC noted that they readily co-operated with several SBDC branches nearby, but found it impossible to work with others.

Concurrence (2007) compares the three main SBA Entrepreneurial Development programmes (WBCs, SBDCs and SCORE). The group which rated WBCs overall usefulness most highly were start-up clients (i.e. those in business for six months or less), with 74% awarding a 'high' usefulness rating, compared to an average of 64% awarding a 'high' rating across all groups using any SBA assistance programme. Established businesses were nearly as satisfied (69% stating that WBCs' usefulness was 'high'), but pre-start-up clients were substantially less satisfied (54% rating usefulness as 'high'). Interestingly, while 47% of WBC clients in the start-up phase stated that the WBC advice had helped them decide to actually start a business, this is lower than the proportions for both SBDCs (57%) and SCORE (51%). However, the target market for WBCS must be borne in mind – it may be the case that *dissuading* some low-income clients from start-up may be a valuable service. Nonetheless, WBCs have a higher start-up ratio among clients than other SBA programmes, and higher ratios for job retention and formation among clients with established businesses and a higher proportion of clients reporting increases in turnover.

However, as the *Expect More* assessment makes clear, judging WBCs against other more general programmes is not necessarily valid, since WBC clients were unlikely to use other forms of support. Therefore, it seems reasonable to argue that the main benefits and impact of the WBCs lie in their engagement functions, reaching out to a clientele which other services fail to attract. This hard-to-reach client base consists of women (and men, to a certain extent) on low incomes and facing multiple barriers to setting up their own business. They do not (as one interviewee put it) 'look like the traditional business owner', meaning that 'traditional' business support does not meet their needs. Within this client base (and depending on location), BME groups are often singled out as being particularly hard-to-reach and in need of specific support not provided elsewhere.

However, in terms of overall impact, it is often difficult to disentangle ethnicity from issues of low incomes. Levels of disadvantage tend to be higher among BME groups, and most interviewees emphasised income and social class issues among all clients. These issues tend to be magnified among BME groups, and supplemented by specific cultural barriers.

There is no evidence that the impact of WBCs is different according to the gender of the client. Most centres interviewed had a relatively low proportion of male clients and were of the opinion that they were largely self-selected – i.e. they chose to come to a WBC because it offered a learning style and programme which was appealing to them, and which was thus likely to have beneficial results. In most cases, the interviewees noted that outcomes were very similar by gender.

The achievements of WBCs thus have to be set in the context that they are providing services to clients who are the least likely to start a business. Against this must be set the finding that, for half of WBC's clients, half report that business ownership has not had a positive impact on their circumstances (Centre for Women's Business Research, 2004; Wilson et al, 2004) – at least some of this is likely to be due to the compulsion to encourage women through specific federal programmes with conditions relating to the number of start-up outputs among women on welfare.

4.2 Transferability

While it would be impractical to simply transfer the whole WBC model to the UK, with the funding arrangements in particular being unsuited to the UK context, there are elements of identifiable good practice which could be implemented in any UK initiative along similar lines. In particular, the approach used by WBCs in terms of being a 'safe space' for women, the community focus and the more holistic, relationship-based attitude to learning has proved effective in engaging women (and some men) from disadvantaged, low-income groups – those that need effective, long-term support due to a multiplicity of barriers.

However, given the differences in welfare systems between the US and UK, some groups would not necessarily benefit from the WBC approach. Lone mothers, for example, do not have the limits on claiming benefit in operation in the US, and would, in any case, have difficulty in generating sufficient income from a business quickly enough to compensate for the loss of their benefits. It is also worth noting that the approach taken by WBCs is similar, in some respects, to the LEGI programme, which also targets a disadvantaged client group and often incorporates elements of relationship-based learning and micro-finance. It is therefore arguable that a UK equivalent of the WBCs which also focuses mainly on those on low incomes would duplicate some of this work in areas where LEGI is active.

The gap to be filled by a pilot WBC programme for the UK would therefore most likely concentrate on the learning and training environment tailored towards women's needs,

including mentoring and networking and availability at a variety of different times rather than simply during working hours. It is also possible that the key target market may be those at the very earliest stage of start-up (i.e. those with just a business idea), who can be helped through a diagnostic to determine if they are suited for entrepreneurship, as opposed to paid employment, then given longer-term support toward establishing their business. In addition, linking the WBCs to existing non-public sector business support or networking organisations may well give any pilot programme some initial credibility and a higher profile, as well as a route to attracting clients via word-of-mouth, key factors in the success of the American WBCs.

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Tara Elder, West Virginia

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Maliha Husain, Minnesota

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Case study of Canada

Summary

- Self-employment in Canada has been growing faster among women than men, increasing the proportion of women in the total number of entrepreneurs to above one-third, a higher share than virtually any country including the UK (28%). Because this trend pre-dates the establishment of even the earliest women's entrepreneurship support centre, it cannot be argued that such centres have been a significant factor in this general process.
- Recognising the growing impact of women entrepreneurs, and of their particular needs by way of support, the Prime Minister's 2003 *Task Force on Women Entrepreneurs* recommendations for action, including establishing women's entrepreneurship centres in all provinces – on a similar model to that used in the western provinces (*Women's Entrepreneurship Initiative*, launched in 1995). Federal support for women entrepreneurs has waned somewhat since 2003, but the establishment of centres in provinces outside western Canada has proceeded.
- An important part of the support infrastructure for women entrepreneurs is embodied within the banking sector. Some, institutions, especially the state-owned Business Development Bank of Canada (BDC), but also the Royal Bank of Canada (RBC), have developed gender specific programmes, including special equity and loan funds for women entrepreneurs, making it easier for them to obtain credit, and adopting training protocols sensitising staff to the needs of women clients.
- This report focuses upon the WEI centres of western Canada (British Columbia, Alberta, Saskatchewan and Manitoba), developed as part of *Western Economic Diversification Canada's* (WED) mandate to promote development and diversification of the economy of Western Canada. These are the longest-operating of Canada's centres, and, with the aid of recent evaluations and interviews with their CEOs, their operations and impact are examined and relevance for UK policy explored..
- Government sees its role as addressing women's entrepreneurial needs primarily through programmes like WEI. Raising awareness, assisting with business plans, course offerings and workshops, and operating a flexible loan facility, are intended to fill service gaps, especially for those at the start-up stage. Among other potential measures of support, Canada (unlike the USA) has opted not to offer privileged access to government contracts for women (or any other target group).

- WEI organizations are independent entities, each with its own Board of Directors, and an Executive Director responsible for administration and operations. The Executive Director reports to the Board, which oversees the policy and direction of the organization. Board members are selected for their knowledge of business and the challenges women face as entrepreneurs, and include those with professional backgrounds in finance. The relative policy independence of provincial organisations has given rise to contrasts in terms of organisation, approach and services.
- Any new growing business located in the four provinces that is at least 50% owned and operated by women resident in that province is eligible for support; in some provinces, it is specified that the business must be the client's main income source. WEI organisations make special efforts (e.g. through special marketing activity and events) to serve particular groups, including aboriginal and immigrant women (who are less inclined to seek support), and those with access problems because of their remote location, but do not operate quotas in respect to any group.
- WEI centres, in the early stages, focused very much upon start-ups – the majority of women that approach the centres are at this stage of business development. The balance of activity has tended to shift towards supporting growth businesses – a development accommodated by rising levels of skills and experience among WEI staff. All centres stress their responsibility towards raising entrepreneurial awareness among women and helping them to start in business.
- WEI organisations support mainly the 'less sophisticated business owners' – those for whom loan organisations are not inclined to support – and their capabilities and resources tend to reflect this target group. For businesses in high technology sectors, or those seeking to export, the centres offer support mainly through partnering with specialist agencies, universities etc.
- WED funding to its WEI organizations comprises the major source of financial support, for both operational costs and loan funds. Each WEI organisation receives \$1m annually for operational funding, and also manages a \$5m revolving loan fund. Some additional funds result from centres undertaking small projects, but amounts from sources from other than WED have been small.
- The facility to advance loans to women entrepreneurs is an important function of the WEI centres, complementing advisory and training roles. Loans of up to \$100,000 are available for start-up, expansion and purchasing an existing business. Some \$27m was advanced during 1999-2004 in 1000 loans, around half of them for start-up. WEI centres helped more than a fifth of women entrepreneurs to whom it advanced funds to leverage additional advances from other organisations amounting to \$33m.
- WEI organizations are high risk lenders, especially given client collateral is not always a pre-requisite. Many clients have previously unsuccessfully approached

traditional lenders. WEI is virtually the only source of loans for many women businesses - especially those in catering, retail and other service areas, where the businesses are clustered. WEI lending programmes also make available small loans, which financial institutions generally regard as not cost-effective. For these reasons - as well as their gender sensitive programmes and approaches – the centres play a distinctive role.

- Lack of loan management expertise resulted in high loan loss ratios in early years, raising fears of the depletion of the revolving fund. Instituting effective loan management systems has led to much lower loan loss rates. Lessons for the UK are that considerable resources need to be devoted to the viability of the client's business through working with them on their business plan, and then giving close attention to loan aftercare.
- A wide range of methods are used to raise awareness among women of the opportunities presented by self-employment, mostly pursued in partnership with other organisations. Particular challenges have been confronted with respect to women living in remote areas, and immigrants.
- WEI organizations are distinguished from traditional financial institutions in the opportunity they provide to their clients to network with other women entrepreneurs through a variety of formats - seminars, workshops, showcases, breakfast sessions etc. While ongoing education is offered in many instances through speakers and presentations, a central objective is to give women entrepreneurs the chance to cultivate and develop contacts.
- WEI centres experience difficulties meeting the information and support needs of women with larger and/or more sophisticated businesses. As the level and diversity of skills and experience among WEI organisation staff rise, the role in supporting growth firms has the potential to be further extended – particularly if the loan limit (currently at \$100,000) is raised to \$250,000, which would fill a funding gap for women-owned growth businesses.
- Assessments of impact show that WEI performs relatively well in business survival rates. The average number of jobs created/retained is calculated at 2.4 per loan (almost one per \$10,000). A substantially larger proportion of frequent-contact firms using WEI services add employees, compared with control firms, and more employees per expanding firm. 15% of clients indicate that WEI counselling and training saved them starting a business with poor prospects of success; a majority found the loans helped them establish a relationship with a commercial lender.
- Canada's experience suggests a number of points relevant to the establishment and operation of centres to support female entrepreneurs, including:
 - ... undertaking research into female entrepreneurship and its distinctiveness, to help tailor support services to clients' objectives, ambitions and characteristics;

- ... the establishment of suitable administrative arrangements to ensure that initiatives by different departments and agencies are implemented, and also an advisory council to advise government and play an advocacy role on behalf of women entrepreneurs;
- ... reviewing the content and approach of existing support programmes for female entrepreneurs, drawing upon overseas experience, to develop best-practice; and
- ... tackle problems of lack of awareness among women of the support programmes on offer through measures such as developing a web portal targeted upon women, government publications and marketing tools, promotion of positive female role models in non-traditional areas, and facilitating greater communication across and involvement of local and national business women's associations.
- Other lessons include, with respect to individual centres: developing incubator complexes alongside women's enterprise support centres; ensuring long-term funding is available to support operation of the centres; developing training for business analyst/counsellors appropriate to the target client groups (including growth firms?); and consideration to the broader network of specialist skills (closely- or co-located) designed to allow best use of business analyst/counsellor time and adequately meet the needs of the diverse range of potential clients.

I. Women's entrepreneurship in Canada

I.1 Background

The significance of the contribution of Canadian women entrepreneurs to the Canadian economy was first recognized in 1996, with the publication by the Bank of Montreal of *Myths and Realities: The Economic Power of Women-Led Firms in Canada*. This report revealed that there were over 700,000 women-led firms in Canada, providing 1.7 million jobs – and that the number of women-led firms was increasing at twice the national average rate. Thenceforth, the role of women entrepreneurs received increased recognition from government, together with the acknowledgement that they faced gender-specific barriers in starting and growing a business.

While self-employment has grown faster than paid employment, for women, since 1976, the average annual growth rate of self-employment was 5.3%, compared with 2.2% for men - implying that women entered into self-employment twice as fast as men over a 25 year period. In fact, during 1996-2001, the difference in growth rates widened dramatically to 8% and 0.6% respectively. Overall, during 1981-2001, the number of women entrepreneurs in Canada more than doubled, compared with just a 38% increase for men (*Statistics Canada*). While evidence indicates that, over the past 15 years, growth in male self-employment has tended to be in one-person operations, and the number of male-owned businesses with employees has remained fairly static, women small business owners with employees rose in number by 40% (CIBC, 2005).

As a result of these trends, between 1990 and 2003, the proportion of women in the total number of entrepreneurs rose from 27% to 33% - putting Canada at the top of international league (2007 figure for the UK=28%). GEM shows that in 2005 Canadian participation rates of women in entrepreneurship (5.5%) were second only to the USA (9.5%), and comfortably ahead of the UK, France, Germany and Italy (all just below 4%) (Orser, 2007). A 2001 survey led to the estimation that 47% of small and medium enterprises (SMEs) had some degree of female ownership – in 77% of which their stake was either greater than or equal to the male owners (Government of Canada, 2002). Some 36% of SMEs therefore had at least 50% female ownership - not dissimilar to the proportion in the UK (Small Business Survey 2005). In a country of just over 30 million people, some 821,000 women entrepreneurs contribute in excess of \$18 billion to the economy (~£9 billion; the £/\$ exchange rate is 1:2; throughout \$=Canadian dollars)

Contributors to the Special Issue of the *Journal of Small Business and Entrepreneurship* (2006), and other sources (CIBC 2005), make it clear that challenges nonetheless remain.

- Men are still more likely to be self-employed than women across all age groups
- Self-employed women without employees make up nearly three-quarters of women entrepreneurs, while the figure for men is 61%.
- SMEs that are majority-owned by females are less likely than other SMEs to employ more than 20 persons.

- Average earnings for women business owners are lower than for employed women; 17% of self-employed women make in excess of \$30,000 (~£15,000) per year, compared to 42% of men; in 2004, one-third of women-run enterprises generated less than \$50,000 (~£25,000) in annual revenue – a proportion twice as high as that found among men, while nearly twice as many men as women recorded an annual revenue of over \$500,000 (~£250,000).
- Research shows that women tend to own firms in particular sectors, such as retail and services, that are generally slower growing and involve higher risks (thus making finance more difficult to obtain) (Prime Minister's Task Force, 2003).
- While 37% of firms that were majority- or half owned by females, were classified as 'high growth SMEs' (i.e. with 50% cumulative growth over three years), the figure for males is 63% (Orser, 2007)
- While there is evidence that they are increasingly moving into other sectors - in 2000, women held at least 50% ownership in 31% of knowledge-based industry firms and 31% of manufacturing firms (Statistics Canada) – caution must be exercised, given the number of women registered as joint owners with their (male) spouse or life partner.
- Industry Canada data shows that women-owned firms are 'typically smaller, newer and less profitable than SMEs owned by men' and that they are more likely to perceive themselves as involuntary self-employed (Orser and Madill, 2006).

1.2 Factors behind growth of women's entrepreneurship

No research has been identified that can help in identifying the factors that account for the take-off in women's entrepreneurship, and the particular significance among these factors of women's support initiatives. A recent study conducted by CIBC Small Business (2005) enquired into the 'true nature' of 'the surge in women entrepreneurs', but while this drew attention to trends that appear to be linked to the growth in entrepreneurship, it lacks the detail and rigour that would be needed to distinguish effects separately.

While the CIBC report refers to 'a relationship between economic output and self-employment', this in fact is not straightforward. Entrepreneurship can be encouraged by economic growth in terms of offering opportunities for new businesses, but it also gives rise to more employment opportunities which can draw would-be entrepreneurs away from starting-up; perversely, in times of slow economic growth, the lack of employment opportunities can force people into starting-up. The fact is that the growth of female entrepreneurship in Canada was fastest in the period when the economy performed rather indifferently – that is, *before* the boom of the late 1990s to 2002. At the turn of the Millennium, the share of self-employment in female employment actually fell sharply. Indicators of women's entrepreneurship have tended to recover with the more normal pace of growth experienced since 2002, but only slowly. Although, during the recent period, only around one-fifth of women who had worked as an employee indicated that they were 'pushed' into self-employment by limited employment opportunities – thus

indicating that 'choice dominates necessity' in self-employment decisions among women – it is the case that this component is larger in those provinces and areas where the economy has been more hard-pressed (e.g. Newfoundland and other Atlantic provinces, plus Ontario) than those experiencing strong growth (Alberta and BC).

Structural factors that have helped drive the increase in women self-employed include long-term developments, including rising education attainment (women business owners with a degree has risen twice as fast relative to men; one-quarter of women self-employed have degrees and the share of those without high school education is falling sharply); women entrepreneurs in occupational areas with above average wages has been rising at 7.2% p.a. – three times that for low wage occupations (half of women self-employed are in above average wage occupations, compared with one-third in 1989). Another structural trend of relevance is a demographic one: the number of women with qualifications in older age brackets is rising; the most common age for start-up is in the 55+ age group (CIBC, 2005). The structural shifts taking place in the economy over recent decades, in favour of services in general, can also be argued to be favourable to women taking a greater role in business.

It would appear that certain conditions - in Canada's business and social environment and also with respect to the characteristics of women themselves - have tended to move so as to support generally the growth of women's business. The bulk of observed growth in women self-employed pre-dates the establishment of even the initial support organisations in the western provinces (WEI, in the mid-1990s), making it difficult to argue that the development of women's centres have been a significant factor in the general expansion of female self-employment. The role of such support centres that have only recently started operations will only be discernible over the longer-term.

2. Recent policy developments

This section, and following sections, draw on interviews conducted with a prominent academic in the field of Canadian women's enterprise and CEO's of Western Development organisations.

2.1 Prime Minister's Task Force

In recognition of the growing impact of women entrepreneurs, the Liberal Prime Minister, Jean Chrétien, established in 2003 the **Task Force on Women Entrepreneurs**, which undertook public and online consultations with stakeholders across the country, including women entrepreneurs, associations, government agencies and departments at all levels, financial institutions and members of Parliament. Public policy action was called for on the grounds that:

- (1) women entrepreneurs constituted the fastest growing sector of the economy;
- (2) they faced distinct challenges and barriers to both starting and growing a business
- (3) facilitating their growth was integral to the country's broader small business strategy.

The Task Force was mandated to:

- examine the unique challenges faced by women-owned businesses, including access to resources, and - in the light of relevant international best practice - to identify gaps and areas for government action; and
- advise the federal government on broad policy issues in women's entrepreneurship, both domestic and international, making suggestions for specific policy initiatives.

Included in the 2003 Task Force's 77 specific **recommendations** were measures relating to the following issues:

- access to capital, information and government programs
- research on aspects women's entrepreneurship
- access to government procurement
- access social safety net programs – e.g. childcare, maternity/paternity support
- mentoring programmes
- networking opportunities
- business skills training
- promotion of women entrepreneurs and entrepreneurship
- support for exporting

- a 'one-stop shop' portal
- establish a 'voice' for women entrepreneurs.

The Task Force report stated that there remained a substantial need for support services and programmes specifically geared to women entrepreneurs. A specific recommendation was that the federal government should establish **Women's Business Centres** throughout Canada modelled on the **Women's Enterprise Initiative** (WEI) centres supported by **Western Economic Diversification Canada** (WED, see below). These centres should build on and partner with existing resources. The Task Force report also recommended that the federal government should ensure that the Women's Enterprise Initiative centres (through WED) are maintained and provided with long-term support. Special attention should also be given to the issue of access to financing and services for Aboriginal women.

2.2 'Sustaining the Momentum'

The political background is important in understanding what has happened since. Shortly after the launch of the Task Force report, the Prime Minister stepped down, to be replaced by Paul Martin. Although both were from the same political party, the relationship between the two men was cool, and Martin's agenda was somewhat different. A two-day Conference in 2004, entitled 'Sustaining the Momentum', initiated by Professor Barbara Orser and chaired by Industry Canada and Carleton University, brought together policy-makers at different levels, women entrepreneurs, researchers etc. to examine government support for female entrepreneurs and identify gaps in research and public policy. It was an attempt to identify certain problems impeding policy formation in this field – especially the absence of data about participation in and impact upon women's business of various programmes of support, a general lack of research on women entrepreneurs, and the need for better coordinated services, research and policy to support female entrepreneurs.

In spite of the increasing contribution of women business owners, conferees concluded that significant change in the public policy relating to women business owners will only be achieved through clear federal/political commitment to this issue, the development of mechanisms that ensure the views of women are incorporated in federal and provincial programmes and policies relating to innovation, trade, micro-credit, training for the unemployed etc. The conference also noted that Canada – unlike the USA – had no dedicated lobby organisation to represent the views and concerns of women entrepreneurs to policy makers and politicians; women's associations did not speak with one voice. The subsequent fall from power of the Liberals replaced in early 2006 by Stephen Harper's Conservative government, exacerbated the problem of insufficient political will to wholeheartedly support women's enterprise. The provincial structure of delivery and the absence of a cohesive Women's Business Organisation community is also seen as hampering progress at the moment.

2.3 Response to Task Force report

In response, in October 2003, the Prime Minister pledged action to:

- extend the *Women's Enterprise Initiative* funded by Western Economic Diversification Canada
- commit to multi-year funding for the *Women in Business Initiative* in Atlantic Canada
- create two new *Women Enterprise Centres* in Ontario and Quebec
- instruct Industry Canada to work with women entrepreneurs on the issue of micro lending through these centres
- organize a national *Women's Economic Forum* to extend the work of the Task Force
- help raise the profile of women entrepreneurs by creating a *Canadian Women's Innovation Award*, as part of the *Canadian Woman Entrepreneur of the Year Awards*
- expand its research and publications programme to better meet the needs of women entrepreneur
- take steps to ensure that all levels of government are aware of the concerns of women entrepreneurs.
- focus on Aboriginal women entrepreneurs to identify their needs, including developing a business planning guide to help Aboriginal women break into new markets
- provide women entrepreneurs with opportunities to expand their markets beyond Canada's borders, ensuring that they continue to be represented in trade promotion activities.

Although political commitment to women's enterprise is regarded as having diminished somewhat since 2003, several measures, starting with those in the Budget 2004, have addressed the recommendations from the Prime Minister's Task Force on Women Entrepreneurs.

In relation to **procurement**, government noted that the Contracts Canada seminar program for small businesses had recently established a seminar programme, especially aimed at women entrepreneurs, designed to enhance their knowledge of – and thus ability to access - federal procurement opportunities. It is noteworthy that, unlike the USA, Canada does not offer privileged access to government contracts for particular target groups.

In a wider effort to assist women seeking to work, expanded **Child Care** provision was announced creating up to 48,000 new child care spaces. However, in 2006, the Government revised its approach to supporting childcare. Canada's Universal Child Care Plan consists of two key elements designed to give parents choice in childcare so they can balance work and family life: the Universal Child Care Benefit (\$100 per month for each child under age six for families to use as they see fit); and new measures to support the creation of new child care spaces, beginning in 2007-08.

Furthermore, CEDAW (UN 2007) records that the Canadian Government submitted evidence to the Committee that the following arrangements had been put in place:

- The Government of Canada's *Interdepartmental Working Group on Women Entrepreneurs*, which merged with the *Women's International Business Development Committee*, provides a network of cooperation and active engagement among federal departments and agencies and works collaboratively on issues and programs for the development of Canadian women in business.
- CanadExport Businesswomen's annual supplement (*Going Global – Women Entrepreneurs in International Markets*) and Website "Businesswomen in Trade" (<http://www.dfait-maeci.gc.ca/businesswomen/menu-en.asp>), detail government programmes available for women entrepreneurs.
- The *Aboriginal International Business Development Committee*, an interdepartmental Committee made up of 29 federal government departments and agencies, helps to coordinate the collective work to promote the success of Aboriginal small- to medium-size enterprises in export markets, including women-owned enterprises.

3. Role of banking sector

Information supplied suggests that much of the banking sector – including credit unions - operates computer-based assessment of loan applications, and that in relation to some of the most popular areas for female entrepreneurship, restaurants and retail - as one respondent put it - 'banks do not give loans anymore'. Typically banks are perceived to devote only a limited amount of staff time per client to the loan process (assessment and aftercare). A more cautious attitude to lending results in low levels of default on loans, but tends also to discriminate against particular borrower characteristics. Thus, while Industry Canada research shows that the approval rate for loan applications by women is very similar between men and women (around 80%), women are often discouraged and less likely than their male counterparts to make an application.

Some Canadian banks and financial institutions have developed and are developing gender specific programs by setting up special equity and loan funds for women entrepreneurs that make it somewhat easier for them to obtain credit. Others have also established training protocols for their staff to sensitize them to the needs of women clients and potential clients. There is increasing information on financial institution websites aimed at helping to educate women in how to apply for loans and deal with banks. The **RBC** (formerly **Royal Bank of Canada**) stands out as one which, for many years, has paid particular attention to women's enterprise. Since 1992 it has sponsored the RBC Canada Woman Entrepreneur Awards, which have helped to boost the visibility of women's enterprise, and provided support to many women's business associations. Its website reflects its commitment to women's enterprise, with dedicated sections for female entrepreneurs, providing advice and support on start-up, growth, business transfer and exporting, and focused information covering time management and work-life balance as well as other topics of special relevance to women.

A key financial institution with respect to Canadian female entrepreneurs is the **Business Development Bank of Canada (BDC)**. This wholly state-owned institution that has been helping SMEs for more than half a century, began to focus upon women in business in the 1990s, as part of its mandate to serve groups that tend to be neglected by the private sector (including also Aboriginals and young people). It has facilitated financing and supported improved management capacity of women entrepreneurs.

In supporting start-up, BDC assists by supplying long-term financing, consulting services, start-up tools (business plan templates, entrepreneurial self-assessment) and specialist advice on innovatory projects. Advantages it offers include very flexible loan arrangements, including progressive or seasonal repayments, deferred capital payment, flexible interest rates and fast-track repayment terms without penalties. The Bank also supports women to 'drive growth fast-forward' through its Consulting Group's advisors, covering areas such as property, strategic planning, human resources management, marketing, etc. Analysts also provide specialist support in respect of acquisition, international markets, e-business and quality improvement. WEI organisations generally hold staff at BDC in high regard, noting that regional offices are staffed mainly by females who are highly committed to support the women's business market. They recognise the particular value of BDC's ability to offer loans of up to \$50,000 without security.

BDC's Women in Business portfolio reached \$1.7bn at the end of 2006 – the total of 6,200 women entrepreneurs representing double the figure of a decade earlier. Included in the BDC portfolio are 70 Aboriginal women clients, to whom the total commitment outstanding was \$21.6m. Loans for women exporters start at \$250,000. During 2005-06, BDC authorized \$437m in 2,028 loans to women-led businesses, including 24 loans for \$3m to Aboriginal women entrepreneurs. While the BDC frequently works jointly with agencies in relation to loan provision (e.g. cross-referrals), there is no formal relationship between it and initiatives such as WEI. Altogether, in 2005-06 397 loans for \$61m were authorized to women start-up businesses.

To aid business growth, BDC launched a \$25m fund in 2004 to provide quasi-equity financing for women entrepreneurs wishing to expand their businesses and seek new market opportunities. Called BDC Subordinate Financing, it is especially designed for those without collateral for a conventional loan. BDC assumes a higher risk, since the loan's 'subordinate' status refers to the fact that the borrower's chartered bank and long-term lenders have the right to be repaid prior to BDC. It achieves its return on investment through fixed interest (as in debt financing, but more flexible than conventional debt financing) and through royalties and/or stock options (like equity financing). Approximately \$18m has been authorized under this programme.

4. Support centre structure

A specific recommendation of the Prime Minister's Taskforce was that the federal government should establish **Women's Business Centres** throughout Canada modelled on the **Women's Enterprise Initiative** centres supported by Western Economic Diversification Canada. These have started operating only relatively recently (mainly since 2005). This section briefly describes some of the different centres and their activities. It is, however, meant to be indicative rather than comprehensive. Analysis that can inform UK policy is drawn mainly from the experience of the Western Diversification WEI 'centres' (referred to in Canada as 'organisations'), since these are the only ones that have been in operation for significant time (and thus been subject to evaluation). This section reviews briefly the form and role of centres established (for the most part, more recently) in other parts of Canada.

4.1 Network for Women Entrepreneurs (NWE), Ontario

Launched following recommendations by the Prime Minister's Task Force and administered by the Canada-Ontario Business Service Centre (COBSC), NWE is Ontario's response to the federal government's commitment to support women entrepreneurs. The NWE was a three-year Industry Canada programme, providing women entrepreneurs with information on programmes and services to start and grow their business as well as guidance in locating key community support services; since April 2008 the service is directly provided by COBSC. The Network for Women Entrepreneurs works with existing organizations to tailor services, organize events geared to women entrepreneurs and expand the network throughout Ontario. Through its toll-free line and online portal, NWE provides access to key business information, business counselling and community outreach services, expert consultants and trade-related organizations throughout the province. In 2005-06, NWE served over 18,000 clients. It is less developed as a support centre than those in other provinces, especially the WEI centres in Western Canada, notably with respect to directly providing finance and counselling.

In respect to business counselling, the gap is to some extent filled through the **Step Ahead One-on-One Mentoring Program**. This Toronto-based programme, which is planned to be developed on a national scale, matches women striving to take their businesses to the next level with experienced female mentors who help guide them on growth.

For remote communities in the province, the **Federal Economic Development Initiative for Northern Ontario (FedNor)** delivers the *Community Futures* programme, which provides support to 61 Community Futures Development Corporations (CFDCs) located throughout rural and Northern Ontario. FedNor's responsibilities include providing funding to women-targeted projects across the province. During 2003-06, 529 women-led businesses received loans (value \$22m), and 3,366 women received counselling and other services to start or expand their business. In addition, FedNor invested in 16 women's projects valued at \$1.2m. These projects leveraged an additional \$1.6m. Projects ranged from providing assistance to the **PARO Centre for Women**

Enterprise in Northwestern Ontario, to entrepreneurship and business training, and access to capital support for women-owned businesses. FedNor also partners with the Network for Women Entrepreneurs (NWE) in rural and northern Ontario.

4.2 Women Entrepreneurial Centre, Québec (WECQ)

Created in 2004 with the aid of a three-year non-refundable federal Ministry of Economic Development financial grant of \$1.8m, the *Centre d'entrepreneuriat féminine du Québec* was formed out of the training organisation, the *Institut de formation pour les gens affaires*, operating since 1998. WECQ has a Board of nine members, and opened for business in September 2005. Two advisers offer business advice and information to help women identify their needs; clients are then directed to specific services provided by WECQ or other organisations. Its web portal gives access to documentation and relevant programmes; there is a newsletter (*CEFQ Express*) and clients have access to a resource centre with relevant books, materials and databases. WECQ offers a range of training programmes, seminars and workshops of business management, put on either by the Centre itself or other specialist organisations; during 2006 the workshop *Femmes et Argent* was taken to 12 regions of the Québec Business Women's Network (QBWN). Other activities include individual consultation and coaching on specialized topics, including personalised coaching (up to 5 hours provided by professional women coaches, free of charge, for clients who attend training programmes). It organises mentoring through QBWN, and is working towards becoming the point of reference for mentoring of women in Québec. Through a specific partnership with the Université de Montréal (i.e. a Chair in Haute Ecole Commerciale, HEC), research is undertaken specifically to support the Centre and inform the development of its programmes.

4.3 Atlantic Canada Opportunities Agency's Women in Business Initiative

Non-profit business organizations receive funding under the Atlantic Canada Opportunities Agency's (ACOA) **Women in Business Initiative** (WBI) to provide women business owners with the resources they need to grow their businesses and compete. Business counsellors across Atlantic Canada help women business owners to: access the right business advice, information and support; improve their skills and business network; improve their access to financing; obtain expert advice; and identify ways to enhance their innovation or export capacity. To be eligible, normally the woman or women must have 51% ownership and operating control of the business (any sector), which must be located in Atlantic Canada. ACOA, through the WBI, provides financial support to non-profit business organizations who offer business support to women entrepreneurs in Atlantic Canada helping them develop their businesses and increase their competitiveness. Woman in business counsellors are found in the following centres:

- Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE)

- New Brunswick Association of Community Business Development Corporations (CBDC)
- Centre for Women in Business (Mainland Nova Scotia)
- Enterprise Cape Breton Corporation
- Prince Edward Island Business Women's Association.

The different Atlantic region centres are inevitably configured differently between the various provinces. As an example, the New Brunswick Association of CBDCs, operating 10 centres throughout the province, offers services to women entrepreneurs with financial support of ACOA operating through the WBI programme. There are five development officers who work specifically with women business owners in the community, providing one-on-one support to women living in both rural and urban areas. The development officers ensure that women business owners have the products and services they need to move their business forward.

5. Western Canada's Women's Enterprise Initiative (WEI)

Special attention is given in this report to the WEI of the western Provinces. This is because its centres (or 'organisations') are the longest-established in Canada. Moreover, the WEI network is the only one where significant attempts have been made to evaluate impact and performance, and therefore the area for which most is known about the operations and impact of women's enterprise support centres. Evaluation has been undertaken through large-scale telephone survey of WEI advisory services and loans clients, as well as in-depth structured telephone interviews with WEI management and on-site visits and consultations with senior WEI staff (Equinox, 2002; Gilroy Goss, 2004; Orser and Riding, 2006).

5.1 Background

It should be noted, as an aid to assessing the scale and impact of entrepreneurship support activity in the Canadian West, that the population of the four provinces is around 9.5 million – or nearly one-third of the national total. Self-employment is more common in the west than in the rest of the country (an average of 8.5 small businesses per 100 population, compared with 6.4%) – partly reflecting the agricultural nature of these provinces. Recent growth has been generally higher too – the index of New Small Business Ventures shows that, compared with the Rest of Canada (index=100) over 2000-03 those of the western provinces ranged from 132 to 213 (Chambers and Church 2006).

However, the overall proportion of women in the total self-employed is fractionally above that for Canada as a whole, despite the fact that, in the more purely agricultural areas of Saskatchewan and Manitoba, the figure is respectively 3.5 and 2 percentage points short of the average for the rest of the country. These two provinces generally lag behind Alberta and British Columbia which, partly because of higher economic growth (associated, respectively, with oil and high tech developments), have recorded much faster rates of population growth in recent years – 1.6% and 0.9% per annum 1999-2004 in Alberta and BC, compared with -0.3% and 0.5% in Saskatchewan and Manitoba (Chambers and Church, 2006). Finally, it should be noted that these provinces are all geographically extensive, giving rise to considerable challenges in delivery of women's enterprise support services and activities to isolated and remote communities in the north.

5.2 WEI organisations

The Canadian federal government's **Women's Enterprise Initiative** (WEI), launched in 1995, relates to the four western provinces (British Columbia, Alberta, Saskatchewan and Manitoba). The WEI has been developed as part of **Western Economic Diversification Canada's** mandate to promote the development and diversification of the economy of Western Canada and advance the West's interests in national economic policy. This mandate is delivered primarily through grants and contributions programs, which enable the department to contribute strongly to the productivity and

competitiveness within the four provinces. This is achieved through collaboration with partners including the private sector, other levels of government, academic and financial institutions, as well as research centres, to maximize investment in Western Canada and to create alternative sources of funding for commercial ventures. Importantly, WED supports the **Western Canada Business Service Network**, which provides over 100 points of service to assist new and existing entrepreneurs in cities and rural communities to create and grow their businesses.

The **objectives of WEI**, as originally laid down, are as follows:

- (1) encouraging establishment and growth of women owned/controlled businesses;
- (2) encouraging self-employment and business development in general; and
- (3) promoting a more economic equality between men and women.

An important justification for the initiative was that traditional financial institutions are not generally structured to provide the type of detailed advice and support, as well as the low loan levels (under \$100,000) required by many start-ups, although personal loans and the use of credit cards often fills this gap. Further, such institutions do not generally loan to the high risk retail and services sectors that are of particular interest to women entrepreneurs. Government's development role therefore is addressing women's entrepreneurial needs through programmes such as the WEI. The combination of business plan pre-requisites, course offerings and workshops for interested entrepreneurs, coupled with a flexible loan programme, are intended to fill service gaps for those involved, especially at the start-up stage with the organization.

Under the programme, provincial non-profit organisations were established responsible for the administration and delivery of WEI services:

- Women's Enterprise Society of British Columbia (WESBC)
- Alberta Women Entrepreneurs (AWE)
- Manitoba Women's Enterprise Centre (WEC)
- Women's Entrepreneurs of Saskatchewan (WES)

The provincial WEI organizations are independent entities, each with its own Board of Directors, and an Executive Director responsible for administrative and operational duties. The Executive Director reports to the Board, which oversees the policy and direction of the organization. Board members are selected according to their knowledge of business and the challenges that women face as entrepreneurs, and include those with lending institution/finance experience. Such experience is also represented in the staff of the WEI centres themselves. CEOs include those with investment bank experience, including internationally, and it is common that business analyst staff, who frequently have business experience themselves, possess MBAs or equivalent.

Provincial regulations concerning the establishment of not-for-profit organizations in Saskatchewan mean that WES is structured as a membership organization. It has 820

members, and the fact that they pay fees (full membership \$75, associates \$25) and have voting rights (for Board membership), is recognised to have placed onus on the organisation to both report and listen to the membership, while also having advantages with respect to establishing the credibility of the organisation.

The WEI organizations are responsible for marketing efforts to promote small business, administering their organization and participating in Pan-Western activities. Each provincial WEI operates at arm's length from WED, but provides it with regular reviews of finances and operations. There is no formal accreditation of the centres; evaluation questionnaires given to clients are used in the reporting process. Western Diversification periodically requires an external audit of the WEI organisations, to ensure suitable standards are applied and that procedures and controls are being observed.

5.3 Activities and programmes

Any new growing business located in the four provinces that is at least 50% owned and operated by women resident in that province is eligible for support under the programme; in some of the provinces, it is specified that the business must be the client's main income source. In respect of granting loans, WEI organisations understandably require the firm to demonstrate viability.

The services of these organisations are broadly divided between assistance and loan programmes:

- **Assistance programmes** - consist of communications (websites, newsletters etc), networking (including conferences, workshops, industrial awards, etc.), study guides and training programmes, business planning assistance and advice, mentoring programmes, and referrals for specialist support.
- **Loan programmes** - cover various requirements, including those relating to start-up, growth, exporting etc, with short and long-term options, plus pre-loan advisory services evaluating business plans etc.

More details on services delivered is given in ***Case Study of Manitoba Women's Enterprise Centre (WEC) – Section 7***

5.4 Focus of support activities

The balance of WEI organisation focus, as between different client types that fall within the eligibility criteria, has shown a tendency to shift towards supporting growth rather than start-up (its principal concern in the early stages of their operation). This partly reflects maturation of personnel working in WEI organisations, as well as developing confidence in the centres among businesswomen in the community. This trend is not uniform, however, and all Centres are conscious of their responsibility towards raising entrepreneurial awareness among women and helping them to start in business. It is recognised by CEOs of WEI organisations that all the resources could be taken up in supporting start-up, so a deliberate choice has had to be made to allocate time and funds to supporting growth businesses (and those seeking to purchase a business). The

organisations deal mainly with people who approach them, and those in the start-up phase are more numerous in this respect than those looking to grow, who often already have an alternative advisory structure to which they refer.

In Saskatchewan, for example, it is estimated that around two-thirds of both staff time and loans are devoted to start-up and the remainder to growth firms. This compares to British Columbia, where there is a fairly stable proportion of 55/45 respectively that is not expected to change significantly. Estimates for WECM (Manitoba), however, suggest that, although there is a similarly fairly even mix at the moment – close to 50/50 – it is anticipated that this will move increasingly in favour of growth firms over the next 3-4 years, with growth-related activity amounting to 60-70% (see **Section 7** for discussion).

In terms of other aspects of targeting, WEI organisations report that they try to encourage (e.g. through special marketing activity) particular groups, such as aboriginal and immigrant women, since these are less inclined than others to seek support. In respect of aboriginal women, WES (Saskatchewan) does this with a view to integrating their support activities with those of community support agencies. British Columbia is particularly interested in marketing services to young women – in recognition of the ageing profile of female businesses, and the need to balance this with a higher influx of people in younger age groups. Overall the WEI organisations recognise the need to make special efforts to open up support to groups, including those in remote rural locations, which have particular access problems, but this is in order to even up the opportunity for achieving access rather than giving priority to particular groups.

It is a primary concern of WEI to support the less sophisticated business owners – those whom loan organisations are not inclined to support. Their specialist capabilities and resources tend to reflect this target group. Thus, with respect to businesses that come forward that are in particular sectors (such as high technology), or of a particular kind (such as those seeking to develop exports), the WEI organisations seek to offer support through partnership arrangements with specialist agencies, universities etc. WES has helped a number of bio-technology, pharmaceutical and nutraceutical companies through working jointly with Innovation Place (the innovation park in Saskatoon) and Saskatchewan province and national research councils.

5.5 Resources for WEI organisations

WED funding to its WEI organizations comprises overwhelmingly their major source of financial support, both in terms of operational costs and loan funds. Each WEI organisation receives from Western Diversification just short of \$1m per annum for operational funding (recently renewed for 5 years), and also manages a \$5m loan fund established at the outset. The loan fund, as established in 1994-95, was intended to revolve in perpetuity and to be repaid at such time as it was no longer required.

The Western Diversification had originally anticipated that it would need to provide continuing operational funding, but that WEIs might develop other sources of revenue. In fact, the extent to which the WEI organisations have managed to develop alternative income sources (e.g. through charging for their services) has been very limited, and the

government pledged in its response to the PM's Task Force, to provide multi-year finding allocations to support the continued operation of the WEI Centres.

Some additional funds are found through undertaking small projects, but the operational funding through the Five Year Contribution Agreements continues to be the only sustaining funding received. The contribution is regarded as relatively secure – if in practice somewhat vulnerable to the effects of inflation – because of the degree of commitment to supporting women's entrepreneurship in western Canada, both in the political domain and among the community more generally.

One WEI organisation stressed that its real operational resource had diminished since 2001, and that it had only managed to operate at its current level, though constant attention to improving efficiency. The CEO argued that its success in expanding activities while WED resources have been squeezed was through restricted salaries for staff ('14 staff paid for out of less than \$1m – people in our centre are not highly-paid') and shifting to direct download service delivery, rather than 'talking directly to everyone'. Some of the important services that the organisations deliver – including a mentoring programme by WES British Columbia – are reliant upon extra money obtained through other sources, which is not always reliable over time.

A more detailed illustration of WEI income/expenditure is given in the **Case Study of WEC (Manitoba)** – see **Section 7.0020**

5.6 Loan activities

The ability to advance loans to women entrepreneurs is an important function of the WEI organisations, even though it is a relatively small part of what they do. It complements its advisory and training roles and is the reason why a proportion of the women actually approach the centres. The WEI Loan Program facilitates debt financing of up to \$100,000 for start-up, expansion and purchase of an existing business. A total of \$27.3m was advanced during 1999-2004 in 1000 loans approved out of 1,600 applications to the Western Provinces' WEI loan fund – an average loan of around \$27,000. This 'Program Performance' figures for the whole western Canada area (see **Appendix**) show that, in the five years to 2004, 346 loans were made for new business start-ups, 303 to support business expansions, and 64 for purchasing existing businesses.

Through taking advantage of their WEI centre's contacts and networks, and receiving it business counselling inputs, many women entrepreneurs are able to access financing additional to that from the WEI. The 'Program Performance' figures (see **Appendix**) for 1999-2004 indicate that the WEI organization funding leveraged an additional \$33m. In some cases, counselling and business plan support from the WEI organizations have prepared women entrepreneurs for successful negotiations with financial institutions, including joint loans with WEI organizations. The WEI organisations report good relationships with BDC Partnerships with organizations such as Youth Entrepreneurship Canada have also resulted in joint loans. Thus, out of the \$33m leveraged, \$9.3m came through provision of Business Advisory services without the aid of WEI loan fund advances.

WEI clients frequently report that they had unsuccessfully approached traditional lenders prior to turning to WEI organization loan funds. The centres are the virtually the only source of loans for many women businesses, especially in the catering and retail areas. Evaluations confirm that the WEI represents an important policy response and key programme in the provision of services to women entrepreneurs. WEI organizations are found to occupy a specific niche for women entrepreneurs in filling service gaps for start-up support, loan size and sectors of women's entrepreneurial activity. The current rates charged for loans appear to vary slightly but are Prime Rate +2pp (existing firms) to +4pp (start-ups), with the rates being applied flexibly, with regard to individual circumstances.

Access to financing for women has been improved through referrals, partnerships with other organizations, providing joint loans, and additional client preparation. Clients repeatedly return to WEI organizations for loans – reflecting their familiarity with the organization but also because they remain ineligible for bank loans in the services or retail sectors due to lack of collateral (producing possible conflict with respect to new clients requiring loans). Some clients informed evaluators that without access to the WEI organizations services and loan funds, they would not currently be in business.

It should be noted that there is always going to be a temptation for the WEI organisations to 'cherry pick' among those firms coming forward seeking support for start-up; there is, however, a pronounced awareness within the centres themselves of the need to adhere to their obligation to support, as one CEO put it, 'the women who are more disenfranchised in terms of capital access etc'.

5.7 Capital asset management and sustainability

The WEI organizations are high risk lenders, primarily because client collateral and other securities are not always a pre-requisite for lending. In spite of the low interest rates applied to loans, high loan loss ratios were experienced and concern was expressed by authors of earlier evaluations that defaults would result in a continuous draw down on the existing loan funds, seriously or fully depleting reserves.

This outcome manifestly has not transpired. Certainly some CEOs admit that the WEI organisations initially lacked loan management expertise, resulting in some bad loans being made. However, effective systems have been developed in all WEI organizations to manage assets and to assess loan loss ratios/risk, and professional practices are applied to recovery of loans. Measures deployed in management of capital assets include annual financial audits, Board of Director control over lending policies based upon the lending expertise of the individuals, and use of established loan procedures and due diligence processes. The latter processes include (1) assistance with the development of a business plan through a WEI organization business advisor, (2) subsequent meetings between a potential client and a Loan Officer, and (3) credit check and property registration procedures. WEI organizations, through sharing of best practices, have developed a risk assessment questionnaire. WESBC identifies this as the Self-adjusting Risk Index (SARI), built around 70 questions assessing client financial and managerial experience.

WEI organizations have needed to instigate extensive loan aftercare and recovery practices to help maintain their loan funds – e.g. extending loan repayment schedules or reducing payments for clients in trouble; arranging on-going business counselling, assisting with cash-flow and financial statements, assisting the client in finding a mentor or linking them with another woman who operates a similar business in a non-competing area; assisting clients with difficulties in identifying professional resources (e.g. lawyers); undertaking more drastic measures such as advising the credit bureau of the client's circumstances; and seizing assets, initiating auctions to recoup funds.

The average loan loss ratios over the life of the WEI was approaching 10% in 2004, and nearly double that figure in WES (British Columbia). Loans written-off in the 1999-2004 period came to \$2.73m in the WED area. Since then, there has been a dramatic improvement. Although still suffering the effects of past loan practices, WES (British Columbia) reports a current figure of below 5%. Saskatchewan's WES loss rates are currently 6%, although its losses were never especially high (maximum 11%) because of its early-adopted practice of using good quality staff seconded from banks as loans officers. These secondees, who were sympathetic to the objectives of the new centres, helped in developing the criteria and methods for handling loans, and at present loss rates, WES's loan fund is very much stabilised. Another WEI organisation argued that it has a loan loss ratio below that of local banks – although this was achieved at the cost of considerable inputs of advisory and care work. The CEO pointed out that such care – involving working closely with the client to think through all aspects of the business plan – is a factor in the high rate of survival of the businesses. The figure cited was 65% still going after five years; in itself this significantly aids the achievement of low loan loss rates.

The expectation at the time of the loan fund's launch was that WEI loan loss rates would be 5% (or less) with loan fund earnings sufficiently high to offset this, thus avoiding any erosion of the loan fund capital. WEI organisations now stress that, as high risk lenders (i.e. not requiring collateral when providing loans), their loan loss ratios are close to this figure, and considered by their auditors and their Boards to be well within acceptable limits. The development of better loan management systems has been important in achieving substantial improvements in loss rates on loans advanced compared with the early years of operation, and the lessons of this for the UK are that considerable resources need to be put into establishing the viability of the business, through working with the client to develop an effective business plan, and then giving attention to loan aftercare work.

5.8 Partnership working

It is accepted that service delivery and impacts might be improved through further development of partnership strategies with **Western Canada Business Support Network** (WCBSN) partners, as well as other organizations, to bring greater breadth to the provision of services (see **Case Study of WEC Manitoba – Section 7**). Partnership working, however, is nonetheless relatively well developed.

WEI organizations differ significantly from other WCBSN members i.e. Canada Business Support Centres (CBSCs), Community Futures Development Centres (CFDCs) and Francophone Economic Development Organisations (FEDOs), in being centred on gender-appropriate programs and approaches, and providing conducive environments for women entrepreneurs. They complement rather than overlap with the services of such counterparts.

While the Government's **Canada Business Services for Entrepreneurs** and the WEI organizations each provide distinct services to women entrepreneurs, the CBSCs are utilized by WEI clients for the development of their business plans, but not for advisory services or loan funds, which they do not provide. CBSCs and WEI organizations increasingly collaborate to deliver training that includes WEI clients. Although this training would be available in the absence of the WEIs, its accessibility and attractiveness to WEI clients are enhanced by inter-organizational links.

In rural areas, the WED-funded **Community Futures Development Corporation** is encouraged to partner with the local WEI organizations and refer local women accordingly. The services of CFDCs are available to women entrepreneurs, but many women choose to utilize the WEI organizations services and lending programmes. The WEI organizations also provide targeted support over a wider geographic area than the CFDCs. In British Columbia, training seminar programmes in remote locations is usually delivered in partnership with local partners – the Chambers of Commerce, Community Futures or local groups belonging to the Women's Business Network. This helps in recruitment, and is also a source of presenters at the sessions themselves.

The WEI organizations do not overlap with the **Francophone Economic Development Organisations**, since the latter's service, aimed at francophone entrepreneurs, are provided in French. Thus, in Manitoba the FEDO and the WEI organization cooperate to support francophone women entrepreneurs.

Evaluation findings show that the WEI organizations are also distinct with respect to the loan market niches they serve: their predominant areas of focus for loan funds are the retail and services sectors - activities generally not supported by traditional financial institutions. Further, WEI organization lending programmes have the ability to provide very small loans as well as larger loans up to \$100,000. Financial institutions generally rate small loans as not cost-effective,

In all the west Canadian regions, there are membership organizations that offer business information, networking opportunities and specific assistance in areas such as export through trade missions, etc to women entrepreneurs. However, these do not offer loans or the degree of start-up support provided by through WEI. Even organizations that do offer small loans (e.g. for young entrepreneurs) value partnership with the WEI organization to 'top up' loans that are considered insufficient for the business planned. Other organizations perceive the WEI to be complementing rather than duplicating their services. A good example of this is the way WEC Manitoba helps start-ups among Aboriginal women. This is largely done through referrals rather than by direct marketing to the women themselves. The early, pre-entrepreneurship, training role is

undertaken by Aboriginal community agencies; the individuals are then referred to WECM that will take them to the next stage in the start-up process.

Increased partnering between various support agencies and WEI organizations - and particularly that with CFDC – has highlighted the need for staff training in partner organisations specific to the needs of women entrepreneurs. Such training is recognised to be important to the effective development of gender sensitive services, especially to rural women, in Western Canada.

5.9 Awareness-raising and marketing

The WEI organizations utilize a variety of mechanisms to inform potential clients about the services offered by WEI organizations, while engaging in ongoing effort to effectively reach rural, immigrant and aboriginal potential clients. WEI organizations place a high priority on the need to continuously develop their profile within their area, so as to respond to the needs of their target groups and attract new clients.

Mechanisms used include: sponsoring awards/speakers through other community entrepreneur oriented organizations (e.g. the Women's Business Network); promoting activities in collaboration with other WCBSN members (e.g. partnering CFDC in sponsoring community speakers, and linking with CBSCs to offer joint workshops/courses); developing media items and advertisements; facilitating reciprocal memberships in other organizations; partnering with secondary and tertiary educational institutions for class presentations about women and entrepreneurship; and developing entrepreneurship training materials.

WEI organizations consider these means to be effective, although they recognise problems in reaching potential client groups, particularly new immigrants and rural women. The ability to serve rural women is restricted by the high cost – especially of travel. While increasing use of web-based programming provides increased access for some, technology is limited in meeting their business needs compared with (highly valued) personal contact and face-to-face meetings. In addition, many rural areas continue to face technology access and connection speed issues. WEC centres also instituted a weekly outreach requirement for all staff, intended to improve visibility within the community and programs in rural areas. Partnerships have also been used to assist in improving service to rural women (see above, section 5.8)

Women immigrants to Canada interested in starting or expanding a business are recognized by the WEI organizations as a target group for marketing information and services. Cultural knowledge/sensitivities and language are found to be the main barriers to serving this group, prompting moves to include relevant material in immigrant arrival information packages, as well as giving WEI familiarization sessions to agencies serving new immigrants.

5.10 Providing networking opportunities

WEI organizations are distinguished from traditional financial institutions in the opportunity they provide to their clients to network with other women entrepreneurs through a variety of formats: seminars, workshops, showcases, and groups. While

ongoing education is offered in many instances through speakers and presentations, a central purpose objective is to give women entrepreneurs the chance to cultivate and develop contacts. Feedback makes it clear that entrepreneurs want networking opportunities and in a range of formats to meet their circumstances. This includes networks targeted at special groups (i.e. Aboriginal women) and networks in rural and remote communities. A variety of activities can be identified, including:

- WES Saskatchewan's 'Lunch & Learn' and 'Breakfast Series' seminars, offered as part of their training programme. These seminars are informal gatherings designed to provide business training and education, but also allow opportunities to cultivate and develop business contacts, as well as share knowledge and experiences.
- AWE Alberta arranges monthly 'Networking Links' in Edmonton for women entrepreneurs, featuring a speaker and allowing generous time for networking.

5.11 Service gaps

Evaluation feedback from clients seeking to expand or develop in high-technology indicated that they seek a more sophisticated level of information to meet their needs than is available from WEI organisations, and do not know where to access this type of resource. WEI organisations would not dispute this, given the target client group with which they are principally concerned has traditionally been start-ups. It is thus with respect to this stage of business development that their training and support programmes are most mature.

Clients needing highly sophisticated levels of information and support, are generally referred elsewhere – to the BDC, for example, which (as noted above) has enhanced the support facilities it offers to women entrepreneurs. WEI organisations observe, however, that there is a relatively small number of women in technology-intensive businesses, and that many of these have the confidence and resources that make them more independent than the typical women entrepreneur. It is, however, debatable whether such 'hard to reach' groups should be specifically targeted by WEI centres.

One of the limitations of the WEI, in supporting growing women's businesses in general, is the \$100,000 ceiling on their loans. WEI organisations have proposed that loan limits should be raised to \$250,000 (from \$100,000). Larger loans are seen as filling the gap between the WEI limit and the programme of the BDC, which indeed offers women sums of \$250,000 plus. Venture capital usually starts at funding levels generally ranging between \$250,000 and \$2m. Given the cautiousness of banks in their lending, an increased WEI limit is also seen as providing an opportunity for more partnering with traditional lenders and other financial organizations in support of the more substantial (or technologically sophisticated) businesses.

As the quality and experience of staff in WEI organisations has been developed, initiatives are underway to provide a more 'sophisticated' level of support to growth clients - such as offering additional services to expansion clients. These include targeted programmes and partnerships with other organizations (see for example, **Case Study of**

WEC Manitoba – Section 7). AWE (Alberta) has pointed out that the in-depth knowledge of present staff concerning specialized resources available within the banking system, enables it to direct their growth clients appropriately. It argues that, without such knowledge, these resources would be difficult for clients to find. WEC (Manitoba) through its ‘In Time’ programme is addressing this issue by providing funding and references for clients who needs specialized advice (e.g. legal, financial, property leasing, and assets). Increased levels of partnerships with other agencies may also address some of the needs for more advanced support. This could include programmes with existing WCBSN members such as the CBSCs, other agencies, or banks such as the BDC.

5.12 Client motivations and level of satisfaction

The main reasons given for contacting the WEI were: to seek assistance relating to start-up (22%); education materials and information (19%); financing (16%), obtaining help with preparing a business plan (8%); and business development advice (7%). While only 4% actually referred to the fact that the WEI was targeted upon women as a reason for their making contact, the research is inconclusive as to the importance of this consideration.

The service quality ratings available from the Impact study (Equinox 2002) indicate strong positive views of the WEI organizations service delivery, with **three out of four clients agreeing that they had found the services useful and would use WEI organization services again.** Focus group responses indicated a high level of satisfaction with the information, advice, training and start-up loans offered. They are seen as addressing the specific barriers women entrepreneurs continue to face related to business start-up and growth, including access to capital, providing gender-sensitive and appropriate services (including small loans) for women entrepreneurs.

5.13 Assessments of Impact

Although WEI organisations routinely carry out client satisfaction surveys, some would like to be able to collect results-based information (e.g. what has been the impact of their services/loans), but need the resources and appropriate measures to do so. The WEI organizations are also engaged in a multitude of partnerships with a wide range of partners, but there is no formal collection of information concerning the range or the value of these. Thus the available information upon impact is limited at present.

Bearing this fact in mind, **evaluation findings** can be summarised as follows:

Survival

- While comparisons are difficult, the failure rate was found in the study to be generally lower than averages reported in a number of recent studies. For example, WEC (British Columbia) reports that almost two-thirds of its business start-ups are still alive after 5 years.
- Orser and Riding (2006) found that WEI loans (in the owners’ view) saved firms from failure in one-third of the cases.

Job creation

- The 539 loans advanced by WEI organizations had advanced by the time of the study have been associated with the creation/retention of an estimated 797 full-time-equivalent jobs (an average of 1.48 jobs per loan) and helped facilitate expansion of the corporate and GST tax base in Western Canada (Orser and Riding, 2006).
- The Programme figures (see **Appendix**) indicate that the 1000 loans that have been accepted for the five-year period 1999-2004 were associated with just under 2,400 jobs created/maintained (2.4 jobs per loan).
- A larger number of established frequent-contact businesses had added employees since they began using WEI services, compared with control firms at the same stage of development (26% vs 6%) (Orser and Riding, 2006). The number of employees per expanding firm was also somewhat larger among WEI frequent contact firms (2.54 FTE jobs vs 1.88).

Other benefits

- Economic impacts with a ratio of 9:1 were reported i.e. \$22.4 million in loans resulting in approximately \$200 million of business (Equinox, 2002).
- Over 15% of clients reported that WEI's counselling and training had saved them from entering a business with poor prospects of success.
- In around twice the number of firms as experienced job gains, the loans facilitated expansion in the lines of business and/or markets; while 56% reported the loans had helped them to establish a relationship with a commercial lending institution.
- 'Additionality' measures were attempted, through questions that sought to assess alternative credit available to the firms, yielding an approximate figure of 60%. This figure, and the one calculated for jobs created/retained by loan size were found by Orser and Riding (2006) to be commensurate with those relating to other loan schemes targeted on small businesses.

6. Some lessons from experience

Orser and Riding (2006) recently summarised some of the issues and requirements emerging out of experience with operating women's centres in Canada. These fall into three broad categories, research needs, policy and programme requirements and actions to facilitate communications and partnerships within the sector. They largely relate to the system as a whole – individual centres, their relation to each other and to government, and the development of an effective policy framework.

The present research has sought to identify practical lessons at the level of the individual centres, based upon operational experiences, and these are also identified for their potential contribution to designing a model for the UK.

6.1 Research

It widely argued that the knowledge of the sector is limited, and that this hampers effective intervention to support women's enterprise. In particular, research is needed on: (1) women's participation in federal programmes; and (2) the heterogeneous nature of women's entrepreneurship (and therefore their requirements in terms of training etc.). Orser and Riding (2006) stress the need for rigorous longitudinal studies of both male and females and their business experience and performance, to determine gender differences and the reasons behind them, especially with respect to the various aspects of financing.

The Women's Enterprise Society (British Columbia) would appear to be distinctive among the WEI organisations for having developed a research programme to discover more about women entrepreneurs in the province and thus inform approaches to marketing and service delivery. It was through such research programmes that WES identified that only four in ten female survey participants who affirmed that it was important to have women entrepreneurs was actually able to name one. This gave rise to its preparation (in collaboration with the Women Business Owners Network) of a publication featuring 100 successful female entrepreneurs. Such research is also the basis of a multi-dimensional measure of entrepreneurial success with regard to women that the organisation is currently advocating.

Orser and Riding (2006) argue that WEI centres too often operate outside the intelligence network relating to their activity. Developing research capability at the level of the centres would not only provide information targeted upon their marketing etc, but would also be a means by which the centres could tap into the wider body of knowledge relating to female entrepreneurship.

6.2 Policy and programmes

- Evaluation criteria should be built into programmes at their inception based on appropriate benchmarking etc.
- Both between and within gender groups, 'one-size fits all' approaches are inappropriate because of divergent client needs, and support services thus need

- to be tailored to clients' objectives, ambitions and perspectives (e.g. lifestyle motives versus growth) and characteristics (age, origin etc)
- Coordination of federal initiatives should be improved through the formation of an interdepartmental oversight committee that will ensure, via extensive consultation and monitoring, a comprehensive framework for women entrepreneurs, both generally and for specific sub-groups
 - The creation of (1) an Office of Women's Business Ownership at federal level with sufficient influence to ensure that initiatives by different agencies are implemented, and (2) an Advisory Council on Women's Entrepreneurship, advising government and playing an advocacy role on behalf of women entrepreneurs
 - Federal departments and agencies should establish strategies for communicating programme offerings to women entrepreneurs and set tangible objectives for awareness
 - Gender-based programmes are needed to support women business owners and review is needed of content and approach of existing programmes (e.g. relating to exporting) from this perspective
 - State benefits should be available to self-employed women in the same way that they are available to workers, and national early learning and early childhood programmes should accommodate the needs of women owners who are also primary caregivers
 - The federal government should provide breakdowns of data for public procurement contracts to allow identification of the relative position of women-owned businesses, and a set-aside procurement programme should be introduced for women business owners, similar to that operating in the USA.

6.3 Communication and partnerships. To overcome problems of lack of awareness among women of the various support programmes on offer, the importance of the following measures is recognised:

- (1) the development of a web portal targeted upon women, to act as a clearing house of research, data and information on women's entrepreneurship;
- (2) the use of federal publications and marketing tools, specifically to show positive female role models working in non-traditional areas; and
- (3) the facilitation of greater communication and interaction across business women's associations operating at national and local level.

6.4 Lessons from individual WEI centres

Incubators. One problem at the early start-up stage is that starters really need constant contact, yet are reluctant to come and ask for advice too regularly. Some fail as a result. An infrastructure initiative that would help is some form of incubator complex. A complex of 6-10 small offices/units, located at or alongside the women's

entrepreneurship centre, would facilitate the kind of ongoing delivery of advice and support that gives confidence and allows the range of skills to be developed that significantly improve chances of survival at this vulnerable stage. Businesses would pass through, rather than stay for a lengthy period, thus vacating space for new entrants. The presence of other start-ups at different stages of the learning process would provide opportunities for sharing of experiences and transfer of knowledge. Such facilities are difficult to incorporate into support centre facilities once they have been set up, and ideally need to be built into the centres infrastructure at the outset.

Funding for the centres. CEOs stress the importance – in terms of planning, team-building etc. - of having been the recipients of operational budgets committed for a five-year period. Annual budgets or pressures to raise money from user fees, sponsorship etc. is seen as diverting energies from core tasks and thus reducing quality of support, and thus effectiveness. As one CEO stated:

Don't start if you are going to have to chase funding. If the government wants to do this, then it has to commit to maintain it over the longer-term. As the centres develop, they only grow in their quality needs – if you want to properly support women entrepreneurs, then you have to address their real business needs – including psychological support – the capacity for which is only developed over time. You have to offer a consistent service and maintain a stable team; you can't vary offerings from year to year because of funding uncertainties.

The experience of Canadian WEI organisations is that funding from business or local government is 'only ever going to be a small part of the cost of activities', and while there are benefits in some of the partnerships developed in this way, it is vital that funding is consistent and long-term.

Business Analyst capability. The quality of business analyst staff is stressed by CEOs, both in terms of undertaking basic start-up work, but more particularly with respect to moving into the area of supporting businesses to achieve growth. See **Case Study of Women's Entrepreneurship centre, Manitoba – Section 7**

Multi-disciplinary support. The type of support needed in helping women to acquire the necessary skills, and overcome the barriers, associated with business start-up and growth is wide-ranging. There may, for example, be psychological issues relating to partners, or childcare matters, needing to be resolved before the woman can move forward with a business idea. Co-location of specialist ancillary services is recognised as allowing business analysts the opportunity to focus upon the more purely business aspect of their work with the client. Much time is spent on accounting issues, which many women find challenging. Outsourcing this work to specialist accounting supplier would similarly allow Business Analysts to concentrate on the areas where they have particular expertise. Loan aftercare work falls into the same category.

Co-location is especially useful, given the considerable need for exchanging information within such support 'teams'. Western Canadian WEI experience suggests that drawing

together such multi-disciplinary teams, perhaps through outsourcing to specialists, should be considered at the stage of establishing such a centre.

In the context of supporting growth businesses, the need for women's enterprise support centres to be effectively linked into a network of specialists - with good knowledge of the process to which they are contributing - is arguably further enhanced. Outside accounting skills are normally needed to advise on funding via community angels, while specialist knowledge relating to exporting is required if firms are to export from birth, as is increasingly feasible.

7. Case Study: Women's Enterprise Centre, Manitoba (WEC)

WEC is chosen as a case study since it was identified by the Government (Prime Minister's Taskforce) as a best practice example; it is widely regarded as particularly proactive in the field. It was formed in 1994, and when its Winnipeg offices opened, it was the first centre of its kind in the country. Manitoba is a relatively small province, in terms of population (1.15m, or around one-thirtieth of the national population), yet geographically very extensive (i.e. much greater than the whole land area of the UK).

7.1 Development of staff profile

WEC has an establishment of 11 professional staff, including: a CEO, five Business Analysts, three Managers (Client Services, Finance & Administration, and Loans), and two Administrators (Database/loans and Services Coordinator). The quality of the staff at WEC has been upgraded through a deliberate policy of internal training and 'hiring up' (replacing staff that leave with ones more qualified/experienced). The required competences for Business Analysts have been elevated since the early days of WEC. Each is required to have Apex (international) certification (which relates to the consulting process rather than content), and additionally has been systematically developed professionally - in terms of required skills sets and also in relation to their designated area of specialism. This latter professional development is pursued through self-learning. The staff development strategy has allowed improvements in delivery of advice on an individual basis, while also giving capacity in specialist areas, thus increasing the ability of the team to address the more complex business support cases (e.g. business succession) through assigning multi-skill teams to particular cases.

This upgrading of in-house staff capabilities has put WEC in the position where it can contemplate moving more towards focusing upon growing firms over the next few years than would appear to be the case with other WEI organisations. This shift in focus has been planned, via the organisation's own comprehensive Action Plan. It has entailed revising the marketing plan, convincing its Board, developing specialised external consultant partners and developing special communications initiatives, such as the forthcoming Forum. This is geared to growing businesses, and features successful entrepreneurs as speakers, along with those addressing issues such as overcoming the 'women as imposters' syndrome, that (it is argued) affects women's business confidence.

7.2 Programmes and activities

While most of the formal activities (seminars etc.) are delivered in Winnipeg, one business analyst is based in The Pas, in the north of the Province, while another makes monthly visits to Brandon. Such activities have generated awareness and a rapid increase demand for services. While some seminars etc can be arranged in such locations (such as those delivered in association with Assiniboine Community College), the demand is mainly being met through use of technology. WEC now has the ability to deliver seminars and conduct meetings using video conferencing facilities installed in training rooms in 16 locations around Manitoba.

Seminars and workshops relating to start-up cover the following topics – business plan development, business concept and market research/analysis, marketing and operations planning, financial planning, with more advanced sessions covering these and further topics (such as administration, human resources, recruitment, customer service, office and information skills and, marketing networking and sales/advertising. Charges are \$10 (introductory) and \$20 per two-hour session. Details relating to these offerings (as well as those of the other WEI centres) are readily available on their websites.

For more established women entrepreneurs (i.e. with a minimum of three years in business), an 'Experience speaks' programme is available. A maximum of 20 participants, led by a member of Certified Management Consultants of Manitoba, focus upon topics such as developing a strategic framework for expansion, growth through technology, market leadership strategies, staff relations and attracting investors. These two-hour sessions are charged at \$50 each, with discount for those opting for the full package. This initiative, introduced in 2006, has been highly praised by participants (participant evaluations), who also regard the sessions as especially valuable in developing their network of business contacts.

WEC has also recently developed and launched a programme to help women develop their markets outside the province, including overseas. 'Expanding your market – women talk cross-border trade' is a full day's learning and networking event providing information on the resources needed for exporting. Elements of the International Trade Training programme, 'Going Global', have also been adapted to the needs of women, and are being introduced as a regular component of WEC training.

One particular initiative, developed in 2003-04 and called 'In-Time Solutions', provides specialist support to loan and business services clients whose businesses may be at risk, while there is also a high level management consultant seminar offered on business valuation.

7.3 Quality of service

There is some indication that WEC's lending procedures may be relatively stringent alongside those of community and rural agencies operating in the province. Its policy is to lend to the extent that funding will create successful enterprises, and the organisation seeks to assist in achieving this outcome by providing more advisory support time per client than banks. It takes great satisfaction from the quality and thoroughness of its work in relation to developing clients' business plans. An important part of its advisory service is recognised as discouraging people from starting a business who are unlikely to succeed.

7.4 Financial resources and accounts

In 2006-07, Western Economic Diversification 'operation fund' contributions to WEC were \$998,000; this income source is regarded as relatively secure, but has tended to fall somewhat behind inflation in recent years, causing a degree of resource pressure. In addition, WEC receives WED funding for three specific projects (*Energise your Enterprise*, *Heightened Awareness*, and *Youth Initiative*), amounting to \$132,000. Relatively little

income is derived from fees for services (\$21,000). Adding loan and bank interest, plus credit recovery (\$241,000), produces the figure for total revenue of \$1.35m.

Expenditure from the 'operational fund' broke down into governance, general facilities and administration (\$445,000), client services (\$422,000) and loan client care (\$131,000). Around 60% of the operational expenses are devoted to wages, benefits and contracts. Total expenditure (allowing for \$132,000 for the special projects, plus credit losses (\$202,000) and collection costs (\$11,000) in 2007 came to \$1.34m.

WEC's current assets consist mainly of cash (\$2.14m), supplemented by items such as accounts receivable and tax rebate, to yield a total of \$2.26m. Taken with loans receivable (\$1.71m) and capital assets, total assets for WEC in 2007 stood at \$4.05m; net assets \$3.84m.

WEC recently initiated research on the prospect and feasibility of increasing its revenue base to support expanded programme and service delivery. This shows that opportunities to achieve this exist in developing new projects and special initiatives, and expanding collaborative activities. WEC has, accordingly, been working to increase the involvement of stakeholders, leading in collaborative ventures such as the Youth Entrepreneurship Project and Export Project. There is considerable activity also to create awareness of WEC and what it can offer among other service providers, with the aim of increasing cross-referrals. WEC has recently instituted a survey among potential clients to discover the extent to which women in the province have (a) heard of, and (b) would be prepared to use WEC. One of the aims of this exercise is to gauge the effectiveness of its awareness-raising activities.

7.5 Measures of activity

In the most recent year for which data is available (2006-07), the WEC put on 92 seminars (1,140 participants); received 153 business plans; approved 28 loans of which 24 were accepted (value=\$842,000); assisted in the start-up of 15 new businesses; and recorded over 31,000 website visits.

WEC measures indicate that its activity for the year has resulted in 82 FTE jobs and \$897,000 leveraged from other financial institutions – slightly more than the amount loaned by WEC. These results contribute to a total of 2000 business plans received and \$10.5m in loans approved in the 12 years since the WEC's inception.

People consulted during research

Sandra Altner, CEO, Women's Enterprise Centre of Manitoba, Winnipeg

Laurel Douglas, CEO, Women's Enterprise Society of British Columbia, Kelowna

Professor Barbara Orser, Telfer School of Management, University of Ottawa

Laura Small, CEO, Women Entrepreneurs of Saskatchewan Inc., Saskatoon

Julie Weeks, Executive Director, National Women's Business Council, USA

APPENDIX

WEI Program Performance - April 1 1999-March 31 2004

	MB	SK	AB	BC	Pan West
BUSINESS SERVICES					Total
total # client contacts*	70,486	19,938	106,919	28,368	225,711
total \$ leveraged*	8,646,218	9,310,692	5,480,660	9,654,833	33,092,403
Business Advisory Services					
# of clients receiving business advisory services*	1,912	2,715	4,083	5,209	13,919
# of business advisory appointments	7,989	13,741	15,821	17,964	55,515
\$ leveraged (no WEI \$'s)*	1,460,900	2,951,864	3,426,706	1,472,800	9,312,270
Lending					
# of applications received*	259	166	565	577	1,567
# of loans approved*	112	150	284	333	875
# of loans accepted	193	249	263	293	998
\$ value of loans approved and accepted	6,194,642	8,106,515	6,507,228	6,430,967	27,239,352
# of new business starts*	40	60	119	127	346
# of purchases existing businesses*	5	30	1	28	64
# of business expansions*	52	55	98	98	303
\$ leveraged from other sources (with WEI \$'s)	7,444,818	6,430,653	2,041,800	8,182,033	24,099,304
# of jobs created/maintained	557	508	635	688	2,388
\$ loans in default	N/A	N/A	N/A	N/A	N/A
\$ loans written off	76,621	500,472	638,335	1,516,953	2,732,381
TRAINING AND SKILLS DEVELOPMENT					
total # participants receiving training services	11,934	11,673	17,086	7,588	48,281
# seminars and workshops	874	1,116	1,335	897	4,222
Mentoring					
# of participants*	131	112	178	77	498
Information Services					
# of inquiries for business information	83,140	19,579	88,144	24,192	215,055
# web site hits/inquiries*	20,924	90,086	127,500	234,190	472,700
MARKETING/VISIBILITY					
# of events sponsored/hosted*	47	61	53	30	191
# of events attended*	257	144	491	118	1,010
# media mentions (paid and unpaid)*	1,590	529	2,067	4,141	8,327
# speaking engagements*	94	55	274	65	488
# of trade shows (with booth or sponsorship)*	22	56	108	36	222
# of publications produced*	39	39	41	86	205

* Statistics measured beginning April 1, 2001.

WE Initiative April 1, 1999 to March 31, 2004	# of loans	\$ value	jobs created/maintained
AB	263	6.5 mill	635
BC	293	6.4 mill	688
MB	193	6.2 mill	557
SK	249	8.1 mill	508
Pan West Totals	998	27.2 mill	2388

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Case Study of Sweden

I Summary

- Entrepreneurship policies in Sweden tend to be targeted on particular groups, as opposed to the existence of more generalist policies to raise the level of enterprise. The Ministry of Industry, Employment and Communication is responsible for SME policy, with business development policy implementation primarily carried out through the agency NUTEK.
- The 2004 Labour Market Survey indicated that around a quarter of the self-employed in Sweden were women, although the proportion of women starting new businesses is growing steadily – from 25% in 1995 to 32% in 2004. These figures are roughly the same as those for the UK.
- GEM ranks Sweden as below average for female entrepreneurial activity, with particularly low levels of necessity entrepreneurship among women, partly accounted for by the well-developed equal opportunities policies applying to employment legislation.
- The weight given to equal opportunities has also led to the promotion of women's entrepreneurship being given high priority and a relatively high level of funding. The current target is for 40% of new start-ups to be accounted for by women by 2010.
- In 2007, women's entrepreneurship policy underwent a major review, which has led to the creation of new initiatives, about which little information is currently available. However, policy is generally shifting away from simply encouraging greater levels of start-up by women towards greater involvement of women in business ownership and leadership more generally, and promoting higher levels of job creation in women-owned businesses.
- Swedish initiatives to support women entrepreneurs were initially based on research showing that women were more unwilling than men to use 'traditional' support organisations and banks, as many felt that they were not taken seriously or that advisors did not appreciate their circumstances.
- The main NUTEK initiative launched in the 1990s was Business Advisors for Women, using female advisors (often entrepreneurs themselves) in a one-stop-shop environment. Advisors discuss all aspects of business, including how it interacts with family life. The programme emphasises high levels of training for the advisors, particularly through networking amongst themselves.
- Other existing initiatives aimed at women entrepreneurs include:

- scope for unemployed women (in some cases) to keep their insurance benefits for a full year when starting a business, if the enterprise is judged 'durable'
 - a Special Fund for Women Entrepreneurs, which combines the offering of relatively small loans (under around £8,000) with the opportunity to access advice, business development training and mentoring;
 - The Network Banking Initiative, which offers a similar mixture of microcredit and support for networking among women business owners.
 - Disa, a subsidised intensive coaching programme of 30 hours duration covering issues specific to the business, accompanied by six half-day seminars, chosen from a broad range, on general business topics.
 - Resource Centres for Women, undertaking entrepreneurship work as part of a wider concept of women's development. The GROWth in Your Region approach to regional support infrastructures attempts to set entrepreneurship within a broader developmental context, both socially and in terms of geographical scale.
 - The new Women Ambassadors initiative uses successful women entrepreneurs as both role models and mentors/coaches, aiming for longer-term in-depth support for entrepreneurship.
- Initiatives introduced in 2007 include:
 - Policies aimed at business development, including a specific programme to encourage innovation among women entrepreneurs, including a financing package.
 - More awareness-raising schemes to improve public attitudes towards female entrepreneurship, including greater use of role models, and making networks more accessible.
 - More research on women's entrepreneurship, including more gender-disaggregated statistics.
 - Deregulation of business ownership in the care sector, which is heavily female-dominated, in order to encourage more women-owned businesses to be set up in the sector.
 - Impact assessments of initiatives are generally lacking. More emphasis is placed on good practice dissemination than numbers of start-ups or growth in revenue among supported businesses. The two aspects of NUTEK's programmes most suited for transferability (according to an EU report) were the use of women advisors to support women clients and the creation of a network which ultimately became more widespread than envisaged and largely self-sustaining. The local and regional flexibility of the advisors was also commended.

I Policy background

Although Sweden has put in place a substantial structural framework and devoted considerable resources to this area, it has no entrepreneurship policy, per se. Instead, it is embedded as a line of policy action in the SME framework. In fact, the major focus is on industrial or growth policy, although the SME sector is certainly of some importance with respect to employment. The Ministry of Industry, Employment and Communication is responsible for SME policy and three agencies implement policies - NUTEK (Business Development Agency), VINNOVA (responsible for innovation, technology transfer policies etc) and ITPS (responsible for policy intelligence, evaluation etc.). Many policies aimed at fostering entrepreneurship are targeted at particular groups (e.g. women, young people and immigrants), with the national priority being to establish an appropriate environment for business formation and growth, rather than specifically targeting expenditure on SMEs or enterprise. For political reasons, the promotion of women's entrepreneurship has received considerable attention.

The World Bank's *Doing Business* league tables rank Sweden as one of the easiest countries to start a business, at 21st out of the 178 countries analysed, taking around 15 days on average and with only 3 procedures to complete. The major barrier to business development is in the employment market, with the generous labour laws leading to higher rigidities in hours worked and the difficulty of firing employees.

GEM (2007) puts Sweden below the average of all high income countries for entrepreneurial activity among both men and women. Only 2.4% of women are engaged in early stage entrepreneurial activity, and a further 4.0% are established business owners, coming to a total female entrepreneurial activity rate of 6.4%, compared to the average of 7.0% for high income countries. It also has one of the highest levels reported for the female opportunity to necessity ratio – i.e. the ratio of women business owners who start a business to exploit a market opportunity to those who start a business because of a lack or inadequacy of other employment options. In Sweden, nearly 17 times as many women start a business for 'opportunity' reasons as out of necessity, indicating the relatively equal opportunities available in the Swedish labour market for women compared to many other countries, including generous allowances for childcare which facilitate

The Swedish government's most recent submission to CEDAW notes that the occupational labour market in Sweden is still strongly gender-segregated, particularly in the IT sector (CEDAW, 2006). The 2004 Labour Market Survey indicated that around a quarter of the self-employed in Sweden were women, although the proportion of women starting *new* businesses is growing steadily – from 25% in 1995 to 32% in 2004. These figures are roughly the same as those for the UK.

The entrepreneurship programme instigated by the government in 2002-04 included a number of measures aimed at increasing business ownership by women, including specialist business advisory services and the training of more women business advisors, a

move which, the report states, has proven to be 'a successful way of reaching new target groups among women' (CEDAW, 2006, p45). The geographical reach of support has been improved by the establishment of 130 resource centres for women around the country, with SEK51m (€5m) of funding in 2005, while the public sector finance company has increased lending to women entrepreneurs, mostly as a result of introducing microloans in addition to the specialist loan for women business owners introduced in 1994.

2 Initiatives aimed at women

Government commitment to women's entrepreneurship - based upon political factors and perceived contribution of such a policy to regional development objectives - has resulted in reasonable funding provision for promoting women's entrepreneurship. NUTEK's approach was to develop a broadly conceived policy towards women, based upon findings from extensive research into the experience of women in relation to setting up a business, obtaining finance etc. This included evidence that women tend to be unwilling to seek advice from traditional business advisors/organisations and are hesitant to approach banks. Respondents reported not being taken seriously (or even treated respectfully in some cases), and that the advisors often did not appreciate their circumstances. Female advisors were generally preferred.

A policy emerged, very much focused upon women, incorporating a number of facets:

- advice and information for women
- financing issues
- 'making women entrepreneurs visible' (to each other through networks, seminars, statistics and role models), and
- developing knowledge through a research agenda, pilot projects and bottom-up initiatives

[*Svenskt Navingsliv*, Confederation of Swedish Enterprise; see L Nyberg, paper presented to European Forum on Women's Entrepreneurship, Brussels 28/03/03]

NUTEK coordinated a substantial programme, with matched funding/resources from counties and (62) municipalities, launched in the mid-1990s, called Business Advisors for Women. It utilises female advisors, many of whom already have a business of their own. Apart from advising women on start-up, their role includes working to influence prevailing culture by developing a more professional image of female entrepreneurship. NUTEK plays a key role in laying down the guidelines and training (certificating) the advisors. Advisors meet women in their own surroundings, discussing all aspects of business, including how it interacts with family life. This operates virtually as a 'one-stop shop', especially as the advisors could draw upon the network of advisors for assistance.

Other initiatives supporting female entrepreneurship have also involved systems coordinated by NUTEK (in collaboration with ALMI, Businesspartner AB, and local authorities) designed around the special circumstances of women. Taken together they amount to a fairly comprehensive range of measures supporting female entrepreneurship, but they are not coordinated as such.

- Unemployed women can in some cases keep their insurance benefits for a full year when starting a business, if the enterprise is judged 'durable'.
- ALMI Företagspartner AB administers a Special Fund for Women Entrepreneurs that recognises that many females - either because they did not want to establish a limited company, or wanted only a relatively small loan - had previously been excluded from such support. Their business idea has to be based upon long-term

profitability and provide at least a part-time income for the owner(s); subject to meeting these requirements, all types of business are eligible. The loan facility (eligible for new and existing firms; amounts up to 50% of capital required) is very often combined with advisory services and business development training. An example is the mentoring program that matches novice women entrepreneurs with experienced mentors in order to strengthen their management skills and entrepreneurial decision-making. In response to demand, the amount available to entrepreneurs from the microloan fund has recently been doubled, to SEK100,000 (£8,200).

- NUTEK, on the basis of research findings regarding the difficulties faced by women in accessing the loan market, has worked with banks to encourage them to develop specific courses and seminars relating to effectively supporting women. A novel initiative is the Network Banking initiative in Dalarna. Modelled on a project in Norway, *Nettverkskreditt*, the scheme offers a solution to two basic entrepreneurial needs when starting a business: (1) the need for small amounts of credit and (2) the need to belong to/be supported by a group made up of similar attitudes, values and problems. [www.dalarit.se/netweksbanken]
- ALMI and Businesspartner also collaborate to offer Disa, an intensive coaching programme for women seeking to develop their enterprises. The programme involves the advisor spending 30 hours – with matching hours from the women owner - in working through a plan (similar to a business plan) and covering a whole range of issues relevant to the business. In addition, participants were offered six half-day seminars on topics relevant to their needs. The total cost to participants was €250.
- A network of Resource Centres for Women located around Sweden offer general support for women, focused upon local requirements, needs and conditions. These centres undertake entrepreneurship work as part of a wider concept of women's development. This broader context is represented in the GROWth in your region partnerships, where the development of the regional support infrastructure is supported by wider networking and planning activity at regional level and between regions. The novel aspect of this approach is the attempt to set entrepreneurship within a broader developmental context, both socially and in terms of geographical scale.
- A relatively new programme is related to the promotion of 'women ambassadors' – successful female entrepreneurs who both act as role models and undertake some mentoring and coaching activities. The intention is that this programme should provide more in-depth support over a longer-term, rather than simply being aimed at a short-term boost to the numbers of women entrepreneurs.

The new target for female entrepreneurship, announced in 2007, is to achieve a proportion of 40% of *new* business openings to be accounted for by women owners by 2010. This is intended to be achieved through a fivefold programme, building on the work detailed above:

- Information, advisory and business development, including innovation and business development, diffusion of best practice models, guides and advisors. This includes a specific programme to encourage innovation among female entrepreneurs.
- Coherence with national programmes (entrepreneurship and mentor programmes).
- Financing, including funding for innovation and the encouragement of women participating in networks, analysis of investments and service innovation.
- Attitude towards women entrepreneurs and role models (making women entrepreneurs more visible, promoting role models and making networks more accessible).
- Research programmes regarding women entrepreneurship. This includes more detailed gender-disaggregated statistics.

[Taken from DAMWAD, 2007]

In addition to these measures, business ownership in the care sector has been deregulated to allow a greater degree of private ownership, partly with the specific aim of promoting a greater number of female entrepreneurs, since employment in the sector is heavily female-dominated.

On the whole, however, there is a shift in emphasis in Swedish policy from women's entrepreneurship towards encouraging more women business owners and women-led enterprise – i.e. not just encouraging greater numbers of women to *start* business but emphasising the involvement of women in business more generally. In addition, there is now greater importance attached to encouraging women-owned businesses to create jobs, rather than simply generating growth in turnover, profits etc.

3 Evaluation/research into initiatives

The evaluation of NUTEK's business advisors programme has been somewhat hampered by the omission of explicit quantitative objectives from the initial specification of the initiative and the lack of baseline figures for comparison. Instead, evaluation concentrated on more qualitative aspects of the implementation of the programme and, in any case, many of the outputs were intended to be non-quantitative (e.g. changing attitudes towards women-owned businesses and female entrepreneurship), which may have indirect knock-on effects on quantitative outputs. As a consequence, at least in the early phase of the programme, there are few concrete success measures. The best that could be provided to the EU Peer Review of 1999 (EU, 1999) was an estimate, based on information from advisors, that around 1,000 businesses had been established as a result of the first three years of support offered by the programme. There is little evidence that formal evaluations have subsequently been carried out and published, with most evaluation work dedicated to improving practice rather than enumerating outputs and outcomes.

Presentations by NUTEK representatives at the Nordic Conference on Women's Entrepreneurship and Regional Development (October 2007) provide some indication of the scale of the initiative. From 2001-06, NUTEK contributed SEK65m (£5.3m) in basic running costs of the centres, and a further SEK142m (£11.6m) to development projects within them, matched by SEK300m (£24.5m) of other funding. In 2007, basic operational funding for the 160 centres in operation across Sweden amounted to SEK10m (£800,000 – i.e. £5,000 per centre), with a further SEK26m (£2.1m) for projects. In total, including match funding, projects in resource centres had a budget of SEK120m (£9.8m).

More important than quantitative progress, at least initially and according to the advisors themselves, are the gradual change in attitudes – especially in light of obstructiveness of conservative elements among the municipality representatives, who have reportedly slowed progress in some areas - and the establishment of networks among female-owned businesses. The Peer Review observed that, had the advisors been employed by NUTEK, a national body, rather than at the local level, they would have been less hindered by local elements.

The Peer Review also discussed the aspects of the programme's good practice which would be most transferable to other countries. Two main factors were highlighted. First, the use of women advisors to advise women business owners was singled out, with some reviewers admitting that they had been sceptical about the importance of this factor, but had been won over by how it had been put into practice and achieved positive results. Indeed, the advisors themselves have developed their own competencies as a result of the programme, and become more effective in their provision of advice and support. Second, reviewers praised the formation of a (mainly electronic) network which had become more widespread and integrated than originally envisioned by NUTEK, and ended up as one of the more important factors leading to

the programme's success. Reviewers also mentioned the ongoing evaluation and feedback into the programme (which is often paid lip service to by other programmes, but was actually implemented by NUTEK), and the local and regional flexibility afforded to the advisors.

There has also been an evaluation of the pilot phase of Disa, the coaching programme run by ALMI (Tillmar, 2007). A total of 15 businesses participated, although recruiting businesses proved slightly problematic – at least one business noted that they would rather participate in a training programme open to all, rather than be effectively ghettoised in a project purely for women. The programme was also seeking women-owned businesses with 'growth potential', explicitly rejecting those which served a local market, which tended to deter some participants who may have applied, and led the organisers to reject some who may have qualified. The participants reported a high level of satisfaction with the coaching, which was highly customised to their own circumstances, although they would have appreciated more opportunity to network during the seminars. However, it should be noted that, due to the low cost, their initial expectations of the programme were fairly low.

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