

SMASHING THE START-UP STEREOTYPES

Entrepreneurs are having a moment, but there are still plenty of challenges for the women creating their own businesses. Story by **David Swan**

The pandemic has generated a wave of structural change, including new opportunities – and obstacles – for our start-up and venture capital sectors. For women, who have long been under-represented at the deal table, the renewed level of enthusiasm for our tech ecosystem will hopefully bring with it a flood of fresh funding. But as things sit right now, who's getting the start-up capital, and why? Where are the challenges, and where can we improve?

'There is a persistent narrative that women undersell themselves, that they don't pitch the bigger vision and tend to want more experience before they act'

Lauren Capelin
Principal, Startmate
(Start-up accelerator)

"Women are on relatively equal footing with men when it comes to their chances of raising (capital). The more important marker is the level of ambition and vision, matched with execution capability, that they bring to the pitch.

"There is a persistent narrative that women undersell themselves, that they don't pitch the bigger vision and tend to want more experience before they act. There may be gender-driven inclinations towards those behaviours, but I don't think reinforcing this narrative and pointing out these differences is very helpful. As investors, if we can assume the same baseline of competence and vision across the board, it's then up to us to demonstrate belief in the founder and support them up that curve.

"The biggest challenge for women raising right now is that there aren't

enough women allocating capital in a meaningful way in market. Most funds are raised by men, most VCs are men and most angel investors are men. This is slowly changing, but we need a rapid shift to bring it about faster, whether it be through a radical change in the SI (sophisticated investor) test, or focusing on opening up career pathways into the world of VC.

"Backing more women – whether they be emerging managers, VCs or angel investors – ultimately benefits the whole system and will help women founders get a bigger slice of the pie."

'This is such an exciting time for start-ups, such an exciting time to be deploying capital, but the number of female founders has just plummeted. It's just kind of gone off a cliff'

Rachael Neumann
Founding partner, Flying Fox Ventures
(Venture capital)

"There's never been a better time to be a founder. The amount of private capital that is available, the orders of magnitude in which it's being deployed, and the speed at which it's deployed is just astounding, and I think really exciting.

"Some people might call it a bubble, but I think it's actually the beginning of what all of us technophiles and start-up enthusiasts have been pointing to as being the beginning of the gradual movement towards start-ups and tech companies getting us out of our current problems, and bringing us into the future.

"For females, this is a wonderful time to be a founder. The power is no longer

with the investors and it's now with the founder to set prices, to get the right partners on board, and to close rounds.

"Unfortunately, the data shows and anecdotally I can say we are seeing fewer female founders at the top of the funnel. I think there's a belief that the pandemic has caused women who might have always had multiple demands on them to prioritise other things, whether that's family, home-schooling children, and the companies that we're talking to on a day-to-day basis right now tend to be men.

"And so it's a little disappointing that this is such an exciting time for start-ups, and such an exciting time to be deploying capital, but the number of female founders has just plummeted. It's just kind of gone off a cliff.

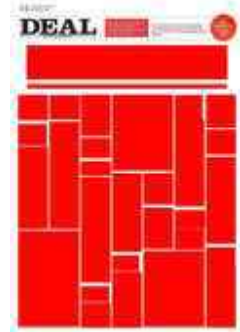
"I think it's about having a structural change, so that women can go out there. It's about getting the kids in school and keeping them in school, and if we have interruptions to schools, let's make sure that all employers of dads and mums equally recognise that this is hard and responsibilities can be better shared.

"Women often just do not have the time, energy or space to launch new companies."

'I have seen many high-performing women choose to leave the industry because it can be a toxic environment'

Mina Radhakrishnan
Co-founder, :Different
(Property management)

"One of the most important strategic decisions for us as a business was to take on venture capital to accelerate growth. We've raised three rounds of funding since launching in 2017, and it has been



critical to scale up our technology platform and for national expansion. We have been very lucky to align with strategic partners like CBA's x15ventures, Antler and AirTree who understand our mission and have been willing to invest their resources and knowledge to help us grow, but I appreciate it's not the same experience for all.

"While the tech industry holistically is getting better, there is still much more work to be done to create an equitable workforce for women – not just in terms of raising capital but for women working in the tech industry. I've worked in both Australia and San Francisco and I have seen many high-performing women choose to leave the industry because it can be a toxic environment, riddled with pay gaps and a lack of opportunity to advance, often due to a lack of diverse leadership.

"We need to stop perpetuating the myth that lack of diversity in technology is a pipeline problem, and instead focus on increasing funding to under-represented minorities (not just women) and reward companies who hire diversely and create supportive environments.

"The other part of the challenge when raising capital is the need for more venture capitalists to invest in pre-revenue, early-stage rounds. While it is great to see more local VCs come to the table, most of the money continues to go to the more established start-ups. Some big funds are being more open here, but there is still a great opportunity for investors to support small investments so companies can try something out. This will be important if we want Australia to truly be an innovation nation."

'Women-led start-ups take up to nine months longer to secure funding than their male counterparts'

Kristen Phillips
Manager, UNSW Founders New Wave Program (female entrepreneur accelerator)

"Entrepreneurship has a gender equality issue and for too long women's participation has been incredibly low. While female founders have made giant leaps forward and there is no doubt role mod-

els like Melanie Perkins (Canva CEO) are inspiring the next generation of women founders, women's involvement in the start-up sector has only increased by 3 per cent in the last 20 years. We are still nowhere near where we want or need to be, there is still a long way to go to reach parity.

"Access to funding presents a major issue. It's mind-blowing to think that women-led start-ups take up to nine months longer to secure funding than their male counterparts. Angel investors and VC companies are traditionally male-led and because of this only 5.2 per cent of global VC funding in 2020 went to female-led start-ups. Women simply don't have access to the same level of social equity as males and the Covid crisis has aggregated this further.

"Yet privately-held tech companies led by women can achieve a 35 per cent higher return on investment than those founded by men. Which is probably why NSW Treasurer Matt Kean's Covid-19 recovery plan is reliant on getting more women into the workforce. Reports show our global GDP will increase by \$5 trillion and in Australia this will grow by up to 10 per cent if we get more women launching businesses.

"That's why we set up UNSW's New Wave program – to support 500 more women entrepreneurs by 2025. Ideally, we'd like to increase that tenfold as we endeavour to level the start-up playing field and empower more women to solve real-world problems – problems that are often deprioritised as a result of the male-dominated industry."

'It's also about shifting cultural and industry expectations, breaking down stereotypes and removing bias'

Laura Keily
Founder and MD, Immediation (Dispute resolution)

"Since launching my legal tech company in 2017, I've raised several rounds of capital. I was able to do it successfully and was very well supported by our investor base, which is overwhelmingly male. Fortunately, being the only woman in a room full of men wasn't a

new experience, having spent two decades in the legal industry in the areas of corporate M&A and as a barrister in commercial litigation. Discrimination does continue for women in the legal and legal technology industry. Though the numbers may paint a picture that shows an increase in women-founded companies, it's the number who have raised, and how much they have raised in comparison to male-founded companies, which is concerning.

"We're making headway but more needs to be done to reach true equality. Access to funding is important here, but it's also about shifting cultural and industry expectations, breaking down stereotypes and removing bias for a fairer environment for all. It's why I made the very conscious decision to surround myself with both female and male leaders; in particular, our board and advisory committee combined has a majority of women.

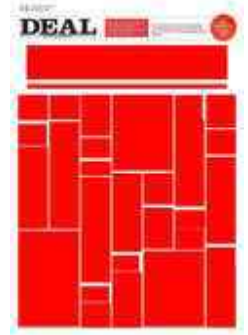
"We employ affirmative action practices in hiring staff. We meet 40:20:20 gender targets on our global panel of mediators and arbitrators and make a deliberate effort to ensure that an equal proportion of interesting briefs go to women and other minority groups."

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'Where there is a female founder at the helm, companies tend to be beautifully diverse, and not just in terms of gender, also on background, ethnicity and age'

Gabrielle Munzer
Principal, Main Sequence (Deep-tech venture)

"When it comes to building a diverse start-up ecosystem, we've observed something especially unique about female founders – they are magnets for talented women. Looking at the teams across our portfolio where there is a female founder at the helm, they tend to be beautifully diverse, and not just in terms of gender, also on background, ethnicity and age etc. So to improve the situation and create a fairer and more



thriving deep tech ecosystem in Australia, we need to look at how we can help architect the pathway for more women to become founders of the next generation of valuable companies we are creating.

“Anastasia Volkova at Regrow, for example, has attracted incredible female talent, both as employees and investors into the company. Similarly, Nancy Schellhorn of RapidAim and Jamila Gordon of Lumachain are attracting and nurturing top diverse talent.

“There’s a lot more to do. Recently, we have trialled a new model where we identify raw female talent and place them in senior roles within our existing portfolio companies. The objective is to give them experience of leadership in a deep technology venture-backed business environment and help to create a pathway that gives them certain experiences and opportunities for them to lead their own company in the future. We’re also incredibly excited that our latest entrepreneur-in-residence is a super-talented young woman.”

‘The decision-makers are predominantly men and the money is coming from predominantly men; you have to work your way around those barriers’

Alex Sinickas

Founder, Milkdrop
(Breast pump technology)

“We’re just about to close our seed round of funding. And in terms of funding up until this point, we basically have

been funded with grants or revenue through universities or accelerators, and so this was our first private capital.

“My first reflection is that I came from an engineering background. I’ve worked in corporate finance and engineering, and those were quite male-heavy already. The start-up world for women is really not that different. The challenges are similar because the structures and the culture that’s there, there are similar problems. The decision-makers are predominantly men and the money is coming from predominantly men, and so you’ve got to sort of work your way around all of those barriers.

“We make breast pumps and so we’re not just female-led, but we’re making a product that can only be used by women, for biology and physiology reasons, and so I think what that means is that when you’re going in to pitch, you’ve got to spend a lot more time explaining the problem. And what that means is that often you end up with a slightly different mix of investors than you might otherwise get.

“We found that it was a lot easier to convince people who’d actually come across the problem themselves. So women, or men who had seen their partner go through an experience with pumping and why it needed to be solved. So we ended up with a lot of women on our cap (capitalisation) table, which is great, but it could be an issue for others.

“There is this remarkable community and I think it has helped. One of the things that surprised me going from corporate to start-up world was I thought that I’d really be on my own. Actually, I’ve found that it’s almost more supportive. It’s a pretty good culture but it needs

a bit of rocket fuel in it, and then we can start to change those bigger statistics.”

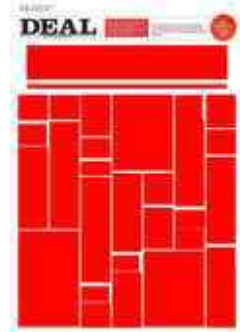
‘If a woman is too cautious, she’s unclear of what she wants, yet if she’s too bullish, she’s arrogant and therefore a high-risk investment’

Silvia Pfeiffer

CEO and co-founder, Coviu
(Video tele-health)

“When it comes to fundraising, gender bias exists. From my experience, though, most of the time this is an unconscious bias. Fundraising has a lot to do with the connection between people. The better understood a business leader is, the greater chance for investment. This means that investors are more likely to invest in somebody who is like them. Existing research has shown men dominate venture capital firms. It’s no surprise women face more difficulty securing funding.

“This disparity is also down to the level of risk perceived. When a man is confident and bullish, often they’re seen as less of a risk. However, it’s not the same standard for women; if a woman is too cautious, she’s unclear in what she wants, yet if she’s too bullish, she’s arrogant and therefore a high-risk investment. Fundraising is a difficult thing to get right but it’s important we tackle this gender bias head-on. One way we can do this is to encourage more women into investment roles.”



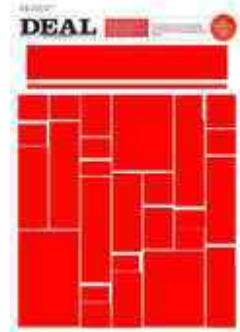
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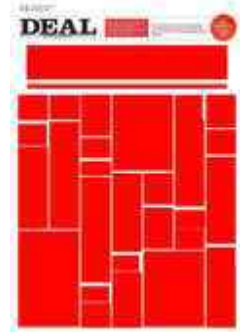


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