

# RECOMMENDATIONS TO STRENGTHEN ONTARIO THROUGH WOMEN'S ENTREPRENEURSHIP & INNOVATION

Women Entrepreneurs Ontario  
WEO Collective

November 2016





## EXECUTIVE SUMMARY

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This proposal outlines the recommendations of the Women Entrepreneurs Ontario Collective. The purpose of the proposal is to inform the government about an important but overlooked economic development opportunity. There is a gap in Ontario with regards to women-led entrepreneurship and innovation. We believe that an Ontario women-centric (run by and for women) entrepreneurship and innovation strategy will strengthen both the Ontario and Canadian economy.

These recommendations align with the Government of Canada's 2016 Innovation Agenda.

Investment in women's enterprise pays off. An Ontario women-centric strategy will contribute \$700 million in incremental revenue to the Canadian economy.<sup>1</sup> It is also "estimated that a 10% increase in the [total] number of [Canadian] women-owned firms over the next decade could result in a net economic gain of \$15 billion, and that a 20% increase in total revenues among women-owned firms would add \$2 billion annually to the Canadian economy."<sup>2</sup>

Recommendations include: (1) developing a gender-focused scorecard to report on the engagement of women entrepreneurs within the entrepreneurial ecosystem; (2) preparing a strategic business plan for enhanced support services for women entrepreneurs based on the results of this assessment and establishing a women's enterprise centre;<sup>1</sup> and (3) establishing a \$100 million women's enterprise investment fund and a \$1 million to \$2 million seed grant fund.

## RECOMMENDATION 1

### Gender Assessment of Ontario's Entrepreneurship Ecosystem

Develop a women-centric set of metrics (scorecard) to determine how women are utilizing and benefiting from existing entrepreneurship and innovation support services in Ontario. The assessment will also map and identify gender gaps in the provision and delivery of existing support services.

Reporting to the funding agency, work will be conducted by a consultant under the direction of a TBD expert Advisory Committee made up of five to six members. At least one member of the expert committee will be the President of Women's Enterprise Organizations of Canada (WEOC). This is to ensure that the experiences and knowledge of all women's enterprise centres are reflected in the assessment process and economic development plan. We also recommend that at least one committee member, if not more, be a currently active woman entrepreneur and that the committee members selected have a demonstrated capacity for objectivity. The funder, with input from the WEO Collective, will determine remaining competencies required to compose the rest of the committee.

## RECOMMENDATION 2

### Strategic Business Plan and Establishment of a Women's Entrepreneurship Centre

Based on the findings of Recommendation 1, a consultant under the direction of the Advisory Committee will create a strategic business plan that will lay out the vision, mission, strategy, tactics, budget, and implementation plan for advancing women's entrepreneurship and innovation in Ontario. The plan will build on the existing Regional Innovation Centre (RIC) Model, draw on the experience of exemplary organizations and programs like PARO, SheEO, Futurpreneur, Rhyze, Ont-SSE, and others as determined by the consultant and Advisory Committee. The plan will also consider public/private and industry partnership opportunities. The plan will include the establishment of one additional or more women's enterprise centre(s) in Ontario.

Across Canada, most regions support one or more women's enterprise centres. Women's enterprise centres (run by and for women) are viewed by clients as providing valuable, demographically relevant services. However, in Ontario, Canada's largest province, there is currently only one women-centric enterprise centre, the PARO Centre for Women's Enterprise, which is based in Thunder Bay, Ont. and serves Northern and Eastern Ontario. Recently, a handful of unique public and private sector programs targeting women have launched in response to the demand (e.g. Fierce Founders, Women On the Move, Shecosystem, and the Refinery at the Community Innovation Lab). However, it is worth noting that none of the provincially funded Regional Innovation Centres (RICS), 21 Campus-Linked Accelerators (CLAs), 11 Ontario College Entrepreneurship Services (OCEAS), or 30-plus Small Business Advisory Centres are women centric. The majority of Ontario grant and loan programs target youth and STEM sectors. Several private providers have launched in the past few years to fill the gap, but they are small, under-capitalized, and scattered.

## RECOMMENDATION 3

### **Commit \$100 million to fund equity investments and loans and \$1 million to \$2 million to fund seed grants**

Working with the government, BDC, OCE, and other relevant small business support organizations, commit \$100 million to fund equity investments and loans, and \$1 million to \$2 million to fund seed grants, both targeted at majority female-owned enterprises. The loan fund will include debt and equity (venture capital). Details of the investment fund are pending the recommendations of the proposed strategic business plan. The grant fund can be modelled after the existing SmartStart Program. In both cases, leverage to the maximum extent possible existing programs and infrastructure that are effectively serving women to avoid creating duplication.

The rationale for these recommendations, facts about women entrepreneurs, a budget for funding recommendations 1 and 2, and preliminary work plan follow. The anticipated completion date is March 2017.





## APPENDIX A. WHY ONTARIO NEEDS A WOMEN'S ENTREPRENEURSHIP STRATEGY

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- **Current program criteria are not women-friendly.** Gender diversity among SMEs enhances innovation (OECD, 2011).<sup>2</sup> One-size-fits-all policies and programming do not fully realize the economic potential of women entrepreneurs. Anecdotal evidence suggests a lack of women-led enterprises and women entrepreneurs within existing services, including Ontario Centres of Excellence, Campus-Linked Accelerators, On-Campus Entrepreneurship Activities, and Regional Innovation Centres.
- **Anecdotal evidence suggests that the masculine culture of some (but not all) entrepreneurship and innovation support agencies is not welcoming or approachable for many women.** Within Ontario's entrepreneurship and innovation ecosystem, executive leadership, advisory boards, and selection and steering committees are primarily male-dominated. Inclusion of women is typically an afterthought.
- **Women-focused business support is uneven and disconnected.** Few organizations explicitly target expansion-ready, women-owned enterprises. Absence of a women-centric entrepreneurship and innovation strategy leads to cost and impact inefficiencies plus limited knowledge and sharing of best practices. Furthermore, across Ontario, there are more than 100 enterprise centres, networks, and other groups for women entrepreneurs, most of which are local and regional. While some mainstream business support services have recently responded to criticism about the lack of women-focused programming, such programs are typically short-term, pilot, community-based, and/or small-scale.
- **Access to capital is a top priority of women entrepreneurs.** Investment in women-led enterprises is a good investment. For example, Western Canada's Women's Enterprise Initiative (WEI) manages a loan fund that supports enterprise startup and growth, and job creation commensurate with "best in class" employment creation schemes.
- **STEM focus is problematic for many women entrepreneurs.** Government-funded venture creation and innovation support services are incentivized to support rapid-growth ventures in STEM and other advanced technology sectors. Underrepresentation of women in these sectors continues despite interventions. Government must embrace an inclusive definition of innovation. Gender-friendly innovation policy recognizes creativity, the funding of services and processes (in addition to products), collaboration as a form of innovation, and technology adoption as contributors to the Canadian economy.
- **Tech orientation and ageism affects women disproportionately.** Many venture creation and innovation support services are technology, student, and/or youth focused (e.g. 59 Ontario incubators). Mid- and later-career founders ("encore" entrepreneurs) also seek support in enterprise startup and growth.
- **Social entrepreneurship is misunderstood and under-supported.** Social enterprises (for-profit/social purpose, non-profit, and co-operatives) are also disproportionately started by women. Too few established innovation and small business services adequately support social entrepreneurs. There is a need to improve access to social entrepreneur support.

- **Micro-enterprise is the entry size of most female-owned firms.** Such firms are ignored in innovation and entrepreneurship policy. Program mandates prioritize rapid and mid-sized enterprises. Women founders who seek to grow such enterprises are not well supported.
- **Lack of gender-based reporting hampers policy and program development.** Ontario Centres of Excellence funding does not require Campus-Linked Accelerators, On-Campus Entrepreneurship Activities, and other initiatives to report on client gender. Lack of gender-based reporting abrogates the responsibility of the design and delivery of inclusive leadership, business support services, and advisory boards.
- **Canada lags “best practice” nations in supporting women entrepreneurs.** Canada lags the U.S. with respect to women-centric strategic procurement and the provision of women’s business support services.
- **The 2011 Canadian Taskforce on Women’s Business Growth** reported that Canadian women business owners cite gender-related challenges in accessing equity (growth) capital.

## APPENDIX B. FACTS ABOUT WOMEN ENTREPRENEURS

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- Ontario is among the most entrepreneurial regions in the world. In 2015, 14% of Ontarians were involved in setting up a firm, higher than Australia (13%) and the US (12%).
- Ontario is home to 35 percent of Canadian businesses. A high concentration of SMEs coupled with a lack of support for women entrepreneurs negatively impacts the economy.
- In 2013, RBC projected that a 10 per cent rise in the number of majority female-owned firms in the next decade would contribute \$198 billion to the Canadian economy.
- Majority female-owned businesses are underrepresented. In 2014, 15.5 percent of Canadian SMEs were majority female-owned.
- In Ontario, 15% of males and 13.8% of females between ages 18 and 64 are engaged in early-stage entrepreneurial activities.
- Between 2007 and 2011, the percentage of majority female-owned SMEs declined slightly from 16.4 percent in 2007 to 15.5 percent in 2011.
- A lower proportion of majority female-owned SMEs (56%) experienced growth compared with majority male-owned and equally male/female owned SMEs (62% and 64%, respectively).
- Ontarian females report lower confidence in their capabilities to run a business (42%) than Ontarian males (32%).
- Ontarian females see more entrepreneurial opportunities (54%) than Ontarian males (52%) and all Canadian females (52%).

- Fear of failure is associated with the ability to see opportunity and level of confidence. Ontarian females show the highest national rate of fear of failure (52%) compared to Ontarian males (41%) and all Canadian females (47%).
- In 2011, 10% of Canadian SMEs exported goods and/or services. However, only 5.0 percent of majority female-owned SMEs exported compared to 12% of majority male-owned SMEs.

## APPENDIX C. ESTIMATED BUDGET

Item	Estimate	Detailed Expenses
Consultant Contract	\$150,000	Salary, travel, meetings, written plan, contingency
Balanced Scorecard	\$50,000	Travel, meetings, written scorecard, contingency
Project Advisory Council	\$25,000	Honararium of \$3000 (5 or 6 members) plus travel
<b>Total</b>	<b>\$225,000</b>	<b>Including HST/GST</b>







## APPENDIX D. WOMEN ENTREPRENEURS ONTARIO COLLECTIVE (WEO)

The WEO Collective is a grassroots, ad hoc committee of volunteers comprised of a diverse group of women entrepreneurs, leaders of entrepreneurship and innovation agencies, and academics who share a common goal: to advance women's entrepreneurship.

Establishment of the WEO Collective was motivated by an invitation by Premier Kathleen Wynne to assemble a team of thought leaders to brief her on how best to address barriers faced by Ontario women entrepreneurs.

To develop this proposal, the committee members, with over 270 years of experience combined, shared wisdom, expertise, knowledge, and invaluable practical experience. The Collective conducted meetings between May and October 2016. There is unanimous support for the collectively crafted recommendations herein.

On behalf of all women entrepreneurs in Ontario, Barbara, Catherine, and I wish to express our gratitude to all committee members for their tremendous generosity, grit, and spirited contribution to this work, and for their ongoing dedication to support women entrepreneurs both in Ontario and across Canada.





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## APPENDIX E. REFERENCES

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For the purposes of this report, the term “women’s enterprise centre” is used generically and should not be confused with any branded use of the term.

- 1** RBC Economics-Canadian Women Grabbing the Baton-October 2013
- 2** The Canadian Taskforce for Women’s Business Growth (2011). Action Strategies to Support Women’s Enterprise Development. The Canada. Estimated allocation of Ontario revenue
- 3** OECD Gender Initiative Report (2011). <http://www.oecd.org/social/48111145.pdf>
- 4** For example, in 2015, Ontario allocated specific funds (\$27M) to support youth entrepreneurship (under 29 years).
- 5** Among the age cohort of 18-24, Canada (18.2%) and Ontario (15.9%) lead with the highest entrepreneurial rates. 7.5% of Ontarians in the age group of 55-65 are involved in entrepreneurial activity, placing Ontario second after Canada (9.5%) and comparable to the US (7.4%). Among Established Businesses (EBs), 16.4% of Ontarians in the 45-54 age cohort are involved in leading or managing a business, the highest among reference group countries including Canada (15.4%), Australia (13.2%), and the US (12%). Similarly, Ontario showed the highest EB participation rate in the age group of 25-34 (6.3%). Haber, S., Lo, M., & Davis, C.H., (2016). Ontario GEM Report. Driving wealth creation & social development in Ontario: p. 6.
- 6** Haber, S., Lo, M., & Davis, C.H., (2016). Ontario GEM Report. Driving wealth creation & social development in Ontario.
- 7** BDC (2016). The Scale Up Challenge: How Are Canadian Companies Performing?: p. 12.
- 8** RBC Economics (2013). Canadian Women Grabbing the Baton.

- 9 Industry Canada (2015). Majority Female-Owned Small and Medium-Sized Entrepreneurships—Special Edition: Key Small Business Statistics, Ottawa. May 2015.
- 10 Haber et al., (2016): p. 7.
- 11 Industry Canada (2015).
- 12 Industry Canada (2015).
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- 15 Industry Canada (2015).

## ADDITIONAL REFERENCES:

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- 1 A Force to Reckon With: Women Entrepreneurship and Risk, (2016). Clare Beckton et al, in collaboration with BMO, Carleton University & The Beacon Agency
- 2 Advancing Toronto's Centre for Creativity Sector Entrepreneurship: Research and Sector Engagement Findings; (2011). Toronto Artscape Inc.
- 3 Action Entrepreneurship Guide to Growth: Report on Futurpreneur Canada's Action Entrepreneurship; (2015). National Summit
- 4 Beyond the Economic: The Influence of Women Entrepreneurs in Canada; (2016). Mithula Naik M. Des Strategic Foresight & Innovation; OCAD University
- 5 Taskforce for Women's Business Growth. (2011). Action Strategies to Support Women's Enterprise Development: The Canadian Taskforce for Women's Business Growth.
- 6 Women's Entrepreneurship in BC and Canada, (2014).
- 7 Women's Enterprise Centre, BC Case Study: Is There a Need to Support Women Entrepreneurs? (2013). Women's Enterprise Centre, Manitoba, Federation of Canadian Municipalities



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