

Business Owner Insights



Lessons learned from female founders

Our insights into the entrepreneurial community

Whether you're a new business owner seeking inspiration from fellow entrepreneurs, looking to support the next generation of business owners or simply passionate about how women are changing the entrepreneurial landscape, there is no better time to get involved.

Women today are starting businesses at a rate 1.5 times the national average and hold increasing purchasing power.¹ Yet, females still face specific challenges as they start and grow their own businesses.

This report shares stories and insights from three Project Entrepreneur female founders, along with advice from a venture capital leader who invests in technology start-ups led by women who are looking to solve some of the world's biggest problems. It concludes with new ideas for how you can support early-stage entrepreneurs and their passion for innovation.

Project Entrepreneur supports female founders

Project Entrepreneur² is a philanthropic initiative that aims to increase the pipeline of female founders building high-growth companies.

¹American Express, "The 2015 State of Women Owned Businesses Report," May 2015, www.womenable.com/content/userfiles/Amex_OPEN_State_of_WOBs_2015_Executive_Report_finalsm.pdf

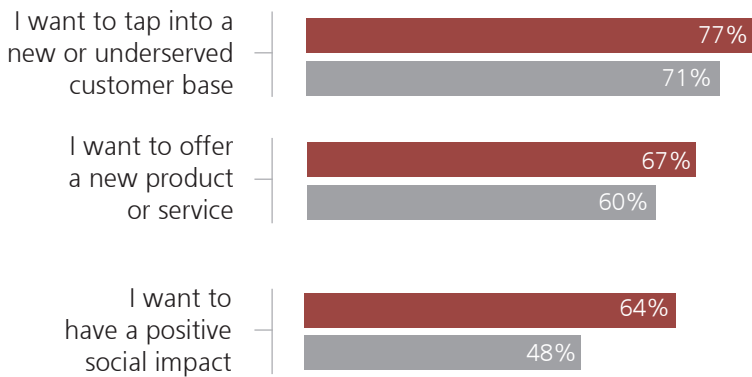
²UBS provided grant funding to Rent the Runway Foundation who manages Project Entrepreneur



Women entrepreneurs redefine expectations

Every day, women entrepreneurs are overcoming barriers to succeed. A *UBS Investor Watch Pulse* survey of successful entrepreneurs reveals that women are motivated to make an impact.³

Women are **innovators** who want to make a difference



³UBS *Investor Watch Pulse* survey, "Redefining expectations: Women entrepreneurs are overcoming barriers to succeed," April 2017. UBS surveyed 360 entrepreneurs (210 male/150 female) from March 14-20, 2017 who founded companies that generate at least \$500,000 in annual revenue.



Understanding the barriers

While women continue to be a force for economic change, challenges exist.

Gender funding gap

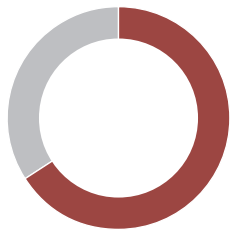
Female-founded companies received only 2% of all venture funding in 2018, similar to 2006 figures.⁴

Unconscious biases

Investors ask male founders how their companies will succeed and about their growth opportunities. But investors ask female founders how they plan to manage risks and avoid failure.⁵

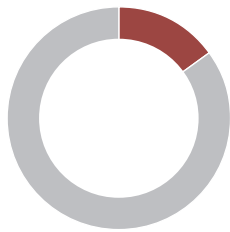
Lack of access to established networks

Investors often base funding decisions on shared backgrounds such as education and work experience. Although women often have more degrees and credentials, accessing venture capital remains a challenge.⁶



68%

of business owners agree female entrepreneurs face more barriers than men when starting a business³



7%

of partners at venture capital firms are women, so few women at the top are involved in making funding decisions about female founders⁶

³UBS *Investor Watch Pulse* survey, "Redefining expectations: Women entrepreneurs are overcoming barriers to succeed," April 2017. UBS surveyed 360 entrepreneurs

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⁴*Fortune* magazine (reported), Pitchbook (sourced), www.fortune.com/2018/01/31/female-founders-venture-capital-2017

⁵Dana Kanze, Laura Huang, Mark A. Conley and E. Tory Higgins, *Harvard Business Review* article "Venture Capital, Male and Female Entrepreneurs Get Asked Different Questions by VCs—and It Affects How Much Funding They Get," 2017.

⁶*Fortune* magazine (reported), TechCrunch (sourced), www.fortune.com/2017/03/13/female-founders-venture-capital



Female Founder Spotlight

Three profiles of innovators

Despite the hurdles they face, female business owners have succeeded at breaking down barriers.

Through Project Entrepreneur, UBS connects with hundreds of inspiring female founders. Here are stories from three founders of early-stage companies who are disrupting industries and making strides in building companies, growing revenue and raising capital—against the odds.

Profile



Christine Schindler

Co-Founder & CEO, PathSpot™ Technologies, a system that protects restaurants and their customers from the threat of food-borne illness, and CEO of Girls Engineering Change, a nonprofit organization

My Journey

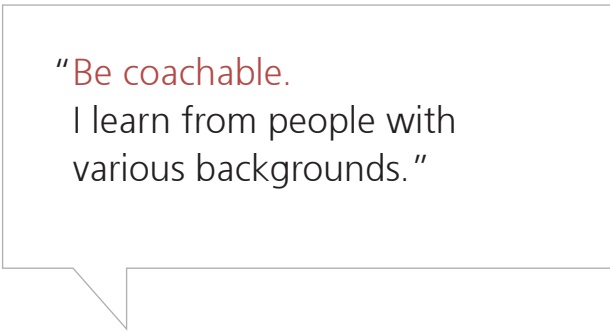
It started with a spate of news stories about food-borne illness outbreaks at restaurants and I found myself asking: Why isn't there a solution to this problem? After researching the issues surrounding harmful contaminants, I knew I had the ability to solve it.

My co-founder and I, both biomedical engineers, started working on this in our spare time. With electronic circuitry and related algorithms, we searched for a way to detect invisible indicators of bacteria and viruses. After much experimentation, we built a revolutionary hand scanner device that instantly detects dangerous contamination.

What challenged me

Early in the funding process, some potential investors viewed me as an anomaly, as I pitched a solution straddling the technology, medical and engineering industries. It appeared they hadn't seen a woman with a background and company like mine before, and it generated awkwardness in early meetings with some investors.

From being one of the few women in my engineering classes at Duke University to facing preconceived stereotypes about women as I began fundraising, I worked



“Be coachable.
I learn from people with
various backgrounds.”

through these obstacles—in both the start-up arena and technical industries—by demonstrating my passion, technical know-how and confidence in my abilities to perform.

Everything about the investment process was new to me. I quickly realized how critical it was to have diverse investors on our team with varying areas of expertise. I’ve learned to leverage the unique skills of each team member, so that we are in the best position for success.

What I want aspiring entrepreneurs to know

Your potential is great when you identify a problem to be solved and know there is an enormous market for your solution. Target your customers accordingly.

Every day is an opportunity to learn. I constantly use different skills, doing whatever is needed to take the company forward. Finally, be coachable. I learn from people with various backgrounds, fostering these relationships to help me and my company grow.



Muhga Eltigani

Founder & CEO of NaturAll Club,
a subscription service delivering
organic hair products

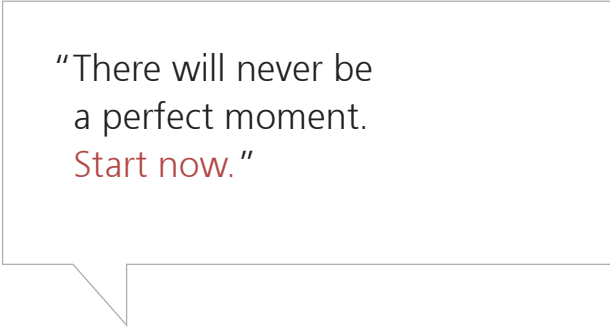
My Journey

My personal passion for finding better hair care products started as a hobby in college and quickly expanded into something more. When I couldn't find something that met the hair care needs of black women, I found myself creating products for friends and family from home. I knew I wanted to start a company, but I didn't know how.

Early on, I had the experience of working at a consumer product start-up for 18 months as part of Venture for America ("VFA"), an organization building new pathways to entrepreneurship for college graduates. When I decided to branch out on my own, I was fortunate to be able to tap into an even broader network of entrepreneur and investor mentors for advice and support as I built the company.

Today, NaturAll Club creates hair care products from natural ingredients, such as fresh fruit pulp and nuts, making them safe and non-toxic. For black women, fewer than 25% of beauty products are rated "low risk," as most contain chemicals and toxins that degrade hair.⁷ As an alternative, many women make their own products with fresh ingredients from home. NaturAll Club products meet this need, filling a gap for a community that has been overlooked and underserved.

⁷"Big Market for Black Cosmetics, but Less-Hazardous Choices Limited," Paul Pestano, December 6, 2016, www.ewg.org/research/big-market-black-cosmetics-less-hazardous-choices-limited



“There will never be
a perfect moment.
Start now.”

What challenged me

Being a bootstrapped start-up came with capital limitations, and I soon realized I didn't want to go at it alone. After our launch, I identified a business partner who possessed a skill set that supplemented and complemented mine, so I invited him to join as co-founder.

As a black female founder, I've experienced challenges, especially when pitching to investors with my white male co-founder. There was generally an assumption that he's the CEO, so all the questions on sales and growth projections went to him. Over time, I gained more confidence pitching the business on my own and was able to fully represent the brand in an authentic way that seemed to resonate with investors and customers. Despite the biases, I push forward, hopeful to see a future where barriers are removed as more women pitch and evaluate companies.

What I want aspiring entrepreneurs to know

There will never be a perfect moment. Start now.

Stay close to your customers. One way I've done this is through the community I've cultivated on social media, engaging with daily posts on authentic topics that celebrate the beauty of African-American hair. We also share hair care best practices, customer reviews and relevant video content.

I'm most proud of the customers I've touched and the lives I've changed—hearing firsthand stories from women how my products have worked and helped make them feel good about themselves.



Tina Hedges

Founder & CEO of LOLI Beauty,
the first zero-waste, water-free,
organic beauty brand

My Journey

With a career that spanned many years at big beauty companies, one day I made a spontaneous decision—after feeling frustrated trying to convince others about the value of true innovation—to leave the corporate world and become an entrepreneur.

The inspiration for LOLI came to me after purchasing fresh-pressed juice at a juice bar, then heading to an indie shop to refill my reusable glass bottles with infused oil. I wondered: Why can't women shop beauty the way they shop food? I'm most proud of our commitment to creating sustainable beauty solutions. From upcycling ingredients to food-safe glass containers and certified compostable bags and labels, we focus on innovation throughout the entire process.

What challenged me

While I self-financed my minimum viable product ("MVP"), when it came time to raise money and take it to the next level, I got pushback—on gender, age, experience and even being a solo founder. At one point, I was told by a prominent investor to pack up and not even pitch, because I was considered "too old" to be a founder.

“The best way to find your path is to **start walking** on a path.”

With Project Entrepreneur and other accelerator experiences, I was truly an outlier in a cohort focused on fintech, cryptocurrency and cloud computing. But I found people who really looked at what I was doing, and they were committed to supporting female founders. The key is finding the right partners.

What I want aspiring entrepreneurs to know

I believe you can become an entrepreneur at any age. I believe in the old adage: The best way to find your path is to start walking on a path. While I didn't win every pitch, I learned a lot from the questions people asked me.

Don't wait until you have it all figured out. Learn from the tech world where they launch MVPs all the time—fail fast, gain insight and pivot. If you've got an idea, build it quickly, embrace the failures and move forward.

How to support entrepreneurs

Our Project Entrepreneur female founders say that what they need goes beyond writing a check. Equally valuable: Make an introduction to an influencer, help refine the sales pitch or write an enthusiastic online review for their product or service.



Meeting the challenge— insights from an investor

Women today are starting businesses and driving results at record rates.¹ But, it will also take transformation in the investment space to help create more opportunities for female founders and financially support the businesses they're building. Just as the face of entrepreneurship appears to be changing, so too is the face of venture capitalism, with the goal of closing the gender funding gap.

Gender-based impact investing can help to drive the conversation. One such firm, Rethink Impact, is committed to the challenge.

¹American Express, "The 2015 State of Women Owned Businesses Report," May 2015, www.womenable.com/content/userfiles/Amex_OPEN_State_of_WOBs_2015_Executive_Report_finalsm.pdf



Jenny Abramson

Founder & Managing Partner of Rethink Impact, the largest US-based venture fund dedicated to investing in female leaders⁸

My Journey

As a tech company CEO before Rethink Impact,⁹ I saw how few women were on stage with me or getting commitments from blue-chip investors. When I looked at the data and realized how little capital was going to female-led startups, I founded Rethink Impact to level the playing field.

Research shows that female CEOs are building great businesses that are often more capital-efficient, more profitable, have stronger culture and are better positioned for long-term success.¹⁰

My views on women and impact investing

There couldn't be a better time to invest in women and impact [focused companies]. More iconic brands are being run by women, and research shows that women-led businesses tend to perform better than non-gender diverse teams.¹¹ The social movements such as #MeToo and #TimesUp have exposed flaws in the venture capital community, too.

In my observation, firms that never had female partners are now addressing diversity on their leadership teams. And because venture capital is a pattern recognition

⁸"Hidden Figures: Inside Jenny Abramson's Femle First VC Fund"

www.forbes.com/sites/ashleaebeling/2017/12/06/jenny-abramsons-rethink-impact-is-betting-on-female-founders/

⁹Please note that UBS was the placement agent to Rethink Impact, LP that is now a closed fund.

¹⁰Babson University, Dr. Candida Brush, "Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital,"

www.babson.edu/media/babson/site-assets/content-assets/images/news/announcements/diana-project-executive-summary-2014.pdf

¹¹Harvard Business Review, Marcus Noland (PIIE) and Tyler Moran (PIIE), "Study: Firms with More Women in the C-Suite Are More Profitable,"

www.piiie.com/commentary/op-eds/study-firms-more-women-c-suite-are-more-profitable



“Research shows that female CEOs are building great businesses.”

business, with partners mostly drawn to investing in people in their own image, improving gender balance will matter for the future.⁵

We’re seeing more interest now than ever before for impact investing, as it’s become one of the fastest growing parts of the investment industry.¹² We believe the next generation of extraordinary companies will find success through their relentless pursuit of mission, for the benefit of all communities.

What we look for in female entrepreneurs

We look for founders who deeply understand the problem they’re trying to solve, possibly having experienced it directly or through a personal connection, and who recognize how technology can make an impact at scale.

My advice to female founders

Surround yourself with great minds that complement yours. Have the willingness to learn and seek counsel from others. Prioritize your time in the most productive way. Understand and listen to your customers.

Be aware of how questions are framed by investors, as this can have an impact on the amount of funding raised.⁵ An investor might ask a female entrepreneur what she will do when this whole thing falls apart, as opposed to how big her business can be. As a female entrepreneur, frame your answer in a promotion-oriented way that focuses on the growth and progress of your business.

⁵Dana Kanze, Laura Huang, Mark A. Conley and E. Tory Higgins, *Harvard Business Review* article “Venture Capital, Male and Female Entrepreneurs Get Asked Different Questions by VCs—and It Affects How Much Funding They Get,” 2017.

⁶Fortune magazine (reported), TechCrunch (sourced), www.fortune.com/2017/03

¹²*Fast Company*, Ben Paynter, “People are really into impact investing,” www.fastcompany.com/40582999/people-are-really-into-impact-investing

Our commitment to you and the next generation of female entrepreneurs

Want to make a positive impact on the next generation of entrepreneurs?

Your UBS Financial Advisor can help you shape a strategy for pursuing your personal goals, which includes helping you assess your gifting and investing priorities if you're looking to help fund a new founder. Find the areas that interest you, and use the questions below to start the conversation with your Advisor.



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Impact Investing

How can I invest with a purpose through sustainable and impact investing?

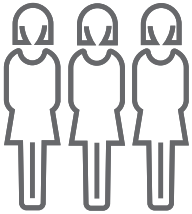
Think about investing in companies with a record of supporting gender equality in business or in a fund with a gender lens overlay.

5

Angel financing

What should I consider when becoming an angel investor?

Consider ways to connect with an existing angel network, some of which focus on women-led businesses and may offer investor education or training on how to evaluate start-ups.



Female-founded companies **already generate higher revenue and returns on investment.**¹³

¹³Boston Consulting Group, www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet.aspx



Pursue what matters most

Women entrepreneurs continue to face challenges. But there is plenty of opportunity out there. UBS is proud to support female founders and share how important it is to advocate for their success.

Whether you're starting a business, looking to support the next generation of leaders, or somewhere in between, your UBS Financial Advisor can help.

Let's start the conversation.

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