

# Cross-Party Group on Women in Enterprise (AGM)

12<sup>th</sup> November 2024 6-7.15pm

## Minute

## Present

Carolyn Currie  
Sophie Rooney  
Ana Stewart  
Anne Meikle  
Ann Johnson  
Ann-Maree Morrison  
Antoinette Fionda-Douglas  
Christine Esson  
Diane  
Claudia Duffy  
Elizabeth Pirrie  
Erica Moore  
Gillian Fleming  
Allison Harrison  
Jackie Brierton  
Jennifer McKenzie  
Josie Saunders  
Julie Grieve  
Kirsteen Stewart  
Lesley Landels  
Lorne Blythe  
Maggie Gorman  
Michelle Smith  
Nathalie Agnew  
Rebecca Bonnington  
Susan Harkins  
Yvette Hopkins

## MSPs

Michelle Thomson MSP  
Claire Baker MSP  
Audrey Nicoll MSP

## Invited guests

## Non-MSP Group Members

## Apologies

## Welcome and opening

Michelle Thomson MSP welcomes everyone to meeting and introduces first speaker.

## Speaker 1 – Elizabeth Pirrie

- CEO of AccelerateHer and on the Board of Investing Women Angels
- AccelerateHer has been amplifying the growth, backing the visibility of female founders for 10 years. The sister company, Investing Women Angels, is Scotland's oldest female only Angel Investment group. They have invested 2.5 million in 26 companies leveraging about £55 million of investment into these companies by investing alongside other angel groups
- Our focus is on female founders beyond the start-up stage looking to grow and scale along with their first investment raise
- We had 418 applications on recent female founder accelerator that we run for Barclays eagle labs. Misconception female founders don't want to grow their companies proven by the number of applications we had
- Q was asked in application what was the main challenge your business is currently facing that you are seeking support on – lack of funding was mentioned by pretty much all applicants. From speaking to founders, I also hear having all support is great, but money is what we need
- Many of founders in applications pointed to lack of support in growth areas, fundraising for scaling a common challenge, and face barriers in accessing larger investments
- Significant number identified difficulty in securing growth funding and the transition to scaling up
- Looking for support not just finance but to access new markets and scaling their teams. It's the lack of access to networks, mentorship and capital.
- Quote from founder – we have a solid product and initial traction but struggling to raise funds to scale
- Sector specific needs in there as well – we need more female founded spin outs. Founders reported needing funding for product development or market entry – lack of sector specific investors who understand their innovations
- Clear need for targeted support to develop female spin outs

- These sectors are crucial for the economy's future and women being underrepresented within them is a missing opportunity for innovation
- Innovation centres being built is great, but we need to ensure women are getting into these spaces
- What's next for women led businesses? - from what I hear from founders it's not just start up support but also support for growth and scale their ventures. Dedicated funds, tailored support, mentorship and help with industry connections is needed
- This isn't something founders can afford to pay for, we need consistent backing from public funds to help develop resources that female founders need

## Speaker 2 – Gillian Fleming

- Mint ventures all about making angel investment accessible to women
- 2 strands – educational movement as well as being an angel group offering angel investment to support more women founders. We look for at least 1 woman in the leadership team and for a clear social, ethical, environmental purpose. Also trying to make angel investment easy for businesswomen to get involved which involves online training programme once completed they become and accredited angel
- Why it's important to invest in women founders:
  - Companies with gender-diverse executive teams are 25% more likely to have above-average profitability
  - Diverse teams are more innovative and creative, better at problem-solving and develop more sustainable companies
  - Female entrepreneurs more likely to invest in social causes and start businesses with a social mission
  - Women-led companies likely to be more capital efficient, we ask for less funding and do more with the funding we do get
- Seeing grants for early stage business but funding for growing and scaling is either revenue loans or equity
- Only 3p in every pound of equity goes to women founders in UK (2.6p 2023 Linc Scotland Report)
- Only 14% of UK's angels are women – this needs to change to support more women founders
- In VC world only 10% of women have decision making roles
- This contributes to lack of support for women funding in equity
- Less than 6% women owned companies are equity backed
- Women twice as likely to back women founders and for that reason we have a lot of underfunded sectors - women more likely to start companies in Retail, Health, Beauty & Wellbeing, Food and Drink, Creative Industries, Tourism etc and these are the sectors that angel groups tend not to back

- Challenges:
  - Early stage capital vital source of funding for economy – down 47% since 2022 huge knock on effect on women found companies
  - Women invest smaller amounts
  - Women ask for less capital - £264K female ask vs £1M male ask as men ask for more contingency planning whereas women ask for exactly what they need
  - Angel models are set up more around the higher returns for more lucrative businesses eg science and tech companies more backed
  - Co-Funding models are based around larger deals £300k (BBB) upwards and/ or focus on science and tech (often already backed by accelerators)
  - More women particularly after pandemic are taking longer to grow and scale and missing one of the tax deadlines - EIS – can apply for that as a founder for up to a 7-year deadline – perhaps lobby HMRC on extending the deadline.
- What's needed:
  - We need a co-investment fund for women founders to support underfunded sectors
  - Aligning more public capital with private high-risk capital for SME growth
  - Education for more women to understand angel investing as a tax efficient (higher risk) asset class
  - Policy changes to enable wealth managers to do more than signpost angel investing
  - HMRC to review EIS (Enterprise Investment Scheme) for sectors / women led
  - Bottle the expertise from women role models that have successfully sold /exited

## Speaker 3 – Ana Stewart

- I would highlight as per the pathways report challenges with funding is a very deep rooted problem and we want to make sure we supporting female led businesses to start and scale their businesses but obviously there are still many structural barriers – this is rooted in education, policies, and challenges around primary care burdens etc that limit the number of females succeeding in entrepreneurship
- The challenge with access to funding on its own is a key challenge - but on its own it won't resolve wider issues which all need to be addressed - which hopefully in the Pathways report, it touches on many of those themes
- Being a founder myself, the progress that has been made thanks to orgs like Mint and WES and AccelerateHer, we are seeing so many more women connecting with each other

- The 2.6p (findings in the Linc Scotland report) is an embarrassing statistic
- In the last 5 years, £9.5 billion of institutional investment has gone towards early-stage growth companies in Scotland and only £170 million of that has gone to female led companies
- What can we do
  - Initiatives such as pathways fund and pre-start model that SOSE have recently started is to try and reach early-stage founders to give them micro grants 1k-20k to encourage women to take the first step into entrepreneurship
  - Takes a long time to grow a business – scale up institute annual review highlighted that 44% of woman scale-ups take 10-20 years to grow and a further 25% take 20 plus years to grow
  - It's not about 1 injection of cash it needs to be a consistent flow of support to help female founders grow their businesses
  - Pathways is trying to ensure we take those stats and turn them into action – currently involved in the investing women taskforce lead by Barclays which is a UK initiative following on from the Rose Review. The mission has been to raise £250m in funding for women only and will launch that in the next few months to distribute. Need to make sure Scotland's female founders are going to get access to this funding. Key ask of Govt here is to make sure this is distributed correctly across the regions.

## Q&A

- Michelle Thomson MSP – Q. To what extent do we understand risk appetite and risk profiling for women-led businesses. Are you consciously thinking about that in terms of your assessment and then how you can support them to get to the next level of funding?
  - Gillian Fleming – A. In terms of risk appetite, we know women require more information to make decisions and are more risk aware, but it makes them better Angel investors. It's also about education, and the more education we can do, the more that will bring down the risk appetite. Also, when women are making Angel investment decisions, we have tax benefits which help de-risk the opportunities
  - Ana Stewart – A. We know women are more risk aware rather than risk averse because the level of risk for a woman is on multiples compared to men. SOSE are working at the early stages to mitigate that to help women understand that there is a support network and some degree of grant funding available to be able to start the business without fear of not being able to support your household, care for children etc. It's about creating an environment women feel comfortable and welcome in entrepreneurship. Not supporting women means the economy is missing out – only 1 in 5 businesses are run by women in the UK

- Elizabeth Pirrie – A. We need to be careful that we're not creating a narrative that's telling women that they wouldn't get funding so they shouldn't bother trying. We need to educate male investors we aren't asking them to invest in women as a social obligation but because it makes economic sense.

\*Claire Baker MSP and Audrey Nicoll MSP join call. Michelle Thomson MSP pauses discussion momentarily and passes to Secretary, Sophie Rooney, to convene AGM portion of meeting.\*

- 1st item election of a Convenor – Carolyn Currie proposes Michelle Thomson MSP, Sophie Rooney seconds
- 2nd item election of Vice Convenor – Michelle Thomson MSP proposes Claire Baker MSP, Carolyn Currie seconds
- 3rd item election of a secretary – Anne Meikle proposes Sophie Rooney, Michelle Thomson seconds
- 4th item election of Treasurer – Sophie Rooney proposes Carolyn Currie, Jackie Brierton seconds

Sophie Rooney passes back to Michelle Thomson MSP to continue with Q&A discussions.

- Rebecca Bonnington – Q. What data have we got on the success stories of accelerator programmes and have we got data comparing that with people who haven't been on those programmes? From that data can we create a roadmap that can be shared
  - Elizabeth Pirrie – A. we're now asking founders 'what did they get from our programmes and how do they compare to non gendered programmes? Template would be great but everyone is different so identifying the themes could be a way to create set of guidelines for people
  - Carolyn Currie – A. research is pretty consistent with what works and what is less effective. It's more policy that needs to change to enact the evidence base
  - Michelle Thomson MSP- A. data is an enabler for policy actions but even that can be difficult because of the systemic barriers.
- Josie Saunders – Q. Considering the stats mentioned above do we have data that shows investment in women-led businesses generates a better return on investment?
  - Ana Stewart – A. data continually indicating that is the case that diverse leadership drives better returns – refer to Mckinsey report.
  - Carolyn Currie – A. it's a consistent picture on that for many reasons – it's common sense if you bring together teams of people with different experiences, innovation and competitiveness will thrive and it makes good economic sense.
  - Elizabeth Pirrie - A. there are limited studies of women founders and how women-led companies perform compared to male-led. Let's not assume

that women are wrong for asking for 264k and men are right for asking for 1M

- Gillian Fleming – A. Voluntary code called the Investing in Women code which was output of the Rose Review which means we provide data on applications we receive, and we feed that back into a central resource. Would be great for this to become compulsory and see follow up with those unsuccessful with funding and offering them support.
- Claudia M Duffy – Majority of sectors women founders set up in are underfunded and not the preferred choice by investors. A better comparison would be to look at women in male dominated sectors and look at how they are funded. Investors often look for businesses that can scale-up whereas women often focus on scaling-deep. This is a systemic problem which needs to be acknowledged.
- Carolyn Currie – Women in those sectors don't get better funded than their male counterparts, so even when women can evidence high growth scale up businesses in sectors such as tech, they are still underfunded and face structural inequalities.
- Nathalie Agnew – Q. I looked at pathways programme and contacted SE about whether we would qualify, and they said it doesn't apply for service-based businesses and directed me to Find Business Support. Female owned businesses are so often in the services sector - so has the services industry not got the support it should have in both a finance point of view and what the govt point of view is in terms of what businesses are good to back?
  - Elizabeth Pirrie – A. Scot Gov has chosen its key sectors which it sees as a route to economic growth for the country and service sectors aren't a part of that and the focus are on the larger companies your business is helping as opposed to businesses like yours. Ecosystem exchange event asked question 'are we too busy chasing unicorns?' and in my opinion the answer is yes.
  - Gillian Fleming – A. I think the issue with equity investment and service based businesses is when are you going to have an exit plan and how are you going to sell that on.
- Michelle Thomson MSP – I can't speak for the Scottish Govt, but funding has been very tight both the availability of it and funding mechanisms have been difficult.
- Susan Harkins – In SOSE we have kept a wide approach and a place based approach so we look at the business and what it brings to that local economy which can help under represented groups.
- Claudia Duffy – I too applied for pathways funding as a service business for a software product to help female founder communities and the application was refused so we are pursuing the reasons behind the refusal, and these are very worrying.
- Ann-Maree Morrison – International problem is lack of funding for female entrepreneurs, being in ecommerce digital funding was really hard to get. We have to recognise role models make a big difference, but we need men to

engage in this conversation. We need to change the narrative that investing in women is not just hobby businesses as small businesses are the backbone of the economy.

- Ann Johnson – I run a business called Blaze in the engineering sector in Aberdeen and I am co-president of the Association of Scottish Businesses. We are a women-led business in a male dominated sector. We've diversified into nuclear and found being a woman is an advantage as we're being given a chance to be part of the story, but I've had someone in my own organisation complain women are getting a better deal than men. I'm also getting concerned at the amount of commercial model membership associations supporting women, I'd like to see the govt help organisations like ASB that are not commercial models, we are all volunteers that do it for free - there seems to be a disconnect.
  - Carloyn Currie – We are hearing this a lot from women's groups that they are being squeezed out of existence. There is a clear disconnect between our economic strategy of inclusion and how we are enacting our policies on the ground. In some cases, the Intellectual Property is being copied by other mainstream providers who are getting funding and these women's groups can't then survive and provide dedicated support. We find the choice of support is key to success, different women will choose different levels of women-specific support at different times in their business.
- Michelle Thomson MSP – Q. comment in chat asking what is going to happen next?
  - Carolyn Currie – A. Data is coming out showing equality isn't progressing and we're going backwards. Perhaps what's next is what's next for women part 2 and carry over this discussion into the next CPG meeting and pick up on the many comments that have been made in this session.
  - Michelle Thomson MSP – Ask Kate Forbes to our next meeting which we can pick up and provide something for her in advance in which she can talk to some of the points discussed in this meeting.

## Closing Remarks

The Convener thanked all speakers and members for joining meeting. Asks if there are other comments or points please email them in.

Meeting closed at 7.19 pm