

## **Regional Development Agencies at the heart of Women's Enterprise Development**

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Many thanks, Erika. I am delighted to be here and that this conference is sponsored by SEEDA. Here at Brighton Race Course "Backing Winners – the dead cert for an Enterprising Nation", is an inspiring headline for our discussions today and tomorrow. I have found some of the PR we have had recently unedifying as we saw arguments implying that women might not want to be winners but just be content to take part in the race. Winning is about scale and probability which is not the same as size – visibility in the global race to survive as a business. Micro-businesses, like all businesses need to be collaborating in global networks if they are to sustain that success.

### **Lapper and Nelson**

We may redefine what it is to win of course. This is an image that really inspires me: Marc Quinn's sculpture of Alison Lapper at Trafalgar Square celebrating female courage amidst male role models.

We need to demonstrate and know female success and recognise that it may look different from the way great achievements have been celebrated traditionally. We need "everyday" female entrepreneurs standing their ground and developing their businesses according to their individual needs and lifestyles, which includes finding the right balance between enjoying business success and getting pleasure from family life. But we are in a global market place and sustainable businesses need to be able to compete with the best in the world – and constantly to reinvent themselves – just to stay in the game.

This is not a competition women vs. men; this is about all of us taking our chances and contributing to success. And let me be clear about how I would define success in this context: it is indeed about a high quality of life as well as about profit. But it is about the profits and the business growth needed to deliver sustainable economic prosperity individual as well as collaboratively & as a nation.. For that is my job: to support economic growth.

### **But still a long way to go**

Our challenge – to support women in redefining and achieving success goes beyond women entrepreneurs.

### Decrease in Female-held FTSE 100 Directorships

Last year the number of women holding FTSE 100 directorships has decreased by two. But of the 181 new appointments over the last year, women have taken only 12.5%, down from nearly 17% in the last two years. We need to be appointing women to replace men and we aren't even replacing the women who did that a few years ago! We would need some 450

more women to achieve equal gender representation in FTSE 100 directorships. Where are the women missing from our boardrooms and public life?

And the FTSE 100 directorships is only one example: Women represent just 10% of directors at FTSE 100 companies, and barely 20% of Members of Parliament.

At the current rate of progress it will take...

Another 20 years to achieve equality in Civil Service top management.

Another 40 years to achieve an equal number of senior women in the judiciary.

Another 60 years to achieve an equal number of female directors of FTSE 100 companies.

Up to 200 years – another 40 elections – to achieve an equal number of women in Parliament.

[source: Sex and Power: who runs Britain? 2007]

## **Outline**

Today, I'd like to talk about three things:

1. First the vision for the new WETF to support and drive forward this agenda; the first meeting was held yesterday and we have a very committed group. I'd like to thank Margaret Hodge, who is speaking later for inviting Glenda Stone and me to co-chair this exciting group.
2. Secondly the role of the RDAs; how we are providing the framework for the delivery of the women's enterprise agenda, and are therefore key players in the execution of the 2003 Women's Enterprise Strategy. There is exciting good practice emerging from RDA and their partner's activities.
3. And finally to Women's Enterprise in 2007; where does the Task Force working with the RDAs need to focus their attention for the year ahead. What are the challenges that we face? What are the priorities for the future?

## **Driving the agenda forward**

This is an exciting but also challenging time for women's enterprise. We have the agenda. What are we doing with it?

In "Stairways to Growth: supporting the ascent of Women's Enterprise in the UK", a report recently published by PROWESS stated, statistical analysis of the GEM UK data showed that:

- The gap between male and female entrepreneurship has narrowed. The UK no longer has one of the widest gaps between men and women – but this is because male activity has dropped and not because female activity has risen. Women's total entrepreneurial activity (TEA) has remained consistent for the last three years at 3.8% - whereas the number of men who are entrepreneurs has fallen from

9.8% to 8.1%. The gap between male and female activity is now narrowest at the very earliest stages of start up but becomes wider as the businesses grow. So we must focus on growth as well as number of women owned businesses.

- Amongst the 18-24 age group individuals are most likely, 84%, to think that entrepreneurship is a good career choice and that it has a high status in society. Yet the biggest gender gap in business ownership and business ownership aspiration is the 18-24 year old age bracket, where 2.2% of women compared with 8.4% of men are entrepreneurs.
- Nearly twice the number of female entrepreneurs compared to male set up around a technology that was not available a year ago! This is very interesting indeed. But in terms of attitudes and perceptions, women are still less positive about their skills and their perception of opportunities; they are less likely to know an entrepreneur than men and they are likely to admit a higher fear of failure. But this may simply demonstrate realism and honesty! Not risk-aversion.
- Female businesses require £10,000 on average in start-up funding compared to £15,000 for men. Does this create the viability for sustainable growth? We worry that it does not and that the nature of this funding creates problems too.

The case for sustained long-term Government commitment is clear. If women started businesses at the same rate as men, the UK would see 150,000 more businesses per annum, creating 400,000 new jobs! We would achieve the extra 700,000 which is our target in under 5 years.

### **The Women's Enterprise Task Force**

To drive this agenda forward the Chancellor announced a UK's Women's Enterprise Task Force (WETF) and last November Glenda Stone and I were invited by Margaret Hodge to co-chair this group. Yesterday we had our first Task Force meeting and I am delighted that members of the Task Force include many dynamic, influential and inspirational business leaders from a range of different backgrounds, sectors and experience, including those sectors that will benefit commercially from growth of this dynamic market.

Our aim is to identify the best routes to inspire and harness the talents and skills of potential women entrepreneurs and to do all we can to encourage them to prosper.

The WETF aspires to achieve a change in attitudes and behaviour across Whitehall and the City to give women the confidence to start in business and succeed. The WETF seeks to encourage more high-growth female owned business along with the establishment of new networks for female business owners. This in turn will create the deal flow to grow new female owned businesses through business angel investing and venture capital.

Through support from the Government's Small Business Service, Regional Development Agencies and Business Links, the private sector, academia, women's networks / organisations and other support agencies, the pipeline of women-owned seed, start-up and expansion businesses will increase by 2016

to match the levels of US female business ownership, currently at 30%. That is our aim. 700,000 new women entrepreneurs are needed to achieve it!

So how will the Task Force contribute? In particular we will:

- Draw together national and international best practice, produce evidence of measures and methods which make a difference and make a strong case to stakeholders (including RDAs and business support providers) for action,
- We will work with the Regional Development Agencies to ensure women have access to high-quality, women-friendly support,
- Lead joint action with banks to improve awareness of financing options for women entrepreneurs,
- Support the transition of women from benefits to self-employment,
- Get the metrics right with gender-disaggregated data-collection embedded across Government and the regions; and
- Raise and maintain the public profile of Women's Enterprise in the media and with the public.

And yesterday the WETF had its first meeting in London.

Margaret Hodge put some pretty challenging questions to the group:

- Can we get 700,000+ more new women owned businesses to start up in the UK?
- Can we get women owned businesses out of "their" very specific sectors, such as b-2-c retail/services sector into new currently male dominated sectors, such as trade, banking and construction to grow this potential across the economy?
- Can we support existing women owned businesses to scale up? And
- How can we better understand, interpret and respond to regional differences – in needs and in opportunities?

The 12 members of the WETF had an inspired and passionate debate about how best to respond to these questions. Six key areas for immediate action were identified:

1. Top is **Finance** – it's a key area; women very often start up and finance their enterprise at home and using their personal bank account, which puts them at considerable risk when going into the debt necessary for any successful start up to grow. Professional advice on financial services; information about advisory services, such as BL; and private sector mentoring programmes are out there – but women need to know about these services and they need to be made available in ways that work for and encourage them. We need to separate out the problems of limited aspiration, low confidence or ignorance of the opportunities from the real barriers to raising finance – and then deal with those. For as the recent reports have demonstrated, women applying for overdrafts and unsecured loans have much higher success rates than men. But fewer apply; and there are limited routes to funds; and women pay hugely more for them – 2.9% on average compared with 1.9% for loans to men – perhaps because not accessing larger funds.

2. As well as **awareness raising** – this is about getting the right information at the right time. We need to **shadow the business lifecycle** from the initial idea, requiring skills to validate; to the start up, requiring knowledge about financing; to maturing and growing businesses, requiring in-depth market knowledge as well as access to larger scale finance. Only by encouraging the whole lifecycle of businesses from initial idea to scaling-up and possibly selling on will we create enormous the economic opportunities offered by the currently untapped potential of women entrepreneurs.
3. The **RDAs/DAs provide a framework of business support, communication/information and skills/education** that is the supporting infrastructure needed to translate the awareness raising via a roadmap into businesses. And the **private sector** has a key role to play – offering **leadership and positive role models** as well as **mentoring/coaching networks** to help more women to start up their businesses and to scale up. There are great examples, such as the HSBC task force to get more women into commercial banking, a sector that is currently still male dominated.
4. And there is also a **private sector drive to respond to supplier diversity programmes** – procurement with corporate social responsibility targets written into the contract will help women's enterprise to prosper. In the US this approach delivered significant results for diversity and equality targets. And it's not only the public sector's procurement – we have some great examples in the private sector, such as Microsoft with even more challenging CSR targets in their contracts.
5. **Technology as an enabler** – more women set up their business enabled by IT at home and technology is key to their success. More innovative use of technology can also help women to manage risks and facilitate business growth. This is the future – and women are twice as likely to grasp it as men.
6. Finally, we need effective metrics to monitor and assess success. We need **data disaggregated by gender** – we still don't understand the full picture as much of data collected, both by the private and the public sector, is not gender disaggregated.

### **Delivery Framework**

I am delighted to be leading this agenda within the RDAs too. As economic development agencies, global competitiveness as well as smart growth to deliver productivity gains is at the heart of our activities – RDAs and DAs provide a key delivery mechanism to ensure women have access to high quality business support through Business Links.

So, what's the progress since I spoke here in 2006?

1. Well, first the **strategies**

All RDAs and the DAs have worked hard over the last year to establish a strong strategic foundation for women's enterprise. It is no small win that all have commitments in their Regional Economic Strategies, with accompanying strategies to drive forward women's enterprise development. And a strong

RDA network of women's enterprise leads regularly meet to review progress and share good practice.

## 2. Secondly, **focus**

All RDAs need to set challenging targets! And we see them emerging:

- a) In the South East, we currently have around 50,000 businesses owned by women and we aspire to increase this by 10,000 by 2010 through the delivery of our Women's Enterprise Strategy.
- b) AWM have written into their new Business Link contracts that all business support providers must commit to Prowess Flagship status. As Erica has just said this is now rolling out to NW and may be the model for us as well.
- c) In Scotland, the target is for a minimum of 40% female led start-ups assisted by Scottish Enterprise and Highlands and Islands Enterprise; and to increase self employment of women in Scotland to 28% by 2009.

## **Different approaches in different places; regional good practice**

RDAs working with partners have begun some exciting work to develop women's enterprise: pilots maybe, they offer some clear models.

### 3. Role models

We have a new South East Regional Advocates Programme launched in January; both research from USA and GEM report note the need for role models and that champions/advocates are fundamental to the development of this agenda.

### 4. One stop shop/signage is crucial too. Two examples:

- A Regional Women's Enterprise Unit in the West Midlands is being delivered by Women's Business Development Agency and Women in Rural Enterprise; this is unique approach offering a centre where women can access the support they need, whether urban or rural, start-up or high growth. AWM will talk more about their approach tomorrow.
- EEDA is adopting a braided approach to aligning mainstream with specialist support for women's enterprise, e.g. ESF project in EEDA which is co-ordinating a host of partners (including WiRE, Prowess and University of Luton) to deliver a clear business support offer for women.

### 5. Networks

Continued development of Women's Networks, such as WiN (Women into the Network) in the North East to provide peer-to-peer support and networking opportunities – a place to do business!

## Women's Enterprise in 2007

We've done a lot of talking since the National Strategic Framework launch in 2003 when women's business ownership was 12-14% in the UK. At the current 17.5% female business ownership nationally, we are still a way from the target of 20% which was our ambition for 2006. We hope that the WETF will help to provide a new momentum for delivery and cultural change.

But signs are good – the number of self-employed women topped a million for the first time in 2006! 27% of the UK total and a 15% increase in 4 years. The UK now has more women entrepreneurs than France, Italy or Japan, equal with Germany.

## Key areas for action in 2007

So the WETF intends to work across all these key mechanisms in 2007.

- **High level leadership** – use the TF members to influence and lobby key political and business leaders; to ensure a sustained high level leadership & support for women's enterprise recognising its economic importance – a potential £23bn extra for the UK economy
- **Advocacy** – this is where we need more positive role models. In the South East we have just launched the Women's Enterprise Advocates Programme and 11 women have already signed up to the programme. I know they will be keen to be at the forefront of Margaret Hodge's new "army of activists".
- **Media** – a high profile and high volume of positive PR for WE. Debates sparked by recent media appearances, such as the bbc newnight with Jeremy Paxman and the Daily Telegraph's blogsite on "Do women make good entrepreneurs?" will help to have a positive debate across the UK about the potential for WE.
- **Traction across Whitehall** – This year is crucial with the Comprehensive Spending Review (CSR07) and we are working with Treasury to ensure sustained Government support across all departments for WE. For example, many women start a business from economic inactivity, and many more are put off for fear of losing benefits and risking family income. Can we reduce that disincentive? And can we ensure that savings made from women entering the labour market from a point of economic inactivity can be re-invested to support more women to do the same? RDAs and LAs are aligned in pressing for a joined up approach.
- **Business Support** - I sit on the Board of the *Business Support Simplification Programme* and it is impossible not to agree with its purpose. It aims to achieve simpler brokerage, not fewer suppliers of support or less flexibility. Women need appropriate finance; focused mentoring and access to "network" or social capital. We must create streamlined brokerage to deliver this – absolutely not a one size fits all.
- **Business Growth** – I've already talked about women's enterprise as a continuum: Funding and mentoring "escalators" are vital to guide women through from the earliest stages of their business idea to the stage where it has growth potential. We need to ensure that RDA infrastructure supports this growth, e.g. through our high growth

networks. We need to see women's businesses as the success stories in which to invest for future growth.

- **Networks** – We need to map networks and provide information to access them as well as to identify gaps.
- **Finance** - We need to reduce the perception and change the nature of risk for women becoming entrepreneurs. Women are not more risk averse. But they do want to manage risk and cannot risk their family's wellbeing. Ironically they may be doing just this in their approach to finance. And under-capitalisation means underperformance and slower growth. Not by choice but through fear. We will be looking at how the private banking and business support environment can best respond. Very keen to hear what Gita has to say as a key provider of business finance.
- **Data** - Do we have the right *metrics* to measure success and to assess and monitor progress? For example as the WETF intends to shift its own focus over 3 years from numbers of interested women accessing support, to successful start-ups, to sustainability and GVA growth?

So, to summarise:

- We know more about women's enterprise but there is still more to be done to get consistent and gender-disaggregated data.
- We made progress on narrowing the gap between female and male start-ups but we need to do more to catch up with the US and still more to grow those businesses.
- We recognise that women may follow different approaches than men; there is no one-size-fits all approach. We need to get smarter about understanding what women entrepreneurs need and offer tailored supporting infrastructure and advice.
- Bringing together not only public and private sector partners but also the voluntary sector and academia is important to develop a virtuous cycle of support and leadership for female entrepreneurs, i.e. to have a bank, a software company, an internet provider and relevant business support agencies all providing impartial expert advice will offer a kit for women entrepreneurs – like Alison Lapper herself – to
  - Live their dreams
  - Demonstrate their courage
- And we need to inspire the young and access all the support needed to be part of the UK's global success – no coincidence for me that the team that won the recent SEEDA enterprise competition for young teenagers "The Edge" was the only all female team. But we need bridges from schools.