

The casual sexism that women face when raising investment

As an investment specialist who helps women-led startups get the funding they deserve - and during my own time as a serial entrepreneur crafting my expertise by building and scaling successful startups, I understand only too well the stakes involved in securing investment and the challenges that come with getting the funding you deserve.

Too often, the sexism in this male-dominated industry significantly sets back brilliant female-founded businesses. It's time for founders and the startup industry to have a genuine conversation about this taboo topic and how we can tackle it. Here's why.

A bit of background on the lack of investment going to female founders

Entering the entrepreneurial world comes with its own set of challenges, but being a woman massively increases the obstacles. The day-to-day sexism doesn't stop when you reach the boardroom, and it prevents us from getting the investment we need in order to scale our business and grow.

The European Investment Bank states *“despite receiving less than half of the investment capital of their male peers, female-founded companies deliver twice as much revenue per dollar invested”* and shockingly, *“female entrepreneurs pulled in only a tiny fraction – 1% – of venture capital investment in 2021”*. These statistics show the disadvantage of female founders, but also how devastating it is that so many women are missing out on pursuing their ambitions simply because of their gender.

Furthermore, only 29 percent of UK small businesses are run by women and this falls to just four per cent in the trades, according to Simply Business research.

My personal experience as a founder

My experience is no different to a lot of female founders. I was surging on success at the beginning, securing investment for my ‘fashion-tech’ design-your-own shoe startup Upper Street, that I founded with my sister. But along the way, I found that many male venture capitalists weren’t taking my female-owned businesses seriously, as evidenced by the casual sexism we faced. One said “isn’t it just a nice little lifestyle company you can run to fit around your kids and family life?”.

I also learnt that this type of attitude wasn’t just confined to male VCs, but also any man dealing with a businesswoman. A year after my business bank granted us a loan, the lender came to my home to review our account. Upon seeing my new kitchen, he joked, “is this what you spent the money on then?” Would he have made the same joke to a man? Probably not. And then he topped it by asking, “What does your husband do for a living?”. Again, not something he’d have asked a male founder.

Male VC partners are half as likely as their female counterparts to invest in startups with a woman on the senior team, and three times less likely to invest in those with a female CEO

Just a few years ago, an investor I met at a networking event, upon learning about what we do at Enter The Arena and our mission to support more female

founders said to me, “What are you, some kind of feminazi?” This is stuff we are up against. It’s more than outrageous.

Other female founders’ experiences

Through my work over the past seven years supporting female founders on their investment raises, and interviewing them on my podcast Fundraising Stories with Female Founders, I’ve discovered that misogyny isn’t confined to a small group of women, but is sadly something nearly every female founder experiences.

One of my clients, Tersha Willis from creative industry merchandise brand Terrible* told me, *“getting asked out on a date when you’re on a pitch, it’s pretty much, that’s the worst thing that can happen because it makes you feel like this is it”*.

Alex Pluthero from Freedom Underwear said *“I was asked a number of times, not outright, but they basically wanted to know if this was a lifestyle business and if I was just about to go and have kids”*. Pregnancy and lifestyle concerns are common themes in female founders’ experiences. Such topics would never be put forward to men, and yet the hurdles are still in place for women. It’s not just presumptuous, it’s also wrong. So what if a female founder is pregnant? Indeed, she might never want to have children, or could have recently suffered a miscarriage. Why should she be penalised for her biology and her life outside of her business?

Inappropriate behaviour signals to women that they’re not worthy as credible business women compared to their male counter-parts. Consequently, fewer women launch, fund and scale their startups and the market becomes even more saturated by male-dominated businesses.

And it’s not just the unwelcome advances that are the issue. Minimising our accomplishments, or ‘venturesplaining’ – as I call it in my book – is a frequent occurrence. Your looks, your age, your stamina are under a microscope. You are poked and prodded; you’re an experiment to these older, male investors, and when they’ve finished their tests you find out you’ve failed. Men aren’t held to the same standards; their experiments are less painful, they don’t have to work as hard or feel intimidated by lack of experience. The conditions in which women are put through even in the first round of raising investment come at a significant cost to our economy.

So what can we do?

There is a lot of talk about how we need more female-run venture capital firms and more female angel investors to bring a better gender balance to the investment community and diversity in decision making; by having both male and female investors, we can increase women's chances. However, the ingrained culture of sexism ought to be targeted first.

The solutions aren't down to just women. Men must put their foot forward to help female founders realise their ambitions. Fellow male entrepreneurs, male investors and the entire investment ecosystem must openly scrutinise and tackle sexist comments, unnecessary concerns, and invasive questioning. And it's not just about making these moves on International Women's Day. The investment community must put in place year-round measures to deal with sexist behaviour in the funding process.

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