



SheEO

Radically Generous Women Creating a New Economic Model

by Vicki Saunders, SheEO founder & Barbara Kivowitz, SheEO activator

I. Executive Summary

According to an American Express 2016 report, there are over 11.3 million women-owned businesses in the U.S. that employ nearly 9 million people and generate over \$1.6 trillion in revenues. Revenues among these women-owned businesses have increased 35% since 2007 as compared to 27% among all U.S. firms. The global incomes of women are predicted to reach \$18 trillion by 2018. It is also estimated that women drive 70-80% of all consumer purchasing through a combination of influence and buying power.

Yet only 4% of venture capital funding goes to women entrepreneurs -- at great cost not only to the entrepreneurs, but also to the millions more workers they would employ, and to the economies whose growth will suffer from the absence of these high potential, creative new businesses.

There are two main factors that underlie this imbalance:

1. The current (broken) economic funding model that aggregates large amounts of capital in the hands of a few "winners" in exchange for promises of huge returns.
2. The gender-based challenges that many women entrepreneurs face, some of which are external and cultural (such as the lack of connection to established VC networks) and some of which are internal and values-based (such as the importance of work/life balance).

SheEO represents a new model of wealth creation that uses the power of relationships to upend these challenges and turn them

into new possibilities. Through the \$1000 contributions of thousands of radically generous women, SheEO invests in a small number of women-led, socially positive ventures, and actively supports them with zero percent interest loans, a guided development program, and access to a global network of female investors, advisors, and customers. Through this approach, women entrepreneurs not only access needed capital, they are also guided in the business strategy and leadership development so necessary for sustained success -- and they have access to the mentorship, expertise, and networks of thousands of SheEO members.

In this paper, we present the SheEO vision, guiding principles, and business model, along with descriptions of venture successes and learnings to date.

II. SheEO Vision, Guiding Principles, and Business Model

Current State

The prevailing economic models, while especially broken for women, are really broken for most everyone. They have created a huge and growing gap between the rich and the poor, along with a diminished middle class. They have led to a frantic pace of work that depletes workers (and their families) at the very time their knowledge and resourcefulness are needed most. The models of capital distribution reward the few rock stars at the expense of the many who also have brilliant music to offer. This bias tends to exclude nascent ideas and early stage innovation, and thwarts the expansion of the small-medium sized businesses that constitute 99.7% of U.S.

businesses and contribute 42% to U.S. GDP and 50% to total employment. Economies that prosper have steady streams of firms that are starting and growing. These companies are especially vital because they create nearly all net new jobs.

The overarching drive of the current business startup models is to achieve high levels of profitability quickly with inadequate focus on contributing to an equitable, cohesive, purposeful society. This is a realm where the unicorn (start-up companies valued at a billion dollars or more) is king. This approach is limiting. We need more women entrepreneurs who hold a dual focus on creating a better world and making money.

Indeed, women have been starting businesses -- at twice the rate of men. In the U.S., women own almost a third of privately-held companies, and one in five firms with revenue of at least \$1 million was started by a woman. Women-owned businesses are approximately 37% of enterprises globally. A lot of these businesses are small; 82% of them bring in less than \$5 million a year in revenue. Small makes a huge, but unacknowledged, contribution. Small does not get a seat at the established venture capital tables.

In addition, the barriers women entrepreneurs face in seeking capital tend to keep their companies small. The pitching process is a juggernaut filled with obscure jargon and gender bias. Women entrepreneurs tend to be conservative in their “ask” while men tend to overreach and overpromise. Women are measured against this male norm and are therefore penalized because their growth targets are not large enough, or they are not seen as having the necessary strategic thinking and leadership

abilities needed to take “big league” risks. Whereas men must show potential, women have to prove themselves.

The Values of Women Entrepreneurs

Women place high value on elements that don't fit easily within the current business paradigms. Women entrepreneurs want to be accepted on their own terms and measured by their own accomplishments – not assessed by the more dominant 24x7, power seeking, risk taking corporate yardsticks. Women start businesses with less capital than men and are less likely to take on debt to expand. Whether this is a preference for risk reduction or a reaction to constraints is difficult to assess.

Women's reasons for starting a business are different from men's reasons. Women seek life meaning and social good in addition to financial success, both of which, while often undervalued, contribute to employee loyalty and to building a better world. Women entrepreneurs are more likely to start businesses in health care, education, personal and retail sectors – areas that are typically undercapitalized. In addition women business owners tend to work fewer hours – which can be seen as a deficit, a lack of stamina, but is, in reality, a measured response to the complexity of being responsible for child, partner, elder, and household care while running a business.

Women entrepreneurs thrive when they have access to the capital and business networks they need (on their own terms), can control their work environments, can be supported in developing their own leadership style, and make meaning while they make money. This is the essence of the SheEO model.

The SheEO Venture Model

The SheEO model is scrupulously designed to attract, assess, select, and support women entrepreneurs through processes that are relational and democratic. Throughout the experience, women entrepreneurs are situated in contexts in which they have control, on their own terms, in their own words. What are seen as liabilities in the prevailing business and funding systems are reconfigured as assets in the SheEO world. Doing good is as important as making money. Developing your most energetic leadership style while harmonizing work and life commitments is the expectation. Starting small, growing prudently, and minimizing risk are standards to be championed. Personal, economic, and social sustainability are the benchmarks of the successful enterprise.

The requirements for becoming a SheEO funded venture are designed to attract serious women entrepreneurs who have already demonstrated commitment and a degree of success, and who share SheEO values. There are only three criteria:

- The venture must be majority woman owned and woman led
- The venture must have \$50,000 in revenue in the year they apply.
- The venture must have a new model, new mindset, or new solution for a better world.

The application process is devoid of formality, jargon, and obfuscation. It is designed to get to the purpose and the potential quickly. Each applicant is asked eleven questions:

- Who are you?

- What is your venture now, and what is your vision for the future?
- How is your venture a new model, new mindset, or new solution for a better world?
- Do you have a co-founder? If so how do you divide up roles and responsibilities? Tell us about your team.
- What are the three major pain points you need help with?
- How much money have you raised from other sources?
- What is your next milestone, and how would this zero interest loan help you achieve it?
- Tell us about a time when you've experienced radical generosity?
- Tell us about a time you learned something about your leadership from someone else?
- Are you currently meeting with a coach, mentor, or advisor - why or why not?
- How has your venture's business model evolved over time?

The group of SheEO contributors vets all applicants and selects the finalists. This method engages funders deeply in the ventures, and begins to shape the community of support right from the outset. There are three selection criteria:

- Would you buy the products or services or recommend it to friends?
- Do you think the entrepreneur has what it takes to build the business?
- Do you think this is a company our global community can help grow?



SheEO

The selected entrepreneurs come together in a multi-day incubation program. Unlike traditional programs where day one is on financials, day two is on legal, and day three is on marketing, the SheEO program is as much about the personal as it is about the enterprise. Through facilitated discussions and one-on-one coaching from experts (which continues beyond the initial program), participants explore their hopes and fears and businesses, and are given tools to grow their confidence and self-awareness, along with tools to fund raise and develop their ventures. They form into a peer cohort to shape business plans, pitches, and problem solve – and this mutual support continues long after the initial program ends.

One highly unique and emblematic feature of the SheEO model is the way in which the pool of available funds is divided amongst the ventures (as zero percent interest loans to be paid back to SheEO within five years). The cohort of entrepreneurs decides how much money each venture receives. The only rules are that the money cannot be divided equally, and one venture cannot receive the entire sum. The discussions that ensue bring the entrepreneurs deeply into each other's businesses and aspirations. They come to appreciate that relationship currency can be as important as immediate funding. In understanding each other's models, they understand that some need an influx of funds for short-term urgencies, while others need steady capital for ongoing development. They also realize that they can offer each other resources that can be as valuable as a loan. One woman may have a 3-D printer she can share. Another may have established manufacturing pipelines in China she can introduce others to. Very importantly,

the entrepreneurs have a powerful experience of engaging in a business environment based on an abundance model, not a scarcity, competitive, winner-takes-all model, where collaboration and commitment to mutual success makes that success possible.

The SheEO Funding Model

The funding model is equally democratic and relational. In each geographic region, the goal is to create a 100 to 1 ratio of funders (called activators) to entrepreneurs, and ideally to engage 1000 activators, each donating \$1000, to create a pool of \$1 million to be divided among 10 ventures. At this point, only women are invited to be activators, because women think and act differently than men; were men to participate, the conversation and choices would change. The intention is that this be an opportunity for women to experience their potential as they engage with their money in support of women entrepreneurs. As SheEO evolves and expands, men will be included.

Unlike the prevailing, conventional funding models, the activators offer funding with no expectation of any direct financial return. The rationale for this approach is multifold. While women hold 30% of private global wealth and 51% of private wealth in the U.S., women are more likely to distribute their wealth through philanthropic channels rather than venture ones. This tendency has historic and social underpinnings. Women have traditionally been disconnected from control over their wealth, and until recently (and even now to a limited extent), women have had hardly any place in formal investment circles. In addition, philanthropic approaches to capital engagement have offered women

a way to ensure that their money has tangible meaning and makes a contribution to the social good – factors that matter to women. When only financial return is the expected result, the benefits of doing good are obscured, and women become more reluctant to participate. The SheEO model offers women a new and satisfying way to engage with their capital that combines the meaning of philanthropy with the impact of investment. SheEO’s approach places the emphasis on the relationship between activator and entrepreneur and values social capital, expertise, networks, and future good more than rapid, personal financial ROI. By starting with the relationship and with meaning, SheEO helps women bridge from philanthropy to investment. In fact, many activators so successfully cross this bridge that they become long-term, follow-on investors in the entrepreneurs’ ventures.

The activators are ‘radically generous’ in that they give the money with no expectation of financial return, but with great hope for doing good in the world through supporting the ventures. They are also generous in offering their expertise and social networks to the entrepreneurs. When an entrepreneur puts out a call for help, an activator responds within twenty-four hours. This rapid cycle outreach-response not only helps entrepreneurs sharpen their “ask,” it also emboldens them to reach farther, with greater confidence.

The activator experience is also democratic and is designed to promote access and fairness. The minimum and maximum gift is \$1000, which is a threshold many can afford. In addition, groups of women can pool funds to jointly contribute the \$1000. The fact that each contribution is for the same amount allows for the development

of an inclusive, egalitarian community, and prevents the incipient evolution of a financially based class system that distorts some angel groups and philanthropies by introducing preferential treatment and bias.

In addition, activators, like the entrepreneurs, are invited to engage on their own terms. Many activators are busy women with complex lives and limit their involvement to gifting the \$1000. Some get fully involved in the applicant screening process. Some develop a long-term mentoring and/or funding relationship with a particular venture. Many respond to entrepreneur “asks” for information and advice. Most activators find that SheEO provides them with a meaningful opportunity to contribute to the greater good and the experience of realizing how much expertise they have to offer. Activators also expand their own networks of like-minded, feminist-leaning women by connecting to SheEO.

III. Venture Successes

To date, SheEO has funded five ventures with zero percent interest loans that have a five-year term. There has been a 30% average growth rate for each of these ventures, which exceeds the ventures’ targets. Consistent with SheEO’s emphasis on harmonizing the financial and the personal, SheEO’s periodic “health checks” also measure the entrepreneurs’ assessment of their happiness level, resilience, leadership confidence, work/life balance, team performance and creativity, and the value of the connection with SheEO activators and coaches. Most of these measures indicate improvement or no

decrease in the level of satisfaction.

In the stories that follow, you see how the entrepreneurs' success is as defined by the pursuit and achievement of their social mission as it is by financial growth.

Abeego founder Toni Desrosiers

"The core of my mission has always been to get people to eat fresh-looking foods. I'm a nutritionist, and I'm always looking for sustainable ways to preserve food. I strive to educate people that their food is actually alive. This is because as a society, we have a real disconnect from the nourishment that we put in our bodies."

Toni Desrosiers discovered a more sustainable way to preserve food by uncovering techniques from the past that could be modernized to suit today's needs. Abeego wraps, made from a combination of hemp and cotton fabric, infused with beeswax, tree resin and jojoba oil, are long lasting, reusable, and because they are breathable, they keep food fresher than standard plastic wrap. Abeego is developing additional product lines as a natural outgrowth of their "zero waste" philosophy. Waste generated resources are converted into saleable items such as twist ties and bricks that can be used as fire starters.

Abeego distributes its products to more than 250 stores in Canada and the United States, and the company is on pace to grow by 40% this year. The company has always been profitable, and the goal now is to develop Abeego into a \$5 million concern within five years.

Lunapads founder Madeleine Shaw

"Our goal is to help individuals have more

positive and informed experiences of their menstrual cycles, and by extension, their bodies overall. We believe that using reusable menstrual products is a creative and empowering way to honor and care for ourselves and the planet."

Madeleine Shaw founded Lunapads, a company that produces reusable feminine hygiene products. Over 100,000 women in 40 countries use these products. As a result, over 1 million disposable pads and tampons are being diverted from landfills every month. In addition, Lunapads has teamed up with NGOs to provide menstrual products to women and young girls in developing countries who would otherwise have none. As Ms. Shaw says, "Lack of access to menstrual products affects millions of girls in the developing world. As many as 10% of school-aged girls miss school because of it, missing up to 20% of their education, and thereby increasing the likelihood of dropping out, earlier marriage and pregnancy, as well as limiting career options." The collaboration with NGOs has helped Lunapads increase its revenue by 10%.

Though there has been steady growth since its start, the past three years have shown a particularly encouraging spike. Lunapads just recently began a trial deal with Target to sell products in 200 of its stores, and the company is on track to increase its wholesale sales by 180% this year.

Lunapads is a Founding Canadian Benefit Corporation (or BCorp), a third party accreditation that is granted after a rigorous audit of all business practices and social impact. Lunapads has earned numerous awards, including BC Business magazine's Top 20 Innovators in BC, the Women of Worth Award in Entrepreneurial Excellence,

and winner of Small Business BC's Successful You award for Best Community Impact.

Twenty One Toys founder Ilana Ben-Ari

“When I was starting my business, my greatest hurdle was feeling like I wasn't even allowed to do so. I had very few role models, especially other female entrepreneurs... I strongly believe in the power of play and design to create positive social change. I started Twenty One Toys because I felt our education system needed a reboot.”

Twenty One Toys Inc. is a toy creation company that reimagines toys as tools to teach the key 21st century skills: Empathy, Creativity, Collaborative Learning, Innovation, and Problem Solving. The toys are now used in classrooms and boardrooms around the world.

Their first toy, the Empathy Toy, is in 43 countries, over 1000 schools, 30 post-secondary institutions, 100 offices, and 3 MBA programs. It was featured in TIME magazine as “one of six new technologies shaping classrooms of the future.”

Now Ben-Ari is targeting the business sector. After working closely with a major consulting firm that uses the Empathy Toy to teach team building and innovation, TOT has just released its first corporate package to help companies improve communication, leadership, conflict management and managing change.

IV. Lessons Learned & Challenges To Come

The most important lesson learned is that the fundamental assumptions on which

SheEO is based are valid ones:

- An economic paradigm built on abundance, generosity, and democracy attracts funders, ventures, and success.
- The networks of funders and entrepreneurs have the capital, buying power, and expertise the system needs to provide value for all.
- Women helping women succeed is a winning algorithm.

Another key lesson is that the entrepreneurs' confidence in their leadership is directly related to the unique guidance provided by the SheEO coaches (who have deep expertise in helping businesswomen) and to the responsiveness of the activator network. The entrepreneurs' confidence is further sustained by SheEO's careful attention to crafting a culture that welcomes them rather than interrogates them, and provides them with repeated experiences of being rewarded for doing things on their own terms, not critiqued for deviating from competitive, winner-takes-all norms.

This new economic model has already gathered tremendous momentum in its short fifteen months of existence. Without major media attention or advertising, hundreds of cities around the world have reached out to SheEO to inquire about launches in their geographies. Large funders and grantors have also reached out to SheEO. A major bank in Canada provided a large grant to SheEO because they see SheEO's ability to succeed in attracting women entrepreneurs, an area where the bank admits its efforts have failed. In fact, eighty women employees of this bank decided to become SheEO activators and individually contributed funds.

The biggest challenge in the next phases is the challenge of scale. The questions that need to be addressed include:

- How to balance the connectedness of regionally based funding and activities with the potential for faster access that a global model could provide – one in which capital from multiple areas could be pooled and distributed to ventures from anywhere.
- How to provide for follow-on venture funding more quickly. Ventures are achieving levels of growth more rapidly than anticipated and will need additional funding sooner.
- How to design a new global model of capital engagement and investing that is neither purely philanthropic nor profit driven, and meets legal requirements in different countries.
- How to secure innovation grants that will enable SheEO to grow its capacity in the short-intermediate term until greater scale will be able to provide ongoing funding for SheEO infrastructure development.
- How to incentivize more women to engage with their capital and invest in women entrepreneurs.

The SheEO model is working. The design principles of inclusiveness, abundance, and democracy are infusing this new paradigm with great creative energy and economic potential. The ventures are thriving. Women entrepreneurs are advancing their quality of life and their business profitability, while making the world a better place. For SheEO to grow it will need the engagement of more leading-edge thinkers to address the complexity of challenges that successful innovation generates.

V. SheEO founder Vicki Saunders

Vicki Saunders is an entrepreneur, award-winning mentor, advisor to the next generation of change makers and leading advocate for entrepreneurship as a way of creating positive transformation in the world. Vicki has co-founded and run four ventures in Europe, Toronto and Silicon Valley including Zazengo (an online platform for consumer and employee engagement for Fortune500 companies focused on sustainability), KidsNRG/The NRG Group (which went public on the Toronto Stock Exchange in 2000), and Impactation, a global consulting firm focused on engaging youth to tackle the grand challenges we are facing.

Vicki was recently named one of the 100 most influential leaders of 2015 from “EBW - Empowering A Billion Women”, alongside Marissa Mayer, Melinda Gates, Sheryl Sandberg, and Michelle Obama. In 2001, Vicki was selected as a Global Leader for Tomorrow by the World Economic Forum. She has spoken regularly at events around the world including; The World Economic Forum in Davos, Women of Influence Series in Canada, TEDx Conference, Schwab Foundation for Social Entrepreneurs events and the Tallberg Forum.



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