

WOMEN &amp; POWER 2021

# Four secrets to landing venture funding. Why the smart money is on women entrepreneurs

Pro tips from investors who know that companies with diverse teams innovate more effectively — and make more money.

By **Shirley Leung** Globe Columnist, Updated November 4, 2021, 9:48 a.m.



Anuradha Yadav, cofounder of the group Women of Color Entrepreneurs, or WOCE. MATT KALINOWSKI/FOR THE BOSTON GLOBE



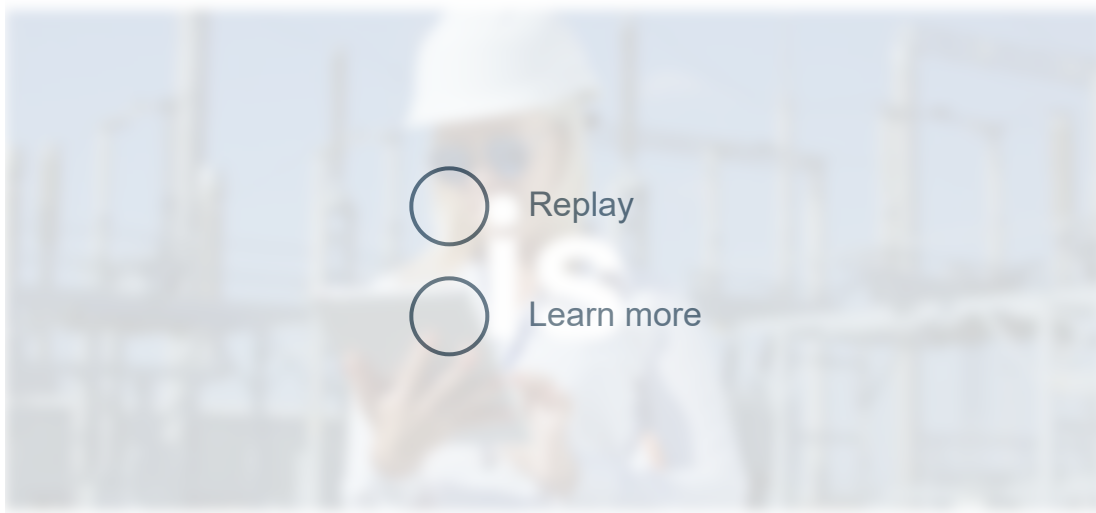
No matter how much women entrepreneurs accomplish, the statistics remain sobering.

Consider that about 40 percent of small businesses in the United States are owned by women, and yet, [according to a Crunchbase analysis](#), companies founded by women received only 2 to 3 percent of venture capital dollars over the past decade.

Women of color face even more challenges. Black women, for example, are more likely to start a business than white men or white women, according to [research by Babson College](#), but they face enormous barriers to growing their businesses. The result: Only 3 percent of Black women entrepreneurs are running established companies.

So what is the best way to help women entrepreneurs, in particular those of color, succeed?

ADVERTISING



For answers and advice, we turned to Boston-area investors who have an enviable track record of funding diverse teams and women entrepreneurs themselves. Here's what we learned:

## 1. Venture capitalists need to take the cold calls.

To get your e-mail returned from someone in the clubby world of venture capitalism, where white men remain overrepresented, chances are you need [a “warm introduction.”](#) That means startups need to know somebody at the firm who can vouch for you, perhaps a connection through a prep school buddy or Ivy League classmate.

But at [MassVentures](#), the venture arm of the Commonwealth of Massachusetts, no warm introductions are necessary. In fact, Charlie Hipwood, its CEO, embraces cold calls and e-mails. The firm makes it a point to respond to every single request for funding.

“If you want to have diverse outcomes, you need to be more inclusive and accessible, and take the cold outreach,” Hipwood says. “I look at the cold outreach as someone who is

trying hard. . . . Warm outreach is the easy path.”

This inclusive approach has led to an impressive record of diversity at the quasi-state agency that funds early-stage startups based in the state. About two-thirds of its 23 portfolio companies are led by a woman, Black, Latino, or Asian entrepreneur. Just under half of the 450 companies under review in the pipeline are led by a woman or person of color.

“We often hear from entrepreneurs we’re the only ones who responded to their outreach,” Hipwood says. “If you only respond to people in your network, by definition it’s not going to be diverse.”

Under Hipwood, who took the helm two years ago, MassVentures has made diversity even more of a priority. One reason why? Because research has shown that companies with [diverse teams innovate more effectively and make more money](#). Every year MassVentures invests several million dollars in startups as well as gives grants to other firms of up to \$500,000.

Among its best-known investments has been Ginkgo Bioworks, a Boston life sciences company that [went public this year under the ticker symbol DNA](#). MassVentures was one of its earliest backers, giving the diverse team of founders — which includes a woman of color, Reshma Shetty — two grants totaling \$600,000 in 2013 in hopes the company could help make Massachusetts an epicenter for synthetic biology, a new field focused on modifying cells.

Hipwood recalls how even as scientists from MIT, the founders [struggled early on to raise VC money](#). Today, Ginkgo, with a market capitalization of about \$25 billion, has made its five cofounders among Massachusetts’ newest billionaires.

## 2. The majority-minority is the future.

Lori Cashman and Suzanne Norris launched [Victress Capital](#) six years ago with one mission in mind: Invest in consumer companies that have gender-diverse founders and

leaders.

As venture capitalists, Cashman and Norris bankroll companies that are solving for tomorrow's problems today. They believe gender-diverse teams are better positioned at figuring out what tomorrow's consumers want. And that future increasingly will focus on people of color whose ranks are growing faster than the white population. "The majority-minority is coming," Cashman says. "If investors want to ignore where opportunities are and what our future will look like, they are doing themselves a disservice. It's their loss."

Victress Capital, with offices in Boston and New York, focuses on early stage companies. Cashman and Norris both serve as managing partners and estimate they have reviewed more than 2,000 businesses across tech-enabled consumer products, services, and marketplaces.

They've made investments in 27 consumer companies, all of which have at least one woman on the founding team. About half of the companies they've funded have founders of color, 40 percent have founders who did not go to an Ivy League school, and 35 percent have founders who are immigrants. "What we have found now, when we look back at our portfolio, it's not just diverse but inclusive," Norris says. "They know what to do with different perspectives at the table."



Helen Adeosun, founder and CEO of CareAcademy. MATT KALINOWSKI/FOR THE BOSTON GLOBE

### 3. Mind the gap.

A corporate lawyer by training, Anuradha Yadav has spent years helping entrepreneurs of color launch and grow their businesses. But she noticed something was missing in what she describes as “a gap in the ecosystem.”

There’s no shortage of programs to help women start their own businesses. There are even programs to help women whose businesses have already taken off. But for more women entrepreneurs to succeed, Yadav recognized the need to support those who are in the middle stages of growth. “We see there could be a lot of companies,” she says. “It’s getting to that place where they are able to grow.”

So in 2019, Yadav, along with Geoff Mamlet, senior adviser to the Cambridge Innovation Center, cofounded the group [Women of Color Entrepreneurs](#), or WOCE. Their goal was to help female founders of color get to the next level. It’s a period that is both exhilarating and exhausting — revenues are growing but it’s also financially perilous as

women continue to bootstrap, gear up to fund-raise, and fine-tune their business models. WOCE (pronounced “woke”) is underwritten by grants, corporate sponsors, and individual funders.

WOCE picks a small cohort of entrepreneurs and works with them for as long as it takes to help them meet certain goals. Entrepreneurs, for example, may need help with expanding their customer base, improving their marketing, securing real estate for their first office or storefront, or advice on how to win a government contract. There have been two cohorts with a total of 15 women, and WOCE is currently recruiting its next cohort of up to 12 women.

Insa Elliott, an Asian American woman founder who is part of the first WOCE cohort, says women of color need an entrepreneurial space they can call their own. “It has been the most impactful community I have participated in,” she says. “As a woman of color in Boston, where the power structure is white, you can feel like an outsider.”

Elliott raised a family and built a career in the corporate world in technology but always wanted to be an entrepreneur. While her youngest was finishing college, she decided to cash in her stock and launched [Market 2day](#) in 2017 with Stephanie Chatelangat Marmier. Market 2day aspires to become the “Etsy for local food,” providing an online platform to make it easier for consumers to find local food producers to support, from farms to bakeries.

WOCE has opened doors and widened her network, but just as important has been the support she has received from the three other women founders in her cohort, who are going through similar growing pains in their businesses. “Having a community is incredibly important,” Elliott adds, “because being an entrepreneur is pretty lonely.”

#### **4. Women founders shouldn’t be shy about their successes.**

Helen Adeosun is founder and CEO of [CareAcademy](#), one of the few startups in Boston launched by a Black woman and funded by venture capital. She is doing a lot of things



right, and she makes a point to share her success, especially with other Black women.

Her Boston-based company provides online training for home health aides, nurses, and senior care administrators. Demand for her service only grew when the pandemic created a new urgency to train workers remotely, as well as educate them about COVID-19 safety and the efficacy of vaccines. Adeosun founded the company based on her own personal experience as a caregiver. Since launching in 2013, the company has raised more than \$13 million from venture firms.

“I take it as a personal responsibility to share success,” Adeosun says. “If you are a woman successful on any level, take the time to pull other women up.”

While Adeosun may take it upon herself to lift other women, men can and should play a role, too.

“Allyship does not have to be grand gestures,” she says. “I have a lot of white male counterparts who made a point to show up for me and vouch for me . . . things that seem very little, but in the end are very big and impactful.”

---

Shirley Leung is a Business columnist. She can be reached at [shirley.leung@globe.com](mailto:shirley.leung@globe.com).

[Show comments](#)



