Female founders consultation – survey responses

Discussion questions (online survey text fields)

1. **What is the key challenge experienced by women when establishing and growing a startup?**

   Finding investors who believe they have the experience to do what needs to be done in the company. Anecdotal evidence from our members suggests that women are sometimes judged differently to their male counterparts.

2. **What additional challenges or barriers are faced by startups led by women?**

   A lack of patient capital in general, and the lack of established networks to draw on. Suppliers/professional services sometimes disregard female knowledge and talk over or speak on behalf of the company, rather than providing advice/information for the company to make decisions on.

3. **How can the program support startups led by women to leverage co-contributions from investors to maximise the benefits of the program?**

   Provide an opportunity for founders to gain hands on, actual experience under someone who has experience in the same sector/type of product they are trying to commercialise (as opposed to a mentor or educational program).

   Support with recruiting Board members who will actively support inexperienced teams, and guide them in business operations and strategy, would be welcomed.

4. **How can we ensure additionality in the program (e.g. funding businesses that would not have otherwise started, grown or attracted funding from other sources)?**

   Providing practical education that can be moved from company to company and paid forward to other founders needing hands on experience. Once an initial funder can be found this often leads to follow-on funding or additional support from other sources, and so initial support will help encourage further support and growth.

5. **What other complementary support could the Government provide to female founders?**

   Having advisors within government programmes to provide commercial advice and support for female founders.

   Facilitating ‘Board Observer’ roles for start-up female founders would also be useful. This could include funding the Women in Leadership Development (WiLD) programme, which provides women access to a leadership course, and/or the Australian Institute of Company Directors (AICD) course, which can provide founders with increased credibility.

   WiLD has already had a successful pilot year. Brandon Capital sponsored the first year and provided Board Observer positions for the participants. It should include a mix of

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government, venture capital, and corporate support to help develop the pipeline of executives that Australia needs.

6. **Is there anything else the department should consider in developing the program?**

Experience is important and can be more of a problem for female founders because inherently investors sometimes place more trust that males will be able to perform well in these companies, and males can be more comfortable talking about their experience.

Australia needs more Boards and advisors willing to support inexperienced CEOs, and investors willing to back inexperienced teams, based on having guidance around them. Experience cannot be learned from a course, however the WiLD program provides the fundamentals for governance – critically important for successful communications with Board and shareholders alike.

Funding support for female-founded companies to complete the WiLD or AICD courses would be useful. Female founders often have family responsibilities or have less capital to dispose of in order to do these types of courses, which provide invaluable learnings and credibility.

7. **What should the department consider when determining:**

**Eligibility**

a. **target startup lifecycle stage (e.g. pre-seed, seed, minimal viable product)**

Pre seed, seed and minimal viable product are all good stages for this to be eligible. In the life sciences sector it is particularly important for funding to be available right through to market entry. It can take 10-15 years and around $1 billion to bring life sciences products to market, and support during this period is critical.

Seed is an important stage, but a particularly important period is the seed up to $2 million stage. It is very hard to raise $1-2 million, particularly for female founders.

b. **characteristics of a business (e.g. age, revenue, expenditure, assets, employees)**

The department could consider the CSIRO Kickstart program guidelines as a starting point. Consideration should be given to proof of concept as one of the characteristics could be one of the characteristics considered.

**Grant funding**

c. **optimal grant size (e.g. $25,000 to $250,000)**

This will be different for different sectors. A grant amount of $250,000 for the life sciences sector (devices, diagnostics and therapeutics) is useful as an initial grant at seed stage to encourage co-investment, but the extent of its usefulness will vary depending on the product class.

d. **optimal grant duration**
Six months to 1 year depending on what the programme will do.

e. **the appropriate ratio for co-contributions (e.g. matched funding)**

Matched funding is challenging at the pre-seed/spinout stage in the life sciences sector. A 50:50 matched funding ratio does require that there is some funding in the company, but if the company doesn’t have to show the funds are in the bank before being eligible, that can provide an incentive for investors. Acceptance of in-kind co-contributions should be considered.

f. **what type of co-contribution is appropriate (e.g. equity, loan finance, loan notes)**

This depends on the programme. Equity would generally be acceptable so long as it doesn’t interfere with future investment rounds.

g. **the timing for grant milestone payments**

If the program is for product development then it should be staged in appropriate tranches depending on the development required to get the company to the next crucial inflection point for further investment.

**Activity**

h. **focus funding areas (e.g. sector, location, demographic)**

Life sciences should be a focus area. It is already difficult for life sciences founders to attract the investment they need to develop their products because the amount required to develop products (often $1 billion) over a long time period (10-15 years) means the risk and time taken to receive returns is significantly higher than other sectors. It can be especially difficult for female founders to attract this investment, given they sometimes do not have access to the networks that often founders use to generate the necessary funds.

**Outcomes and evaluation**

i. **the key indicators of success.**

- Follow on investment.
- Sales, growth metrics
- Number of commercial partnership arrangements signed based on project outcomes
- Revenue generated from sales of new products and services developed
- Jobs created in the companies

It also depends what the government is wanting to achieve. Follow on investment and jobs created could be sufficient when thinking of helping female founders to start and grow companies.