



Australian Government
Department of Industry,
Innovation and Science

Boosting Female Founders Initiative

Consultation Outcomes

November 2019

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1. About this report

The Department of Industry, Innovation and Science (the department) conducted a public consultation with stakeholders in the startup and innovation ecosystems to inform the design of the Boosting Female Founders Initiative.

This report provides a summary of the consultation outcomes, highlighting themes from participant responses and identifying the common challenges experienced by women engaging in innovative entrepreneurship and growing startups.

The findings presented in this report will inform the program's detailed design to get the best outcomes for Australian startups founded by women.

2. What is Boosting Female Founders?

The Australian Government announced the Boosting Female Founders Initiative as part of the Women's Economic Security Statement released in November 2018. Through the program, \$18 million of grant funding will be available to female founders of startups to access finance to grow and scale their startup. Grants will be available over three years from 1 July 2020 on a co-contribution basis. The Initiative will support startups geared for growth with high potential to launch, scale and expand into domestic and global markets. The Initiative will target women experiencing a range of barriers to business growth and success.

3. What is the Government hoping to achieve?

Through the program, the Government is aiming to:

- stimulate private sector investments into innovative women-led startups geared for growth
- help female entrepreneurs overcome some the disadvantages faced in getting access to finance to grow their startups
- enable female founders to scale-up, expand into global markets and become self-sufficient
- boost the economy by increasing the diversity of startup founders.

4. The consultation process

Public consultation is an essential part of understanding the needs of the public. Consultation provides an opportunity to engage with the Government and the Australian Public Service about important issues.

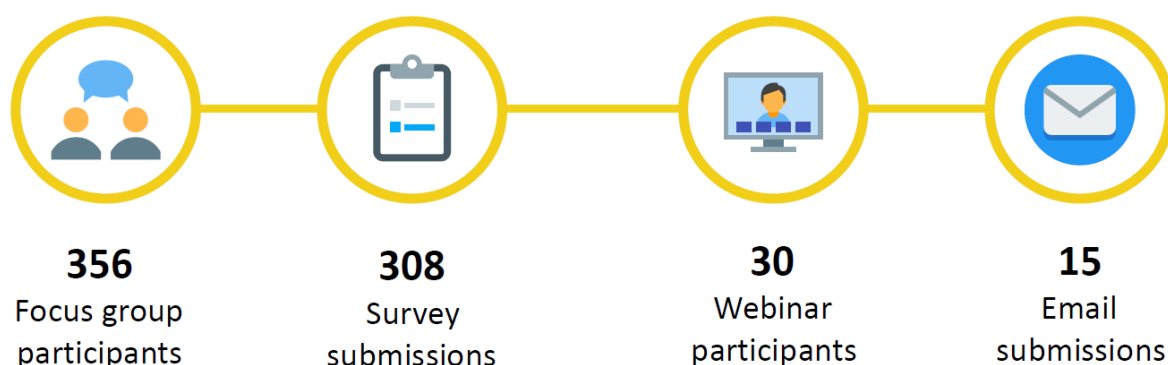
How did we consult?

Consultations for the Boosting Female Founders Initiative were undertaken between 26 August and 4 October 2019 to seek views from stakeholders from the startup and innovation ecosystems. The department released a discussion paper and sought input to a series of questions (Appendix 1). The consultation process included 20 face-to-face focus groups across Australia (14 regional, 6 metropolitan), a consultation hub survey and a webinar (Figure 1).

Figure 1 Number of respondents who engaged in the consultation process

Participation

Number of participants involved



Focus Groups

Over 350 people attended focus group sessions across Australia (Table 1).

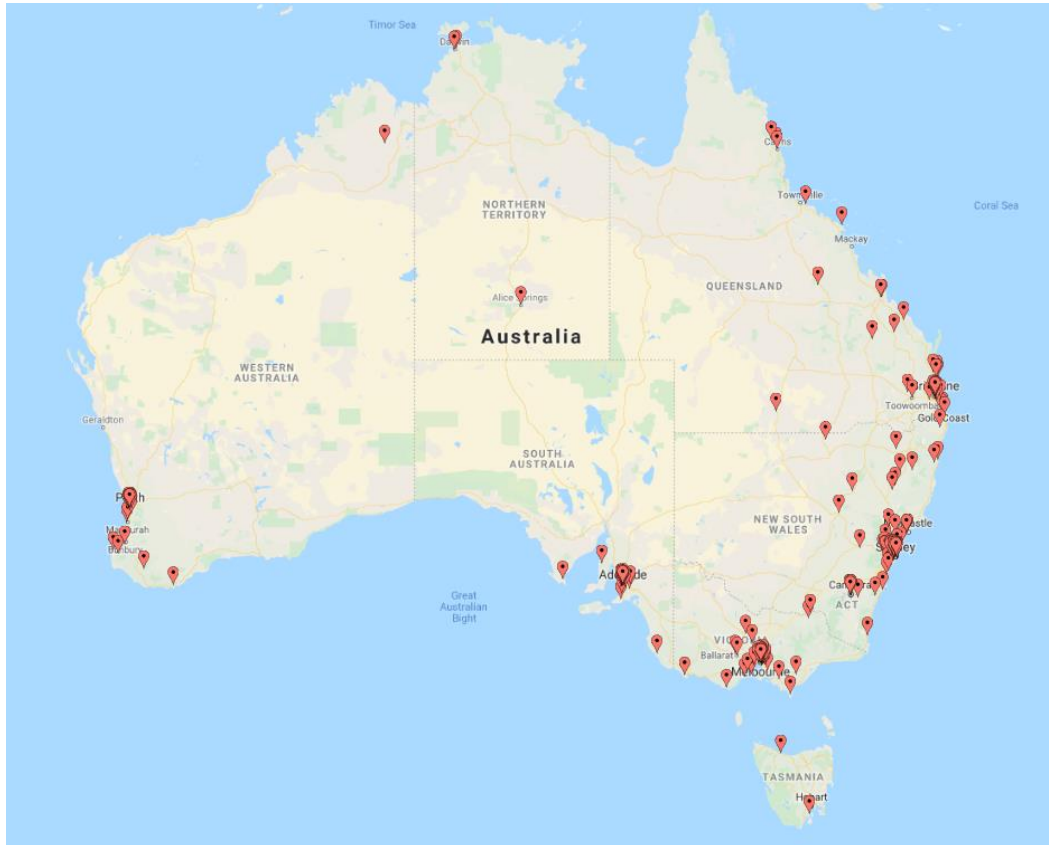
Table 1 Locations where focus group were held

State or territory	Locations
New South Wales	Sydney CBD, Parramatta, Newcastle, Merimbula, Wagga Wagga
Victoria	Melbourne, Bendigo, Wangaratta, Gippsland
South Australia	Adelaide, Mount Gambier
Western Australia	Perth, Kalgoorlie
Northern Territory	Darwin, Alice Springs
Australian Capital Territory	Canberra
Queensland	Brisbane, Townsville, Rockhampton
Tasmania	Launceston

Consultation Hub

The consultation hub attracted 308 responses from a range of stakeholders. Responses were received from 229 postcodes in each state and territory (Figure 2). One submission was received from New Zealand.

Figure 2 Locations of respondents to the Consultation Hub survey



5. Consultation outcomes

a. Challenges faced by female founders

The department asked about the key challenges and additional challenges faced by female founders. *Three key challenges* were identified (see

Figure 3). Additional challenges raised included *time constraints* and *the role of men in the ecosystem*.

Figure 3 Key challenges of female startup founders

Core Challenges

Access to funding and capital

A major barrier for founders was the ability to access the necessary capital for their startups



Access to supportive networks

Female founders expressed difficulty in accessing supportive networks and information to assist their startups



Lack of confidence

A lack of confidence was a common theme, either in the founder themselves or in their business ideas



Personal financial situation and access to startup funding

More than a third (**38 per cent**) of respondents directly mentioned **funding, investment, money or capital**. Responses focused around two main areas:

- the founder's personal financial situation
- attracting investors to financially support the startup in a male dominated system.

"...the biggest hurdle is getting your business idea in front of the right people so that you have the opportunity to share your product and upon gaining interest you have the support to gain the funds [to] achieve your business goals."

"[Women are told they need to change their] instinctive business models, problems [they] want to solve and the pace and scale [they] want to grow these businesses to be funded by the current male system..."

32 per cent raised the difficulty of finding **information resources** to support their venture, specifically for the very early stages of a startup. This included basic material or information, application guidance and financial advice, as well as connections into networks, finding mentors and support groups.

- **23 per cent** – **Lack of confidence** (either in the founder themselves or in the idea for the startup).
- **15 per cent** – **Time constraints** (demands on their time, including family commitments).
- **15 per cent** – **Role of men** (gender bias and cultural barriers).

The word cloud in Figure 4 depicts the key words respondents used in providing their response about the challenges faced by women establishing their startups.

[illegible]

b. Co-contributions

Leveraging co-contributions from investors

The department asked how the program could help to stimulate private investment in startups founded by women to provide founders with access to new sources of capital through co-contributions. The following three themes emerged:

Funding and financial incentives
Education and training opportunities
Facilitating networking opportunities

- **Funding and financial incentives** was the most important theme featuring in **40 per cent** of responses.
 - Allowing alternate investment and providing financial incentives to investors.
 - Assistance making connections between applicants and potential investors.

To help make co-contributions work participants want government to "play a bigger role in connecting investment funds with government funds for startups"

- Around a third (**35 per cent**) of respondents believed better access to **education and training opportunities**, advice and mentors would assist with their pitching to investors.
- **28 per cent** of respondents said **facilitating networking opportunities** was an important way to help founders leverage private investment.

Co-contribution ratios

The department asked about co-contribution ratios. The following two themes emerged:

50/50 split would ensure fair balance
Flexibility in co-contribution ratios for disadvantaged founders

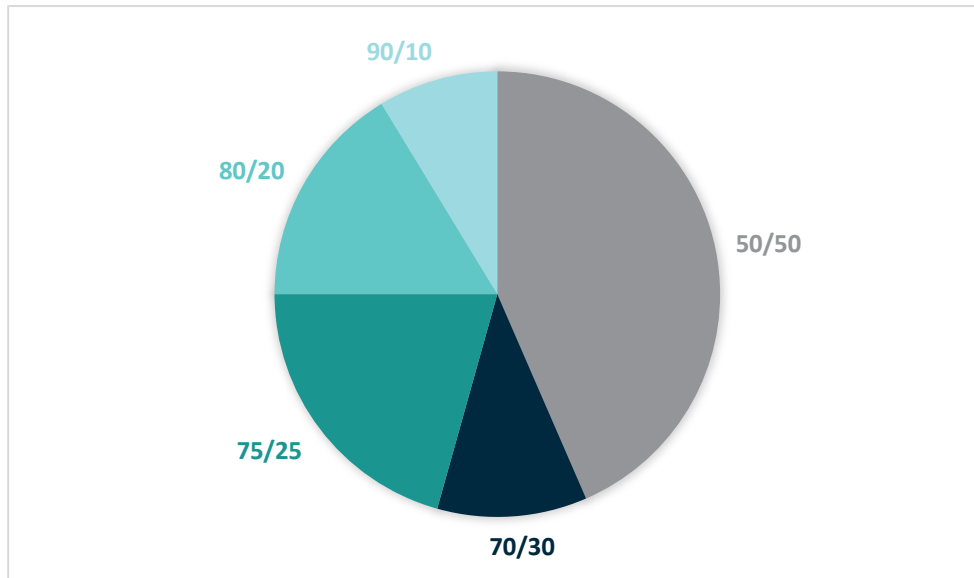
The proportion of responses received are in Figure 5. Determining the appropriate funding split between the Government and co-contributions yielded two key trends.

- **Just under half** of respondents said an even (**50/50 split**) would ensure a fair balance. Respondents reasoning included ensuring the founder retains a connection and onus to the funding.

"Good balance of support and some skin in the game."

- Respondents also noted the benefits of allowing **flexibility in co-contribution ratios** where founders face varying access to opportunities, networks and experience disadvantage. Other groups (**52 per cent**) favoured different ratios. Respondents reasoning included issues of fairness; a need for flexibility; and addressing intersectional disadvantage.

Figure 5 Ratios of Government (left) and other (right) co-contribution



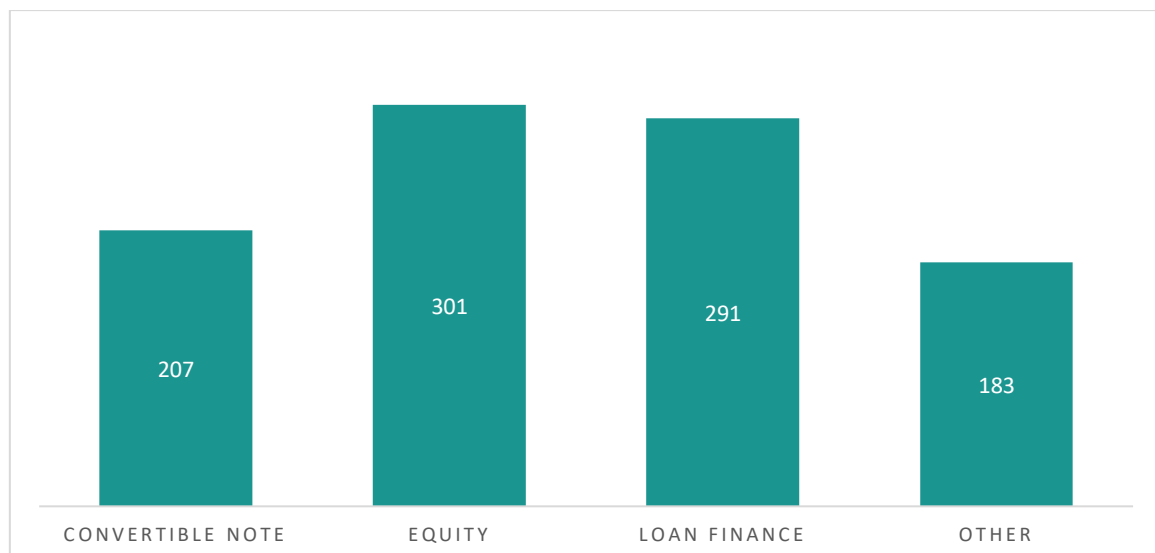
Types of co-contributions

The department asked what types of co-contributions should be considered as appropriate. The key theme that emerged was:

Multiple types of co-contributions would provide flexibility for founders

Respondents suggested allowing **multiple types of co-contributions** would allow more women to access the grant and ultimately grow and scale their startup (Figure 6).

Figure 6 Sources of co-contributions (number of responses)



The 'other' comments primarily provided commentary around these options (e.g. connecting investors with startups). A small number of respondents also wanted in-kind contributions to be considered.

c. Funding women with limited access to finance

The department asked how to ensure additionality was achieved through the program so startups that otherwise would not have started, grown or attracted funding could be funded. The following five themes emerged:

Reduce barriers to entry
Connect applicants to mentors, help and assistance
Increase diversity of minorities and disadvantaged women
Local focus, greater representation of regional and rural founders
Eligibility requirements and merit assessment

- **20 per cent** of respondents identified [reducing barriers](#) to entering the program (e.g. simple application processes and reducing red tape) as important. Ensuring accessibility for all abilities was also raised as an issue that needed to be addressed in the application system.

"Have workshops and [other] things [that would] help with the application."

- **20 per cent** of responses discussed assistance to [connect applicants to mentors, help and assistance](#), such as investors and other successful applicants.
- **20 per cent** of respondents raised the importance of [increasing diversity of minorities and disadvantaged women in the program](#). Diversity covered a range of characteristics, including cultural identity, geographic location and socioeconomic standing.
- **18 per cent** of responses identified [increasing rural and regional representation, and having a local focus](#), in recognition of the additional challenges faced by founders outside of metropolitan areas in accessing support for their startups.
- **18 per cent** of respondents highlighted the importance of taking an evidence-based approach to program [eligibility requirements and merit assessment](#).

d. Targeting the funding

Types of founders and startups

The department asked about the stage the startup should receive funding. The following four themes emerged:

Early stage companies
Open and flexible
Scalable companies or startups ready to scale
Disadvantaged founders

Early stage companies – Over **40 per cent** of respondents would like the Initiative to provide funding to early stage startups. The view was that founders of pre-seed and early stage companies have the greatest need for funding and other guidance.

Open and flexible – **20 per cent** of responses highlighted the importance of support for startups at all stages and a preference to take individual needs into account. This included support for social startups that do not fit into the traditional male model of a scalable company with global ambitions.

Scalable companies or startups are ready to scale – startups with income, evidence of traction and an identified growth opportunity, were identified by **17 per cent** of respondents.

"Businesses ready to launch to market, or launched business and ready to scale up."

The department asked about the business characteristics that could form eligibility criteria. The following six themes emerged:

Potential and projection
Initial success and viability
Market readiness and impact
Experience
Team composition, employees, job creation
Flexibility and inclusivity

Responses included a range of considerations:

- Around a third (**32 per cent**) of responses directly mentioned **potential, growth, future, projection, development and vision**.

"Ability of the business to solve a real problem."

- The **initial success** of the company and its proof of **viability** was raised in about **30 per cent** of responses.
- Assessing the startups **market readiness** and either **current or potential impact** (**26 per cent**).
- **Experience** of the founder, rather than startup age, was raised by **22 per cent** of respondents.

- Around **18 per cent** of respondents focussed on the [composition of the team](#) and the startups [contribution to the job market](#).
- **16 per cent** of respondents wanted the program to [be flexible and inclusive](#) with a focus on potential for success rather than characteristics of the startup.

Focus funding areas

The department asked about focus funding areas. The following three themes emerged:

Location-based funding
Funding startups with greatest impact, viability and merit
No focus areas

The key theme respondents highlighted was [location-based funding](#). **33 per cent** of responses had a preference for the program to focus on regional, rural and remote Australia, due to the additional challenges experienced including:

- Location-based issues, including the need to travel further.
- Difficulty getting in front of investors.
- Greater overall disadvantage, isolation and barriers to accessing resources.

[Being from a regional area makes it] "...more expensive for participation - many programs, events and opportunities are interstate and cost more" [to take part in].

Other respondents noted the importance of [funding startups with the greatest potential impact, viability and merit](#) (**18 per cent**), and considering [no focus areas](#) (**15 per cent**) to keep the program as open as possible.

e. Grants

Size of grants

The department asked about preferred grant size. The following two themes emerged:

Focus on early stage startups
Be flexible

The "size of [the] grant should be dependent on stage of [the] business."

Respondents highlighted two key preferences:

- **Focus on early stage startups** – Respondents want the Initiative to focus grant funding on pre-seed and early stage startups.
- **A need to be flexible** – Some respondents recognised each business is unique, preferring the grant size be dependent on a founder's goals, needs and circumstances.

Timing and duration of grant payments

The department asked about the preferred duration of a grant and timing of grant payments. The following five themes emerged:

Be flexible
Quarterly or six-monthly
Upfront payment
Milestone payments
Allow for extensions

There was roughly an even contribution in responses looking at a range of considerations:

- **Be flexible** with timing and duration tailoring to the individual business need (**27 per cent**).

"Grant duration should depend on what [the] business is asking for and what they need."

- Support for payments on either a **quarterly or six monthly basis** (**26 per cent**).
- A portion of **payment upfront** (**24 per cent**).
- Payment on agreed **milestones** and targeted outcomes being met (**20 per cent**).
- Allow for **extensions** if circumstances change (**20 per cent**).

f. Measures of success

The department asked about the key indicators of success. The following four themes emerged:

Local benefits
Revenue growth and wealth creation
Founder meets their milestones
Greater representation

Local benefits – Around **one third (35 per cent)** of respondents said that the startups social impact and community benefit, including local job creation, should contribute to the program's success.

"[A] significant consideration should be [the] outcome of success of [the] business, not just for [the] founder but for [the] greater community, economy [and] wellbeing of others."

Revenue growth and wealth creation – Nearly a third of respondents (**30 per cent**) said that the success of the grant should be based on revenue growth and business sustainability.

Founder meets the milestones in their grant application – **24 per cent** of responses noted that a founder's success should be determined by their personal business goals. Respondents indicated each founder would have different goals and needs, and success shouldn't be a one size fits all.

"That they achieve the objectives that the funding was allocated for."

Greater representation – The Initiative should lead to greater representation of female founders in the startup ecosystem (**18 per cent**).

More "...investment in female founded business"

More "...female founders taking opportunities..."

"More female leadership opportunities..."

6. Geographic analysis

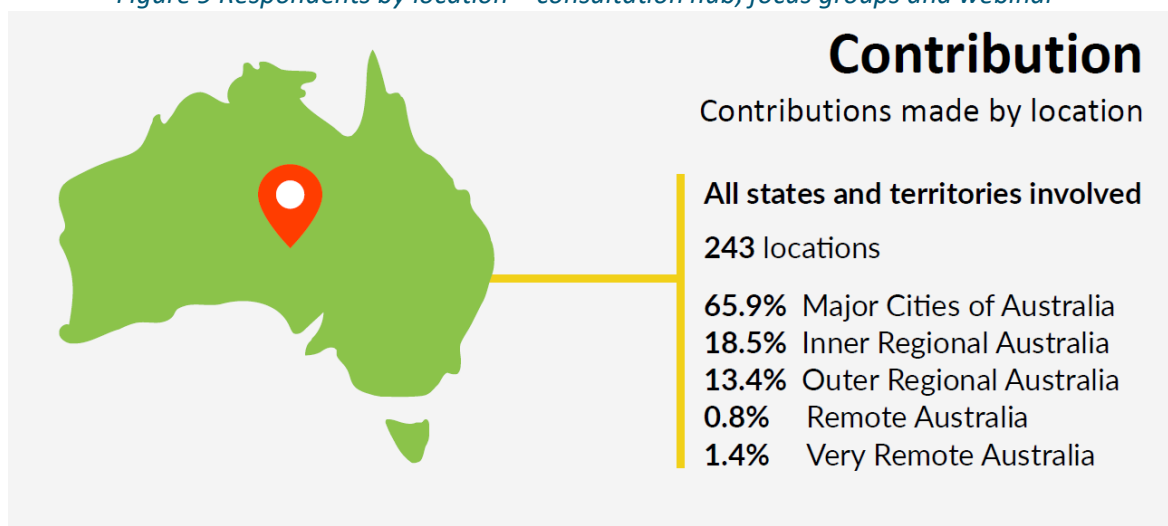
The department highlighted that the program would target female founders with additional barriers to accessing early stage capital, and ensure the needs of diverse groups of women are served. The following overarching themes emerged:

Similar themes emerged between metro and regional areas
Provide additional assistance to regional founders through:
Improve access to finance
Improve networks and support
Bring events to the regions

a. Metro and regional considerations

Responses and engagement with the consultation came from a diverse range of locations (Figure 9). Respondents would like to see the program designed in a way that understands the additional challenges and needs experienced by regional women, and provides regional founders with some form of [additional assistance](#).

Figure 9 Respondents by location – consultation hub, focus groups and webinar



Similar themes emerged from metropolitan and regional areas through the consultations (Table 2).

Table 2 Views from women in major cities and those in rural, regional and remote areas

Major cities	Rural, regional and remote areas
Improve access to networks, supports and mentors	Improve access to networks, supports and mentors
Improve access to capital and improving knowledge about where to access capital	Improve access to capital and provide knowledge about where to access capital
Growing revenue and the impact of their business	Building business capability and furthering founder education
Managing barriers (e.g. confidence, bias, time)	Make sure regions are considered

7. Helping founders experiencing greater disadvantage

Supporting founders experiencing greater disadvantage was a common theme that emerged. Responses showed that these founders have different challenges and need further support if they are to succeed.

While female founders in regional, rural and remote areas can have ideas for startups, they do not have access to the same development opportunities, networks, mentors or finance. Disadvantaged founders are also impacted by time, travel, connectivity and other challenges.

Responses showed that these challenges also disproportionately impact Indigenous founders, especially those who live in remote Indigenous communities.

Respondents suggested the following ways to support founders experiencing greater disadvantage:

- **Improve access to finance** – Respondents said a flexible co-contribution requirement may allow founders to overcome some challenges. Some responses suggested a portion of the funding could be allocated to regional and rural startups to increase participation.
- **Improve access to network and support** – Responses favoured active promotion in the regions, through a diverse range of channels and would like information sessions, events and roadshows delivered in the regions.
- **Improve access to networks** – Responses highlighted the importance of networks to provide founders with opportunities to learn from each other and the wider ecosystem.

8. What happens next?

The department will examine the feedback received through the Boosting Female Founders Initiative consultation process and use it to inform the development of the program, including the grant guidelines. Applications for grants will open early next year with the first funding available from 1 July 2020.

Appendix 1: Discussion Paper questions

1. What is the key challenge experienced by women when establishing and growing a startup?
2. What additional challenges or barriers are faced by startups led by women?
3. How can the program support startups led by women to leverage co-contributions from investors to maximise the benefits of the program?
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)?
5. What other complementary support could the Government provide to female founders?
6. Is there anything else the department should consider in developing the program?
7. What should the department consider when determining:

Eligibility

- a) target startup lifecycle stage (e.g. pre-seed, seed, minimal viable product)
- b) characteristics of a business (e.g. age, revenue, expenditure, assets, employees)

Grant funding

- c) optimal grant size (e.g. \$25,000 to \$250,000)
- d) optimal grant duration
- e) the appropriate ratio for co-contributions (e.g. matched funding)
- f) what type of co-contribution is appropriate (e.g. equity, loan finance, loan notes)
- g) the timing for grant milestone payments

Activity

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

Outcomes and evaluation

- i) the key indicators of success.