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# The Global Push to Unlock the Potential of Women Entrepreneurs

Investing in women boosts prosperity, benefiting their families and communities

By Jeri Eckhart-Queenan, Jacob Allen, and Chase Behringer

Across the developing world, women own and operate an estimated 8 million to 10 million small and midsized enterprises, comprising roughly a third of all such firms in emerging markets. These women-owned companies create much-needed jobs, boost household income, and contribute to overall economic prosperity.<sup>1</sup> Yet, women are both underrepresented as business owners and underserved by banks and government policy makers.

In fact, small and midsized business owners occupy the “missing middle” in economic development. Regardless of gender, these owners are stuck between microenterprises broadly served by microfinance institutions on the one extreme and corporations with access to bank capital on the other.

Development experts recognize this failure to tap the potential of small and midsized firms as a missed opportunity on a grand scale. Though underserved, firms with 5 to 250 employees are the economic engines of developing nations, accounting for two-thirds of all full-time jobs and generating 86 percent of new jobs, according to Aspen Network of Development Entrepreneurs. These firms are widely considered to offer one of the best ways to raise people in developing countries out of poverty.<sup>2</sup>

As if the challenges confronting struggling entrepreneurs weren’t formidable enough, women business owners in this missing middle must cope with the added burden of gender-specific hurdles that further limit their access to financing, education, business networks, and markets. Given these handicaps, most women entrepreneurs tend to be concentrated in smaller, low-growth firms. Summing up women’s plight, Angel Gurría, the secretary-general of the Organization for Economic Cooperation and Development, put it this way: “Women are the most underutilized economic asset in the world’s economy.” But their diminished status seems poised for change.<sup>3</sup>

Recognition of both the barriers and benefits of supporting women-owned small and midsized enterprises (SMEs) has spread in recent years, leading to the creation of a number of public, private, and social sector initiatives aimed at strengthening women-owned businesses. While the programs differ in design, many share a commitment to simultaneously addressing the multiple barriers women face. The key assumption that underlies this approach is that serving one need, such as providing bank loans or direct investment, will have limited effect if recipients

Cover image: Varsha, a CEO and fashion designer in India, has expanded her business, launched a second brand, and increased revenue by 200 percent since graduating from *10,000 Women*.

don't have adequate business skills or lack access to mentors and markets. In short, the emerging model embraces a multifaceted approach to assisting women with capital, operational know-how, and networks. Although data are not yet available from all programs, it is clear that they are already achieving significant results in terms of accelerated growth of women-owned small and midsized enterprises. And this growth is certain to have powerful ripple effects well beyond the women participating. Here are some of the leading examples of programs that are investing in women entrepreneurs, grouped by the type of sponsor.

### **Corporations**

- Goldman Sachs' *10,000 Women* initiative is a \$100 million philanthropic endeavor, launched in 2008, designed to help 10,000 women entrepreneurs over five years. The initiative combines rigorous practical management training, support services like business advising and networking, and access to capital.
- Coca-Cola Company's *5by20* Women's Economic Empowerment initiative, announced in 2010, aims to help five million women associated with Coca-Cola's global supply chain to start or grow small businesses by 2020. The program offers business skills training, access to financial services, and connections with peers and mentors.
- Walmart's Women's Economic Empowerment Initiative, announced in 2011, also aims to bring women into the firm's global supply network. The program involves business training to help women scale their operations.

### **NGOs & Philanthropies**

- The Cherie Blair Foundation for Women, founded in 2008, works in partnership with local organizations in some 50 countries to provide training and mentoring to thousands of women entrepreneurs ready to grow their businesses. A complementary initiative helps women entrepreneurs use mobile technology to increase sales and productivity.
- WEConnect International is a nonprofit founded in 2009 that offers women business education, connections, and certification to help them gear up to sell their products to some three dozen multinational corporations who support the organization. WEConnect's corporate members represent \$700 billion in annual global purchasing power.

### **Financial Institutions**

- The International Finance Corporation (IFC), a member of the World Bank Group, conducts significant research and promotes regulatory and legal changes to increase access to capital for SMEs. It also encourages banks to create new lending programs and provide financial training to women entrepreneurs.
- The Global Banking Alliance for Women develops comprehensive programs that help its 29 member banks operating in 135 countries provide women business owners with access to capital, markets, education, and business training.

The multiservice approach these programs take to assisting women entrepreneurs has a track record of success in other situations involving complex problems with multiple barriers. In the United States, the Harlem Children's Zone deployed comprehensive, integrated services to help neighborhood children graduate from high school and succeed in college at the same rate as middle-class kids. Similarly, the One Acre Fund has developed a comprehensive suite of services to assist smallholder farmers in East Africa plant, harvest, and sell their crops at higher prices, significantly boosting household income.

Without question, there are many instances when a single, well-tailored intervention succeeds in addressing a social problem. But with complex issues, such as helping women in emerging markets grow their businesses, the barriers to success are too numerous for a single intervention to succeed. Hence, the recent proliferation of programs that take the multiservice approach.

Among those offering such programs, corporations stand out for the size of their investments and the ambitious scale of their undertakings. Two different models have emerged. Goldman Sachs adopted a corporate philanthropy approach aimed at building and scaling a program that targets women entrepreneurs. By contrast, Coca-Cola is pursuing an approach to uplift women and their communities while benefiting the corporate bottom line. Each approach deserves a closer look.

## *10,000 Women* Data Show Impressive Results

Goldman Sachs designed the *10,000 Women* initiative to address an unmet need for women's business training and support. Funded through the Goldman Sachs Foundation, over the past five years the initiative built a network of some 89 academic and NGO partners, including London Business School, who have taken the program to a total of 43 countries. "We saw an opportunity to promote shared economic growth by investing in women and have been pleased with the results to date," says Global Program Director Noa Meyer.

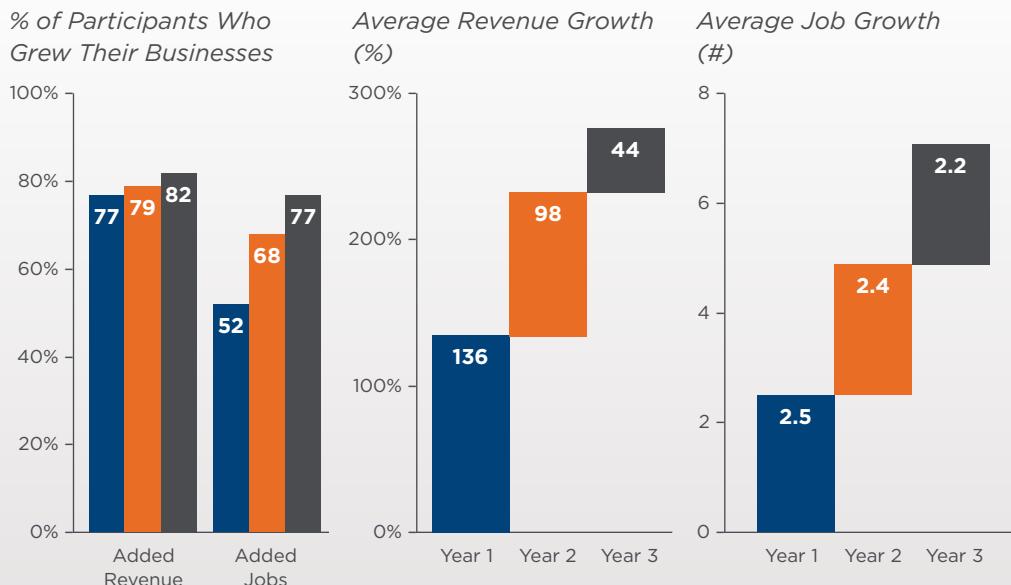
The initiative targets women who have operated an established business for at least one year with a minimum of five employees. A rigorous selection process at each training site picks from 30 to 50 women from dozens, often hundreds, of applicants. The process screens applicants for two key criteria. First, the business should exhibit the potential to grow, but have struggled to do so because of the owner's lack of training, connections, or capital. Second, the program only accepts "underserved" women, those who otherwise would not be able to access services on their own. Once admitted, participants attend classes that include business plan writing, strategic planning, and basic accounting. They also get the benefit of advice from mentors and networking with others business owners.

As a pioneer in the multiservice approach to building women's businesses, Goldman "played an important role in de-risking investment in women," says Pamela Reeves, a senior advisor at Nike Foundation and former senior advisor at the US Department of State. To validate its approach, Goldman Sachs committed

from the outset to measuring the performance of *10,000 Women* to determine whether the path it blazed achieved results. The monitoring and evaluation work completed to date is strongly encouraging.

Fully 82 percent of participants grew their revenues and 77 percent added jobs in the three years after enrolling in *10,000 Women* (see Figure 1). On average, participants increased revenue by 673 percent and created an average of 7.1 jobs in the same period (on an average starting base of 12.6 employees). Nearly three-quarters (71 percent) reported higher profitability. In addition, nine out of ten graduates of the program mentor other women. And each mentor works with an average of eight other women entrepreneurs, thus creating a powerful multiplier effect of Goldman's initial investment.

**Figure 1: 10,000 Women Three-year Outcomes**



Note: Based on validated revenue and jobs data for Scholars with baseline (or application)

**Participant selection:** While the initiative is designed for women who run SMEs with a minimum of five employees, in certain countries where women-owned businesses tend to be smaller, this requirement is relaxed to open the opportunity to more women. In such cases, up to a quarter of participants begin the program as micro-entrepreneurs. They are carefully selected for their potential to grow their businesses when given the necessary support. While most microfinance organizations see only a handful of their clients grow into SMEs, nearly half of the micro-entrepreneurs who participated in *10,000 Women* graduated to SME status within a year after beginning the program.

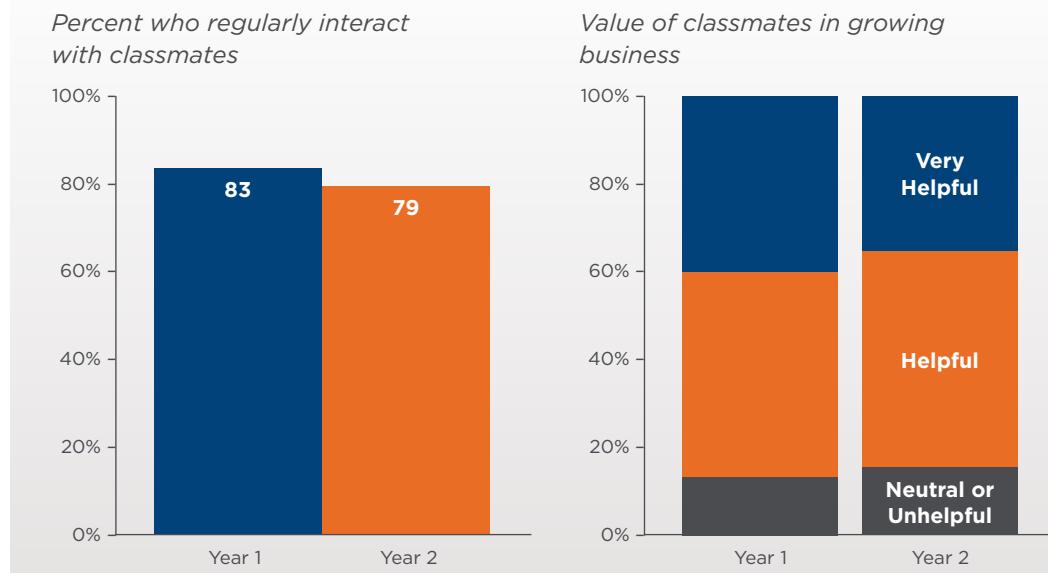
**Management training:** Participants receive at least 100 hours of classroom training on basic business skills. Six months after completing the course work, 58 percent of the graduates reported having an updated business plan—up from

18 percent before the program. Business plans are essential when applying for loans and reflect a greater understanding of growth potential.

Of the 30 percent of participants whose business did not grow revenue in the first year after enrolling in *10,000 Women*, 71 percent saw revenue growth in the subsequent year. For most, the dip in revenue reflected the impact of difficult management decisions to “right size” their businesses. For some that meant eliminating an unprofitable product or service. For others, it meant parting ways with unproductive employees—often family members. Having used their newfound business acumen to prune their businesses, growth followed quickly.

**Ongoing support and networking:** Women in developing countries typically have little opportunity to participate in business networking, essential to developing connections for business expansion. But *10,000 Women* shows that networking is something women take to readily when given the chance. Six months after graduating, 73 percent of the women surveyed said they now participated in formal networking, up from 44 percent before the program. And nearly 90 percent reported that the close bonds of trust and friendship formed with classmates were either “very helpful” or “helpful” in growing their businesses (see Figure 2).

**Figure 2: Participants “networking” after graduation for business and support**



**Access to capital:** The gap between the money women-owned SMEs need and what is available is enormous—reaching \$300 billion globally according to one estimate.<sup>4</sup> Data from *10,000 Women* graduates both highlight this challenge and demonstrate some of the successes the initiative has had in this area.

A year after enrolling in the program, 60 percent of participants said they needed business capital. Of those, 58 percent applied for loans. Of the 42 percent who did not apply, primary deterrents were the complexity of application processes,

the unreasonable loan terms (interest rates and length of repayment), and a lack of collateral. The positive news is that 78 percent of those who did apply for loans were approved by local financial institutions. This year, Goldman Sachs will achieve its goal of reaching 10,000 women entrepreneurs. Yet the firm has no intention of ending its support for this important demographic. Goldman is in the process of reviewing the program's cumulative five-year results and planning the next phase of its support for women entrepreneurs.

## Coca-Cola Invests in Women Entrepreneurs in Its Value Chain

Coca-Cola's commitment to the 5by20 initiative built upon the work of its Women's Leadership Council, which focuses on developing pathways for women to advance to senior leadership roles within the corporation. "We decided that we wanted to demonstrate the same commitment to women outside the company as those inside," says Charlotte Oades, Coca-Cola's global director of women's economic empowerment. The 5by20 initiative aims to economically empower women who connect with the company's global business in six parts of its value chain: as suppliers of ingredients used in beverages, nonagricultural suppliers, distributors, small retailers, recyclers of packaging, and artisans who convert recycled items into products such as jewelry, belts, and purses.

5by20 helps women seeking to set up or grow businesses to overcome the three most common barriers: access to skills training, capital, peer networks, and mentoring. Program design adapts to local needs based on consultation with government agencies, NGOs on the ground, business leaders, and the women themselves. "We really get connected at the grassroots level and want the programs to be owned by people at the local level," explains Oades.

The program for small retailers in the Philippines, for example, took shape in consultation with a government agency with 161 training sites around the country. "We worked together to develop strong training content that includes how to run a retail store, manage your finances, and reach out to customers," says Oades.

In Kenya and Uganda, Coca-Cola partnered with the Bill & Melinda Gates Foundation and TechnoServe, a global nonprofit that develops business solutions to poverty, to launch Project Nurture in 2010. The project is assisting 50,000 small-scale mango and passion fruit farmers—30 percent of whom are women participating in 5by20—to increase productivity and sell to new markets. To complement its training and mentoring efforts, Coca-Cola announced in March a three-year collaboration with the IFC to provide \$100 million in financing to 5by20 women business owners in Eurasia and Africa. IFC will work through its network of regional and local banks to provide financial and business skills education to women, starting with Access Bank in Nigeria.

Coca-Cola launched 5by20 in four countries to pilot the program in 2011, and the results after a year gave it confidence to expand to eight more in 2012, including China, Mexico, and Egypt. By the end of 2012, the program had reached 300,000 women. Anecdotally, it's living up to expectations, but Coca-Cola is seeking a rigorous analysis of its progress and identification of areas for improvement. The company has assigned a UK-based firm, Two Tomorrows, the task of evaluating the effectiveness of its efforts on several dimensions, among them: helping women to add employees and grow revenue, tracking women's confidence levels, and measuring impact on families and communities.

"This is not a philanthropic endeavor," says Oades. "We're not in the check-writing business, as we know that's not sustainable." Rather, Coca-Cola has embraced women's business development as part of its global business strategy. As women's businesses prosper, so will their families and communities. And thriving communities are in Coca-Cola's long-term interest. "Since our business has strong plans for growth, and as we connect those plans with the development of women's businesses, we add value to their businesses and our own," says Oades. "We're still at the beginning of our journey to help five million women. But wherever people have understood what we are trying to do, we've had no shortage of partners coming to the table."

## Questions Remaining

While encouraging, data from the *10,000 Women* program is just the first wave of research to arrive from the numerous programs designed to assist entrepreneurial women. "We have emerging insights, but more data is needed to understand what works across the field," says the Nike Foundation's Reeves. In that regard, several key questions merit further discussion and evaluation.

### **What's the most efficient way to deliver skills development?**

Regardless of sponsor, skills development is a central part of the programs underway to assist entrepreneurial women. The *10,000 Women* approach involving intensive classroom skills development produces impressive results, but it's expensive to scale. Is it possible to achieve the same impact at a lower cost by utilizing other delivery methods?

### **What combination of supports creates the greatest impact per dollar?**

The development model currently in favor is based on the belief that women need help dealing with a full range of barriers to their success as business owners. While that may seem intuitive, just five years ago this approach was considered an innovation. With the exception of *10,000 Women*, most of the programs based on this multifaceted approach are too new to have experienced the rigors of evaluation. More research needs to be done to validate the approach and identify the best combination and duration of supports offered.

### **How can women-owned firms meet the demands of broader markets?**

A number of programs, including those offered by WEConnect, the Cherie Blair Foundation for Women, Walmart, and Coca-Cola, aim to connect women to regional and international markets. But multinationals are not geared to source from small businesses. And small, women-owned firms aren't experienced in volume production. Challenges abound for both sides of the equation. "This is a new journey for all of us," says Elizabeth Vasquez, president and CEO of WEConnect.<sup>5</sup>

### **What is the best way to scale programs that support women business owners?**

Coca-Cola and Walmart aim to fold women business owners into their global supply networks. WEConnect's multinational member organizations are eager to enlist women as suppliers. Such programs have the edge in terms of access to many thousands of women business owners. But whether these programs also deliver the outcomes of say, *10,000 Women*, remains to be seen.

## **Women's Economic Empowerment Builds Momentum**

When Goldman Sachs launched *10,000 Women* five years ago, experts regarded investments in entrepreneurial training for women as a new frontier for international development. Today, it's embraced by every sector: public, private, and social. "Investing in women is one of the most effective ways to stimulate growth in emerging markets and leads to healthier children, more stable homes, and vibrant communities," says Dina Powell, president of the Goldman Sachs Foundation and global head of Corporate Engagement.

The logic is compelling. Women are an underserved economic resource throughout the developing world. Because they own about a third of all SMEs, the most powerful engine of economic growth, there's tremendous potential waiting to be unlocked. Doing so requires programs that aim to overcome the many barriers that hold women back.

The programs rolled out in recent years have demonstrated a remarkable streak of innovative design. What's needed now is a better understanding and scaling of what works. While there are many questions that have yet to be answered, one thing is clear: Getting the investments right will have powerful ripple effects starting with the families and communities of women business owners and spreading throughout the global economy. That's a multiplier effect worth investing in.

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**Notes**

1. International Finance Corporation, *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries*, October, 2011, p. 3.
2. Aspen Network of Development Entrepreneurs, *Small Growing Businesses: Investing in the Missing Middle for Poverty Alleviation*, March 2012, p. 6.
3. From remarks given at the “Growing Economies through Women’s Entrepreneurship” event, OECD, Paris, October 31, 2011.
4. Vital Voices Global Partnership, *Ready for Growth: Solutions to Increase Access to Finance for Women-Owned Business in the Middle East and North Africa*, May 2013, p. vi.
5. Andreas Useem, “Early Lessons from Wal-Mart’s Sourcing from Women Entrepreneurs,” Devex, January 15, 2013, [www.devex.com/en/news/early-lessons-from-walmart-s-ambitious-bid-to/80113](http://www.devex.com/en/news/early-lessons-from-walmart-s-ambitious-bid-to/80113).

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