

How Men and Women Approach Growth Strategies

06/13/05

This week's question comes from a business owner offering a line of fashionable summer and resort handbags and bags. Their lines are sold via such trend setters as LA Productions, through gift shows and showrooms.

The owner's question is this: I know that being an entrepreneur is a risk. I'm curious about the male and female entrepreneurs, and the risks they take to grow their businesses. Interesting question, and based on my research, a question with a lot of merit. There are some interesting stats, and interpretations, which I am sure will continue to evolve as more attention is focused on research in the entrepreneurial market, in the coming years.

Let's start with some of the facts surrounding entrepreneurship – male and female. Then we'll look at some of the more anecdotal observations about life as an entrepreneur, parent, spouse, former executive, member of the community and other influences that bring us to the stage of owning our own businesses. We'll wrap up with commentary on relationships between capital, funding, and how women's and men's approaches differ.

As of 2004, with 10.6 million privately held firms reported in the U.S. women held majority ownership in nearly 50%. Approximately 5 million firms are controlled by women. This includes sole ownership, as well

as shared ownerships and partnerships where women held more than 50% of the control of the firm.

Successful men and women entrepreneurs are characterized by their high risk taking profile – a core requirement for entrepreneurship – balanced with intelligent choices about which risks to take. It is believed that the skill of choosing well, for many entrepreneurs, is honed prior to joining the ranks of entrepreneurship, through years of participation in the middle and upper management ranks of Corporate America.

Almost all entrepreneurs have significant capacity to challenge themselves, get out of their comfort zones, and strive to take on skills and confront fears, in order to move ahead. This is where the differences begin. Men entrepreneurs tend to be characterized by movement – an action-oriented style, focused on getting things done, and moving on. Women tend to get hung up in the search for perfection – some researchers called it the “dotting i's and crossing t's syndrome.

Women's tendency to consider more options and take a more detail-oriented approach to decision making, can result in higher outcomes but slow down problem solving. This can make it look as if women are more risk averse, when, in fact, they are

simply taking more time to consider the angles. Unfortunately this style can, at times, frustrate staff, peers, vendors and advisors, particularly when action is called for, and speed is of the essence.

Another difference between women and men is the “nurturing factor”. Women are well known for their willingness to have concern for, and even take responsibility for, things well outside the area of need. Many women have been brought up with a strong obligation to volunteer, get involved, and reach out. These attributes can result in high quality team and leadership skills, but have a downside as well. Unfortunately, when functioning as CEO, the willingness to volunteer, accept responsibility beyond the degree necessary, and even take on a rescuing/mothering posture, can result in less focus on getting the business ahead. Compound that with the role many women business owners play as mother, spouse and major keeper of the house, and you find that many women entrepreneurs struggle with burnout, trying to balance on many fronts. Women repeatedly discuss the challenge of finding enough time and energy to focus on driving their businesses forward, given their many personal responsibilities.

When it comes to seeking funding, women and men seem to have equal amounts of

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satisfaction with having achieved the funding they sought, whether in traditional banking, or through venture capital and private sourcing. What is interesting is that women tend to seek out funding less often than their male counterparts. As a result, while in 1997 women started businesses at twice the rate of men, they received only 2% of institutional venture capital money.

By the year 2000, it was estimated that less than 10% of all venture funding went directly to women. This may be due to several factors, including lower growth targets, less intention to use funding to grow, and less willingness to engage in compromises related to control of the business. Women's businesses are smaller – by the year 2000, women owned businesses averaged 5.9 employees to men-owned businesses with an average of 22.7 employees. In one study, asking entrepreneurs about their intention to seek venture capital funding as a tool for growth, only half as many women (18%) as men (35%) reported an intention to seek funding within 2 years.

It is believed that women tend to focus their management and networking energy on peer to peer, employer to employee, and owner to client relationships, valuing fewer but deeper relationships. It is believed that men do a better job focusing on broad, and upwardly focused,

business social networks, with the potential to tap connections quickly, in time of need, regardless of depth of connection. In other words, women focus on perfecting relationships, while men focus on connecting for future possibility. Both are acceptable, and valuable, and in fact women tend to get higher marks for internal management skills. However, as CEO, job #1 is to be known, and recognized, for your connections, your ability to get things done, and resources you can tap into are a valuable commodity.

Looking for a good book? There's always the old stand-by, Men are from Mars, Women are from Venus, by John Gray (no relation). You can also try Market Women: Black Women Entrepreneurs: Past Present and Future, by Cheryl Smith. Or, The Rise of Women Entrepreneurs: People, Processes and Global Trends, by Jeanne Halladay, a real textbook approach with a 4 star rating from Amazon.

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