Actionable Idea: 
Two ways to reduce the opportunity gap for women entrepreneurs through corporate investments

Corporate venture capital teams are responsible for 24% of venture capital investment, according to CB Insights' 2020 Global CVC Report. These teams accelerate hundreds of startups a year and offer unique advantages to entrepreneurs. In particular, their own purchasing power – and their access to global networks of customers, partners and salespeople – can rapidly increase demand for a startup's product.

CVC teams are potentially missing out on investment opportunities by not doing more to actively seek out and support women entrepreneurs with bankable projects. Most conversations about improving diversity in venture capital focus on generic steps that any investor could take – such as adopting standardized interview questionnaires, scorecards and metrics – rather than on corporates specifically.

Women founders currently face serious challenges in accessing venture capital:

- In the United States, according to the latest figures from Pitchbook (to 2 September 2021), all-women founder teams have received only 1.9% of venture capital in 2021. This is down from 2.2% year-on-year; and down from 2.6% in 2017.

- Founder teams, which comprise a mix of women and men, meanwhile, received 14.7% of capital. While an improvement on the figure for 2020, it is still down on the recent high point of 15.7% in 2017.

- In the European Union, the situation is even more challenging. Data through 2 September 2021 shows 0.7% of capital going to all-women founder teams and 13.2% to mixed-gender – down from 2.2% and 14.8%, respectively, in 2020.

COVID-19 is likely having an impact on these trends, as it has on women in work more widely.

Lots of research has been done on the gender gap in tech and venture capital. This Actionable Idea – Harnessing the power of corporate investments to reduce the opportunity gap for women entrepreneurs – sets out to advance the research by focusing specifically on corporate venture capital. The project uses the Women and Public Policy Program at Harvard Kennedy School's project Advancing Gender Equality in Venture Capital as a starting point, and builds on the research provided from interviews, a survey and workshop in April 2021 with 40 participants, including entrepreneurs, corporate investors, and diversity and inclusion experts. From the ideas discussed, two actionable ideas were identified (the broader set of actions can be found in the infographic below).

An Actionable Idea by SAP in collaboration with efino, McKinsey & Co., and PwC Germany
Harnessing the power of corporate investments

As part of the World Economic Forum initiative “Harnessing the power of corporate investments to reduce the opportunity gap for women entrepreneurs”, we have developed actionable ideas to tackle the missing diversity in corporate venture capital (CVC) investments. These findings are concluded from a combination of qualitative and quantitative data, such as expert interviews, a small sample corporate venture survey and an expert workshop with participants from around the globe. The ideas are meant to be seen as an inspiration for corporate venture teams to diversity in two areas: their portfolio companies and their investment team.

**Level of commitment:** Getting started Tackling tough challenges Redesign for equality

The missing diversity in corporate venture capital (CVC) investments. These findings are concluded from a combination of qualitative and quantitative data, such as expert interviews, a small sample corporate venture survey and an expert workshop with participants from around the globe. The ideas are meant to be seen as an inspiration for corporate venture teams to diversity in two areas: their portfolio companies and their investment team.

**Topic #1**

How can corporate venture teams change their sourcing and pipeline processes to yield more women-led companies for consideration?

- **Solution:**
  - Improve sourcing processes, essentially the “top of the funnel”
  - Build relationships with early stage actors (e.g. dedicated accelerators for women-led companies)
  - More voice externally about CVCs as a real and investing option as an investment career
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  - Improve screening processes within CVC pipelines
  - Strengthen networks/leverage referrals (e.g. among women angel investors)
  - Make the selection process within VC firms “gender positive” – the idea is essentially to actively embrace diverse teams as an asset and give them “an extra push” when assessing opportunities
  - Raise awareness of unconscious bias (e.g. mandatory trainings could be a first step)

**Topic #2**

How should corporate venturing teams set reasonable/realistic diversity targets and measure them?

- **Solution:**
  - Use inclusive language, pictures and others in every communication: use communication channels used and seen by women (prospective and existing employees)
  - Create inclusive career paths: e.g. FT/PT, work from home that still lead to leadership positions within the CVC
  - Celebrate successes: from senior management and as “important news”

**Topic #3**

How can corporate venturing teams make themselves more attractive to women applicants/welcoming to women employees?

- **Solution:**
  - Make industry commitment
  - Create transparency and publish across industry
  - Use existing D&I standards of your organization to include as well in your CVC unit

**Topic #4**

How can corporate venture teams change selection and evaluation processes to reduce/eliminate gender bias?

- **Solution:**
  - Set up broader goals/objectives, including impact: design KPIs of measurement of success
  - Ensure senior management leads by example and rewards/reprimands others who do or do not live the values
  - Identify training needs in areas such as diversity and mindfulness; conduct training regularly as needed
  - Make sure there are tools (such as TeamEQ) that help manage and track if inclusiveness is being lived and leveraged
  - Assess and address implicit biases in the working interactions

**Topic #5**

How can corporate venture teams increase awareness of women-focused markets and incorporate them into processes?

- **Solution:**
  - Review and revise the mission, if needed
  - Increase diversity of investment professionals
  - Create awareness to overcome inclusion/diversity barriers
  - Measure, track and report on diversity and inclusion performance metrics

**Topic #6**

How can corporate venture teams change selection and evaluation processes to reduce/eliminate gender bias?

- **Solution:**
  - Build a strong competency model framework outlining real skills needed for success
  - Deploy project-based assessments without gender identifying information

**Topic #7**

How can corporate venturing teams grow the pipeline of women with skills to serve on investment teams?

- **Solution:**
  - Increase visibility of opportunities for women
  - Be proactive in external networking with women investment professionals
  - Start early by hosting events at target colleges/business schools

**Topic #8**

How can corporate venturing teams grow and promote the women talent already in their teams to become investment decision-makers?

- **Solution:**
  - Be clear up front on attributes that are valued and how they are weighted for promotion to investment partner – # deals or $ of profit, etc.
  - Provide coaching on how to pitch and fundraise
  - Provide simplified access to becoming a supplier for your company and other companies
  - Create rotation programmes for current employees (20% time)

**Topic #9**

How can corporate venturing teams improve opportunities for women entrepreneurs through non-financial investment?

- **Solution:**
  - Grant making
  - Providing mentorship
  - Set up mentorship programmes for women who are considering seeking funding
  - Provide coaching on how to pitch and fundraise
  - Help accelerate the startup’s path to product readiness
  - Help accelerate the go-to-market for the startup
  - Connect startups with your company’s supplier diversity programme
  - Help support startup clients and close deals
  - Provide endorsements/testimonials for the startup’s product
  - Provide simplified access to becoming a supplier for your company and other companies

**Topic #10**

How can corporate venture teams change the selection process and criteria to reduce/eliminate gender bias?

- **Solution:**
  - Standardize the pitching process
  - Blind review: Review pitches first and remove names and pictures of the team in advance (first initials only)
  - Assess pitches independently first, then discuss as a team
  - Evaluate candidates over progress over time rather than at one point in time
  - Get rid of pitch events to ensure a non-biased evaluation
  - Have a group of entrepreneurs also recommend investment decisions
  - Partner with organizations that have a diversity focus to ensure good deal sourcing

**Topic #11**

How should corporate venturing teams build/establish a pipeline of women with skills to serve on investment teams?

- **Solution:**
  - Develop a “how to invest” playbook that is specific to your organization
  - Develop a mentorship programme
  - Identify alternative talent pools to recruit from for senior talent
  - Be clear up front on attributes that are valued and how they are weighted for promotion to investment partner – # deals or $ of profit, etc.
  - Provide coaching on how to pitch and fundraise
  - Provide simplified access to becoming a supplier for your company and other companies

**Topic #12**

How can corporate venturing teams improve women’s visibility in their organizations and at startup events?

- **Solution:**
  - Redesign the evaluation process for inclusion by removing bias where possible
  - Provide coaching on how to pitch and fundraise
  - Help the startup find clients and close deals
  - Help accelerate the go-to-market for the startup

**Topic #13**

How can corporate venturing teams change the selection process and criteria to reduce/eliminate gender bias?

- **Solution:**
  - Standardize the evaluation criteria; develop standardized review score document
  - Assess pitches independently first, then discuss as a team
  - Build a strong competency model framework outlining real skills needed for success
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**Topic #14**

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  - Build a strong competency model framework outlining real skills needed for success
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1. Improve opportunities for women entrepreneurs through non-financial investment

Access to revenue and an ability to scale quickly are the two key factors that enable entrepreneurs to succeed and to access more funding for further growth. Beyond financial investment, corporate venturing teams are uniquely positioned to help in two ways: accelerating the timeline to a viable product, and connecting the startup to customers and suppliers.

If corporates invest in entrepreneurs whose products complement their offerings, they can then partner on product development. Through their corporate partner, entrepreneurs gain access to market intelligence, design, testing and strategy resources they would not be able to hire on their own. When the time is right, the corporate team can also assist with pilots or beta testing.

Getting the product right is just one part of the equation. The right pricing, packaging and go-to-market strategy are also critical. Corporates can assist entrepreneurs with price modeling and with navigating the regulatory landscape.

When the product is ready for market, corporate venturing teams can offer additional support by connecting the entrepreneur to their vast customer and supplier networks – at a minimum, providing introductions, offering guidance for negotiations and helping to close deals. To maximize their impact, corporations can:

- Include the entrepreneur’s products in their sales plays
- Incentivize sales teams to sell the entrepreneur’s products
- Run joint marketing and advertising campaigns
- Feature success stories and testimonials for the entrepreneur’s products via their communication and marketing channels
- Purchase from the entrepreneur’s company and include them in their supplier diversity program
- Endorse the entrepreneur’s products
- Simplify access to becoming a supplier to their company and to others

Even from a mentoring standpoint, corporates can offer access to unique resources, effectively augmenting the entrepreneur’s staff by providing access to legal, financial, and other business expertise as needed. Specifically, corporate venturing teams can:

- Set up mentorship programmes for women seeking funding
- Provide coaching on how to pitch and fundraise
- Make introductions to internal and external advisers

In addition to opportunities to help entrepreneurs, corporates should bear in mind the risks of unintentionally hindering them.

What would this kind of product readiness and go-to-market support look like in practice?

In one design, the corporate venturing team:

- Becomes the liaison between the entrepreneurs and the corporate team. Ideally, each entrepreneur gets a single point of contact from the corporate venturing team to channel all their needs.
- Sets up quarterly or semi-annual updates with senior leaders from across the corporation. At these sessions, the venturing team provides updates on their portfolio companies, their status in the product readiness pipeline, and their fit with the corporate strategy. The corporate leaders then sign on to support specific portfolio companies.
- Connects regularly with sales, business development and procurement leaders to position specific portfolio companies and enlist support.
- Clearly explains the time commitment required from mentors and support teams.
- Publicly recognizes individuals and teams from corporate when the startup and corporation succeed together.

The relationship between the corporate and startup should not create the impression that it precludes the startup doing business with others, raising money from others, or even potentially being acquired by one of the corporate’s rivals.

2. Grow the pipeline of women with skills to serve on investment teams

Corporates should:

- Get more women interested in being part of investment teams as a career opportunity (e.g. internship, venture scout and rotation programmes)
- Improve the experience of women who are already part of investment teams (e.g. mentorship, increasing networking opportunities)
- Increase leadership opportunities for women in investment teams (e.g. executive sponsorship, transparency on roles and opportunities, training)
Limiting the scope for unconscious bias

The two actionable ideas recognize that many biased decisions are made unconsciously. For example, most venture capital funding has historically gone to all-male founding teams, which means men feature more than women in media coverage about initial public offering (IPOs) and unicorn status. When looking at potential investments, investors may therefore subconsciously assume that male entrepreneurs are more likely to generate positive outcomes and higher returns.

This is less likely to happen if the investors themselves are women. However, according to research in 2019, just 3.4% of assets under management were held by women-founded venture capital firms – another manifestation of the opportunity gap.

Rather than try to change individuals, research finds it is more impactful to create an environment, initiatives, metrics and guidelines that limit the scope for such unconscious biases to manifest themselves. This means:

- Investing in solutions that limit the influence of bias in decision-making. The goal is to help corporates design and create an environment that can limit exposure to bias.
- Working with groups of individual decision-makers to improve their level of awareness of bias and equip them with tools and approaches to act when they notice bias-prone context or to initiate the redesign of established processes.
- Acting now to advance gender equality could add $13 trillion to global GDP in 2030, according to McKinsey.

Arriving at the two recommendations

The project team set out to explore how corporate venture capital and accelerator, incubation and procurement programmes can harness the broad resources and formal structures of corporate organizations towards addressing the gender challenge. The research broke down this issue into eight questions, organized into two areas and encompassing corporates that are just starting their diversity and inclusion journey, have taken the first steps and now face more difficult diversity and inclusion challenges, or want to redesign their processes from scratch with diversity in mind.

The first area considered was how to increase the percentage of investment – financial and non-financial – that goes to women and underrepresented entrepreneurs, and how to activate business levers to fuel scaling of businesses led by diverse teams with the goal of achieving equal access to funding.

- How can corporate venturing teams change their sourcing and pipeline processes to yield more women-led companies for consideration?
- How should corporate venturing teams set reasonable, realistic diversity targets and measure them?
- How can corporate venturing teams change the selection process and criteria to reduce or eliminate gender bias?
Next steps

World Economic Forum members and constituents are invited to engage and continue collaboration by sharing best practices and tested approaches through a working group, which was created by the Forum’s Regional Agenda for Europe and Eurasia.

Further studies on underrepresented groups other than women are also encouraged, as the working assumption is that most levers that help women can also contribute to generating more equitable outcomes for all underrepresented groups.

- How can corporates improve opportunities for women entrepreneurs through non-financial investment?
- The second area was how to increase the percentage of women and underrepresented groups on investment teams, with the goal of more equal participation.
- How can corporate venturing teams grow the pipeline of women with skills to serve on investment teams?
- How can corporate venturing teams grow and promote women talent already in their teams to become investment decision-makers?
- How can corporate venturing teams make themselves more attractive to women applicants and welcoming to women employees?
- How can corporate venturing teams change selection and evaluation processes to reduce or eliminate gender bias?