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# 2024 Women Entrepreneurs Focus Group

Conducted by United WE

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# Women Entrepreneurs Focus Group Report

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## OVERVIEW

This one-hour virtual focus group hosted 10 Kansas City-based women entrepreneurs across various sectors including retail, architecture, general consulting, non-profit, and telecommunications to discuss their experiences with the banking and financial industry. Questions were specifically aimed to focus on barriers within the banking landscape due to concerns illuminated by previous qualitative research conducted by United WE. As a tool, focus groups allow a more in-depth discussion on a narrow topic.

## PURPOSE

The banking industry is often one of the toughest aspects entrepreneurs and business owners face. Unless someone has the luxury of being self-funded, they must work with banks and other financial institutions to receive loans, investments, and financial management. Previous qualitative research conducted by United WE suggested entrepreneurs face many different types of barriers and we wanted to hear from them directly to gather firsthand, specific insight.

## FINDINGS

The group identified and reported a wide variety of challenges throughout our questions including gender biases, establishing relationships, lacking capital, limited understanding of the banking landscape, and more. While some of our participants were eventually able to overcome these barriers, others were not as fortunate and had to invest their own money to start conversations and get things off the ground. Below is a categorical summary of the themes in our findings:

### GENDER & RACIAL BIASES

Several women reported in detail experiencing gender biases, but reports of race-related experiences were little to none. One participant, who owns a business with her husband, expressed her frustration with people *“always wanting to talk with”* her husband despite her owning 51% of the company. Other participants stated that they felt the need to *“know their stuff”* more and come in well-informed to overcome any gender biases that may exist before they walk in the door.

### LACK OF INDUSTRY EXPERIENCE

*“You don’t know what you don’t know.”* This was a common theme throughout the discussion. A few participants were first-time business owners who couldn’t find the guidance and direction they needed in the beginning stages and reported they were *“getting the runaround”* regarding who to talk to, where to go, etc. One participant was still navigating that challenge and has yet to launch her business, stating *“Owning a business is not as glamorous as I thought it would be.”* Though asked, none reported having any form of mentor, guide, planner, or connector to help them through the banking processes, even participants with some prior experience.

Several women also expressed that while they had relative previous experience such as growing up with a father who was an entrepreneur, owning a clothing store, obtaining a business degree, or managing budgets, it alone was not near enough to navigate the challenges they faced and some were surprised by the level of difficulty. Participants increased their knowledge in other ways through trial and error, hiring a financial advisor, networking, finding a mentor, taking college courses, or going through local programs such as Kauffman FastTrack and Women’s Business Centers.

### FOR-PROFIT VS. NON-PROFIT

One of the biggest takeaways from the group was the different challenges, regulations, and aspects between the for-profit and non-profit work sectors. While for-profit businesses deal with banks for money, non-profits often work primarily with funders that act as their bank. One participant who has worked in both sectors explained the breakdown between banks and the two sectors, stating, *“Bank managers need to be more relatable and cognizant of the different industries.”*

## LACK OF CAPITAL & ASSETS

This was a top barrier that several participants mentioned. For example, architecture firms often are not paid in advance and sometimes even 3-6 months after their work is completed, making “advanced capital” nearly impossible. This participant had to personally put up her house to get what she needed.

Other participants simply lack access due to their level of wealth, credit score, socioeconomic status, or amount of existing sales and business. Getting off the ground is often the hardest part for these reasons. One participant told us that other than opening an account, banks didn't help her at all, and she had to use GoFundMe and Kickstarter to have enough resources and money to get things started.

## BUILDING RELATIONSHIPS

This was another top barrier that participants reported. It was abundantly clear that participants who had existing relationships within the banking industry had far more success than those who did not. They faced less rejection, bias, hardship, and fees/costs. One participant said it took her nearly seven years to build enough quality and fruitful relationships to finally secure a banking partner for her business.

Several participants expressed that relationships with others in the industry such as financial advisors, tax professionals, auditors, and accountants were also important. Most reported that these relationships naturally came later after securing financing and partnerships.

For those in the non-profit sector, building relationships with funders was oftentimes more important than all else.

## BUSINESS PLANS

All participants who responded stated that, yes, they had a business plan. However, each of them also stated that they had never been asked for it by a bank despite bringing it with them. Banks instead ask for financial books, proof of existing capital and assets, credit reports, etc.

There was a mixed response regarding whether participants received help with their business plan. A couple of participants received help by way of a business program or mentor, while others took a professional route and consulted and used a financial advisor. Some even used Google and other research methods to build their plan from scratch. In summary, business plans primarily served the business owner versus the banks.

Non-profit participants delved deeper into business plans and why their “bankers” (funders) absolutely required them. One participant stated, *“Funders do a lot of digging as far as where the money is being spent and how it is being spent. I frequently have to sit and answer these questions while breaking down the balance sheet and overall plan.”*

## BIGGEST LESSONS

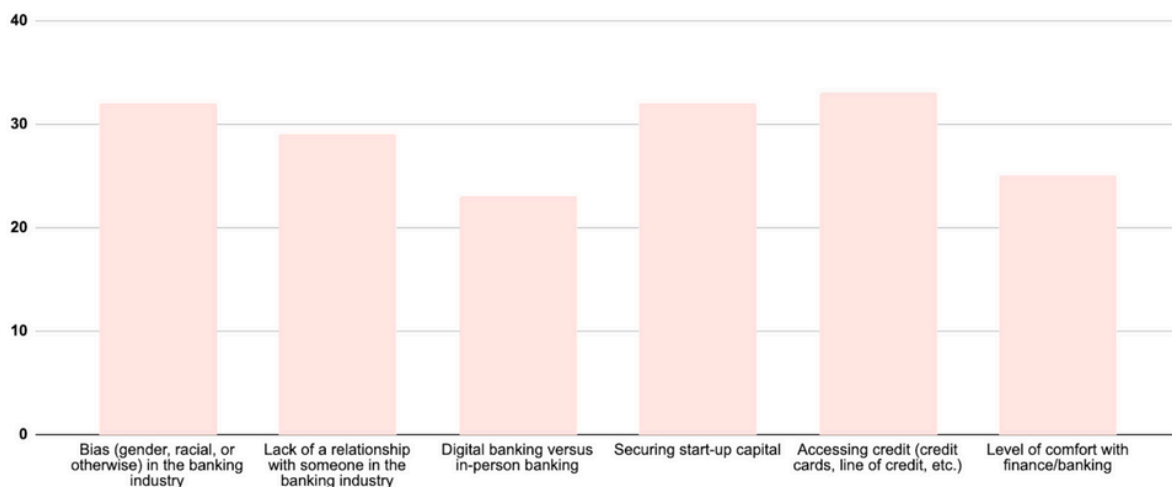
The last question for the group circled around the biggest lesson they've learned navigating the banking industry. Below are some rough quotes we received:

- *"Know your stuff. Understand your financials and be able to read a financial statement. This also helps bankers feel more confident in lending you money."*
- *"In my experience, it's more about the relationship versus the collateral or credit." One additional participant echoed this sentiment.*
- *"You have to be your own advocate and educate yourself to take advantage of opportunities. You have to know what's going on."*
- *"Cash is king. Bankers will give more money to people who have money."*

## INTERACTIVE RESULTS

Below are the results from the interactive poll we conducted on the biggest barriers participants have and are currently facing in the banking industry. The higher the number, the more significant the barrier. Each participant was asked to rank each of these barriers on a scale of 1-5. The following is a summation of all of the participants' answers.

Outside of "digital banking versus in-person banking" and the "level of comfort within the industry", biases, relationships, securing start-up capital, and accessing credit are all near the same level and identify as common themes.





## CONCLUSION

Women entrepreneurs face an uphill battle in navigating the banking industry and finding success in starting and maintaining their businesses. Banks must set aside gender biases when deciding who receives a loan and serve as support for the business owner throughout the duration of the loan.

Relationships, arguably, are the most important aspect of finding success in the industry and getting a business off the ground. Those who have existing relationships are far more likely to get what they need than those who do not.

The banking industry needs further education on the differences between the non-profit and for-profit sectors. Each of these has different rules, regulations, goals, and outcomes, and requires different levels of assistance from banks.

Finally, the intricate complexities of the banking sector are extremely difficult to navigate whether or not you own prior relevant experience. This can further discourage women from starting their businesses and drag out the process, effectively ending their career aspirations, economic contributions, and the pursuit of their dreams.