

The Future of Capital: Women

Forward

Future Capital was founded to create a new, more diverse cohort of investors and decision makers in venture. We've heard from thousands of women in leadership roles across the corporate landscape and startup investment ecosystem that they are ready for a new approach gaining leverage within their industries. The lack of equal representation, barriers to entry and slow progress towards a more diverse bench of business leaders paints a picture of a system that is ripe for reform. This report is meant to outline the landscape, on-ramps and prospective opportunity that awaits the largest underrepresented group in business: women.

Future Capital offers a modern, multi-faceted platform for self-identified underrepresented leaders to play a bigger role in their industries and communities and add value to the future of business at scale. We believe that with the right information, network and access, everyone has the potential to contribute to and benefit from the current structures in place for fuelling innovation through venture and making money in the process.

In brief

Much has been written on the lack of women's participation in early-stage investing, venture capital, and corporate leadership. Examining 'the why' and debunking the myths and bias surrounding the exclusion of women from these industries has been covered time and time again. Venture capital, angel investing, and corporate leadership, all play significant roles in the shape and future of industries and the economy. To change one, one needs to change all, and this white paper, and the background research that contributes to it, illustrate the need for a different approach to educating women to rise.

Investment education opens doors well beyond one's capacity to invest. This is underlined by the fact that early-stage investing has proven to create an unmatched advantage, that has fuelled the inequality in wealth, power, and access across the globe. To diversify the face of our economy and industries, we need to unify: bringing women across the corporate and private sectors, together with early-stage ventures to support in leading, investing and growing the ventures that will change the future of industries and our economy.

Creating equality for women in business will be a collaborative effort. Based on industry research and qualitative and quantitative research from our stakeholders, this report explores the current structures and realities that are barring women from taking the lead.

Barriers to entry:

- **Most women hit a ceiling in their careers at middle management.** Women's careers are impacted by their roles and needs within their homes and families. Supporting their families with extended career gaps (5-10 years), on average, women will lose \$1.05M in wealth, and extended gaps in their career lower their candidacy for leadership positions. Women require diverse leadership opportunities to support higher career trajectories.
- **Women lack wealth escalators to rise.** Mechanisms that support and proliferate women's ability to create and access wealth are few. For women to play a larger role in defining the future of industries and our economy, we need education mechanisms to support the creation of wealth and opportunity for women.
- **Current talent development programs lack real leadership opportunities.** It is well recognized that diverse leadership experiences are necessary to gain skills and to illustrate candidacy for executive roles. Looking beyond the corporate environment, the start-up ecosystem provides meaningful opportunities for women in advise, mentor, investor, and lead through venture.
- **Startup investment opportunities are not accessible.** Investing is a significant wealth creator. Not investing dominates as the largest regret for women and those from diverse backgrounds, and investing is one of the largest wealth creators for men. Lack of diversity in investing and other wealth creation vehicles is apparent: in networks, access, and power, and this lack of inclusion contributes to the inequality in leadership across corporations.

Recommendations + insights:

- **Invest in education.** COVID-19 has sparked an opportunity to and reskill the existing workforce. Investing in the workforce and their career development education is taking center stage as a key investment for many companies as they navigate the global pandemic and the new future of work.
- **Equality is good for every bottom line.** Women represent the largest untapped capital: whether it be human capital for corporate leadership or capital for venture investing. Supporting women to rise through early-stage investment education provides new skills and tools for women to use in their current roles to make a bigger impact.
- **Leadership opportunities are as important as education.** Given the new economic climate and the global pandemic, and the resulting new virtual world of work, corporations will need to look at how they facilitate professional growth for their workforce. Supporting women to access diverse leadership opportunities is essential to equip women with the necessary experience to lead in executive roles.

- **The role of corporate innovation is growing.** Data shows a dramatic rise in corporate participation in innovation & technology and working with startups to drive the future of their industries. Corporate Venture Capital increased threefold in the last 5 yrs and accounts for 23% of all venture capital deals in 2018. Creating access to early-stage investment education equips women to lead and participate in innovation within every organization.

Creating access to early-stage investment opportunities and education can tackle and change the inequality in corporate leadership: preparing and supporting women to lead through experience and wealth creation.

Understanding the wealth gap and its implications

Over the span of a woman's working career (23-65) women take financial hits to take care of those they love. Through their career, women take care of: children, parents/elders, and spouses, accumulating in a total loss of \$1.05M. The fact that women plan for and take career breaks to support the needs of their community and families makes creating access to diverse ways to generate wealth critical.

There has been a substantial shift in the role women play in the development of wealth for themselves, and for their families in North America. According to the Dallas Business Journal, across the United States, women are breadwinners in 54% of homes. In Canada, 32% of women earn an equal share of the household income, and 17% lead financial contributions. Now, more than ever, women are making and leading more financial decisions, however, there is an important factor that needs to shift to unlock the power of women.

According to Merrill Lynch's report, 'Woman and Financial Wellness: Beyond the bottom line' "the biggest financial regret women (41%) report is not investing more." Diverse investment opportunities provide incredible wealth creation in a way that income cannot. In the US today, 59% of women recognize that they are failing at utilizing investing to achieve their financial goals. With 71% of women keeping their money in cash, this pool of capital is an untapped growth strategy for women to rise.



Inequality and mechanisms for wealth creation:

The wealth gap is not based merely on the wage gap. The wealth gap is due to the lack of access to 'wealth escalators' as noted in 'The Shortchanged: Why Women Have Less Wealth and What Can Be Done About It'. 'Wealth Escalators', as described by Chang, '[help people] build wealth much more quickly than by earnings alone ... [they are the perfect] 'mechanism for understanding why men have an advantage when it comes to translating income into wealth.

'The access to these 'escalators' is not the only blocker for women accessing wealth, according to Chang, as access to the escalators is almost obsolete due to the ' types of jobs and industries they work in and because of their patterns of labor'. This speaks to the need for women to leave their careers intermittently to support their communities and families, and to the significance of roles and leadership responsibilities in driving access to wealth creation. Simply put, a lack of access to 'wealth escalators' closes networks and blocks access to the opportunities required to accumulate wealth.

What type of wealth creation can early-stage investing make?

From Uber to Pinterest to Dollar-Shave Club, startups have made the news, with their IPOs & exits. These unicorns have more than money in common: they have a common network. These startups have a shared network, CEOs, and other executives as personal investors: over and over accessing incredible opportunities for wealth creation for their peers. These opportunities for investment are between \$25,000 to over \$100,000 and speak directly to the power of network and access for men and in particular white men.

Quantifying ROI

How Early-Investors in Slack Earned Multi-Million Dollar Payouts

Angel Check Size	Exit Type	Return On Investment After IPO	Rate of Return On Initial Investment
\$25,000	IPO	\$40,000,000	x1600

What type of wealth creation would one investment mean?

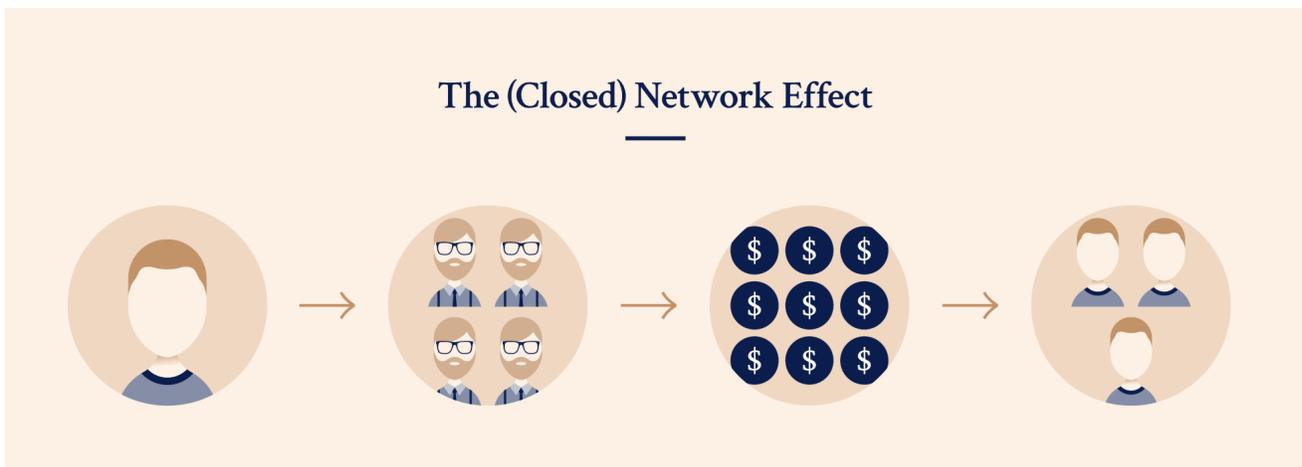
In [an analysis of Slack's public listing](#), Forbes Magazine asserts that "at an anticipated market cap of \$16 billion, Slack (during its recent IPO) would give LinkedIn CEO Jeff Weiner, Twitter co-founder Biz Stone, Path co-founder Dave Morin and other early investors returns of 1600 times their initial capital. Each \$25,000 they invested would now be worth about \$40 million."

Access to the type of wealth changes more than a financial future. Access to investment opportunities dynamically changes the professional careers of investors. And so the cycles continue, as men lead cap tables across early-stage ventures, their leadership, access, and influence on these companies continue to define the shape and development of the future of all industries.

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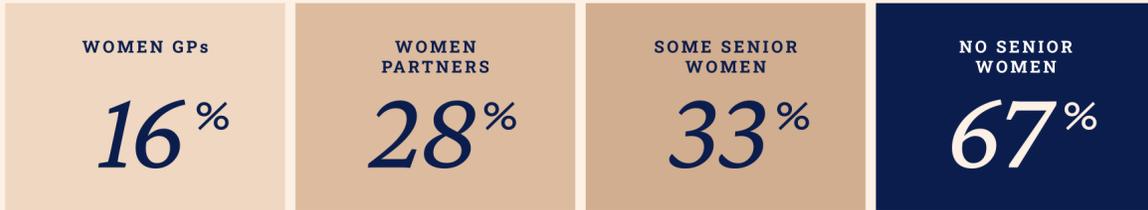
Inequality in venture capital across North America:

Over the past three years, Female Funders has led research outlining the shortage of female leadership and inclusion within the investment sector. The conclusion of that research is that women are being left out of the decision making tables that are shaping the digital technology ecosystem and the future of innovation across industries. Female Funders' 2019 [Women In Venture report](#), in partnership with CVCA and NACO, including data gathered from 300+ institutional and corporate VC firms across North America.

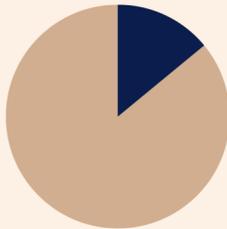
Within its research, Female Funders uncovered a direct correlation between the lack of talent development and mentorship within the sector and the lack of diverse leadership controlling capital investment decisions

By The Numbers In Venture Capital

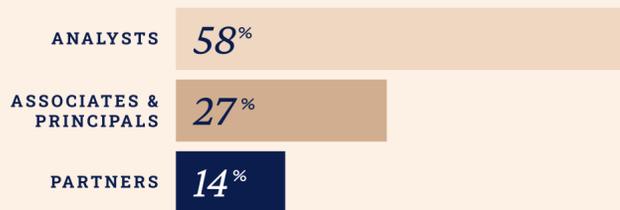
Most venture capital dollars are controlled by teams with no women, directly effecting the types of ventures and the entrepreneurs that receive funding



Women make up only 14% of angel groups



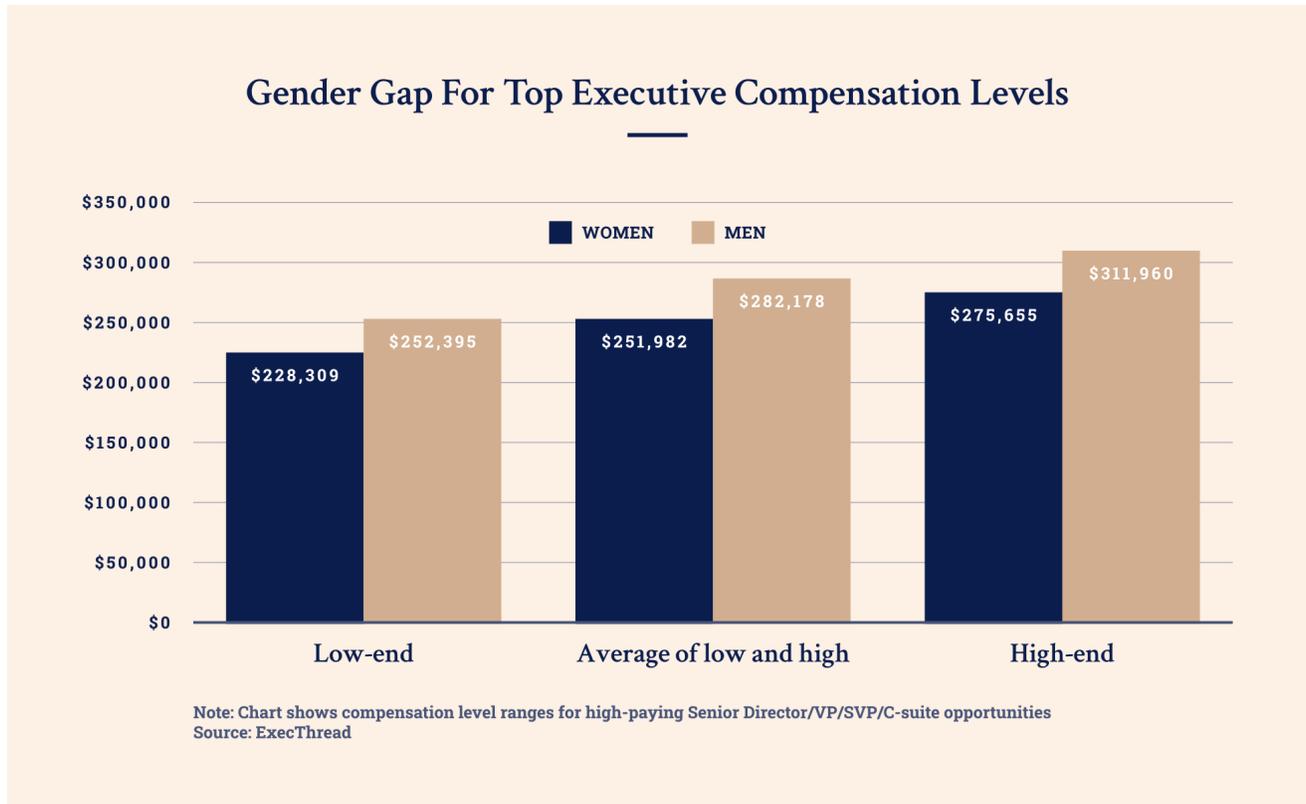
Like corporate structures, women's representation is drastically smaller at senior levels



Global inequality in corporate leadership:

The lack of representation in venture, is mirrored in the world of corporate leadership. According to a [Harvard Business Review report in early 2020](#), women hold just 4.4% of CEO positions and just 12.7% of CFO roles. Of the 500 women CEOs across the globe, **only 3** are women of color (Sonia Syngal (CAP), Lisa Su (AMD), Joey Wat (YUM China)). [A recent report from Fortune Magazine](#) highlights that none of the women are black, indigenous, or Latina.

The lack of representation is compounded by a measurable gap in compensation across executive leadership with men offered substantially higher compensation for the same roles across the board.



Even at the recruitment level, men were offered the same role as their female counterparts for \$25,000 more.

In 2020 in North America, Fortune 500 hit an 'all-time high' of 37 women in CEO roles: meaning 7.4% of Fortune 500 companies have a female CEO. Within the Fortune report further highlighting: Seven women lead a Fortune 100 company. 27 of the 37 women head smaller companies at the bottom of the rankings of Fortune 500.

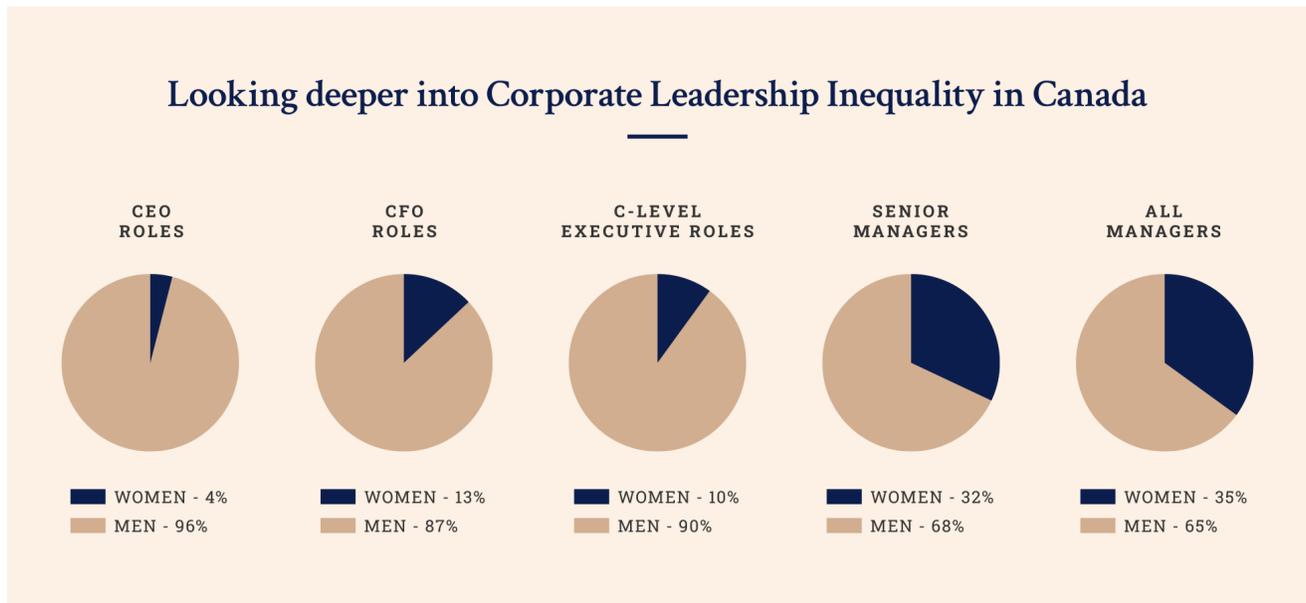
Beyond CEO roles, the landscape still lacks equality. As covered by the Harvard Business Review, 'the lack of representation bleeds into other senior leadership positions, like board rooms.' According to Deloitte's Women in the Boardroom, '18% of North American board seats in 2018 were held by women, while 4.5% of chairs were'. 'Any initiative to address diversity in the boardroom must go hand in hand with efforts to address diversity more broadly throughout an organization. One without the other isn't just inconsistent and insincere – it's also ineffective.'

Further, the Harvard Business Review reports point to Deloitte's research 'illustrating organizations must aim to address bias in recruitment and development processes and roll out mentorship and sponsorship initiatives to support women.' And perhaps most importantly 'organizations should focus on the critical

“middle management” level, where women can stall in their careers. Research suggests that providing women with ... opportunity(s)...may actually be the greatest predictor of success and advancement.’

Inequality in Canadian corporate leadership:

Based in Canada, our organization has looked deeper into the realities facing Canadian women today.



Men currently hold 90% of C-Level Executive Roles, however, women accounted for slightly more than a third (35.1%) of all managers, and 32.6% of senior managers, in 2018. These figures illustrate how women develop and provide essential managerial and director-level leadership for diverse organizations, yet continue to meet obstacles in rising into executive positions.

At the Executive level: Women made up just 53 (10%) of the 532 C-level executives among Canada’s 100 largest publicly traded corporations in 2018. In the C-suite, the most common position for women among executive officers is CFO (13) or 2.4%.

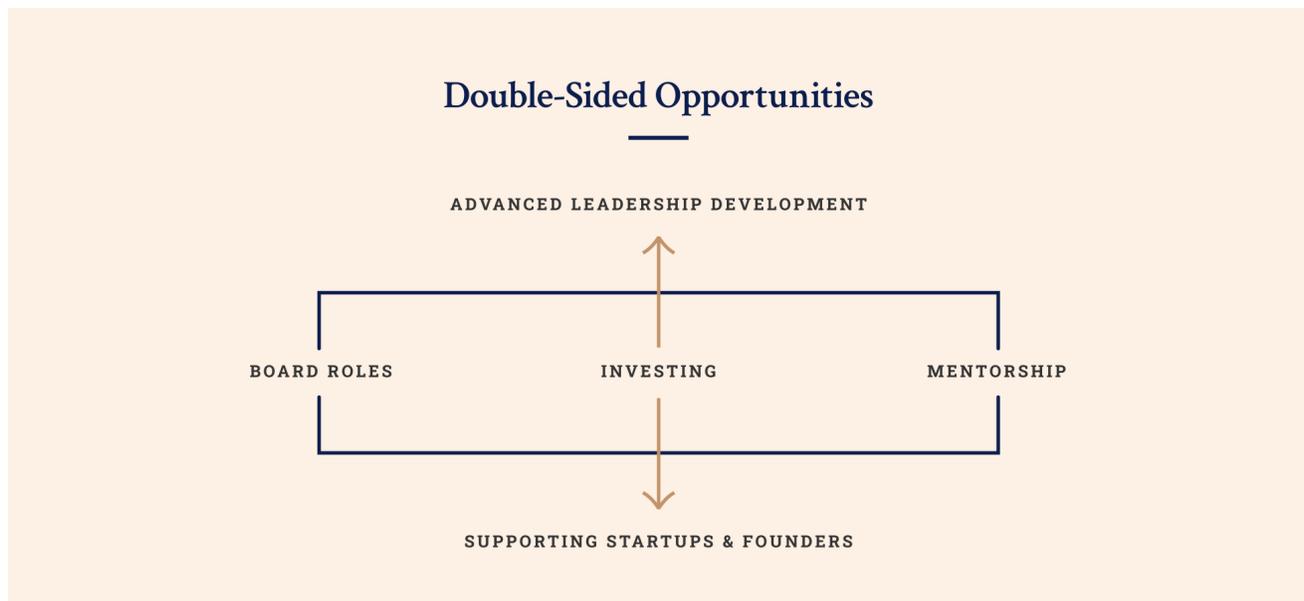
Levelling the playing field needs to focus on the systems of today and the leaders of tomorrow. By our estimation, there are more than 60,000 senior leaders in corporations who are leaders in Canada today. This cohort of leaders the group of women that can transform the makeup of the decision making class of tomorrow by operating with an inherent understanding that diversity of thought, representation across the board and visibility matter.

Early stage investment education as an on-ramp:

In 2019 numerous research bodies presented the continued business case for why more women need to participate in venture capital and entrepreneurship. The synopsis version is that female investment or leadership is critical for the success of both new ventures and funds. These findings echoed the research provided by Kauffman Foundation, whose reporting illustrated private technology companies led by women are more capital-efficient, achieving 35% higher ROI, and, when venture-backed, 12% higher revenue than start-ups run by men.

Through our extensive research and hands-on experience with new and aspiring women investors at the angel, LP and syndicate levels we've identified four foundational insights that women require today to inform and support their rise tomorrow:

1. Investment education is relevant for women in senior management roles within large organizations. Skills developed in Female Funder's educational programs supported and strengthened women's abilities to access, evaluate, and make the case for growth, partnerships, and opportunities within their departments and roles. Early-stage investment education unlocks important skills and tools that are relevant for professional career development.



2. Current structures for accessing deal-flow and community do not work for all women. Between working, families, and other commitments it is difficult for women to actively participate. Entering into groups that are predominantly male, that meet in the evening, does not always work for women. Women want access to a wider community and to diverse deal flow to take a different approach.

3. Women take on average 8-12+ months to make their first angel investment. Women want access to more deal-flow and opportunities to practice and engage with ventures to support their journeys into investment. Women want diverse opportunities to engage with ventures along their journey to investment. Additionally, women want different levels of education to supplement this journey.

4. Women expressed obstacles around inclusive participation in deal flow and investment opportunities. Women discussed the barriers to entering the wider investment ecosystem and struggle with full participation. Through our unique partnership with the largest digital innovation membership group, venture capital, corporate and academic partners, and our wider network, Future Capital offers a community and network that supports women to take their investment education into the wider community.

The future of work in 2020:

The need for programs designed to create opportunities for women to upskill in technology and investment areas is more top of mind than ever before, given the current realities of the global pandemic. Reskilling Canadians will be essential as the digital technologies sector continues to advance, now more than ever. With the impact of the global pandemic, new innovations will be essential and creative disruption will carve out our way forward in a post-pandemic society.

This May, Highline Beta, and Innovation Leader completed [a report](#) on the impact of COVID-19 on the future of industries, looking deeply into the impact of the pandemic on the innovation within leading corporations and new paths forward. Exploring the perspectives of 112 leaders in corporate innovation, these learnings were captured and shared through Innovation Leader. As this pandemic has led to an almost global shelter in place, this new way of life and work has changed the way the work and economies function.

Insights about the new normal:

1. Leaders are “doing more with less” looking within the organization to scale and grow the value of the human capital and expertise within the organization.
2. New ways of working: leaders are adapting to facilitate a new way of working that can foster virtual collaboration across teams, organizations, and ecosystems.

3. Some companies are seeing the crisis as an opportunity to be offensive as 'uncertainty creates opportunity for innovation' exploring new ways to partner, foster and grow new pathways through and beyond the new world post-pandemic

4. Moving forward, corporates are focusing on the core needs of the organization, including supporting their teams through talent development and educational tools to support their trajectory through this pandemic and to navigate the new global environment.

What's next?

The interconnectivity between early-stage investing, education, and corporate leadership is undeniable. Access to leadership opportunities and wealth creation changes the trajectory and roles of individuals within companies, industries, and our economy. Creating access to the wealth and opportunity escalators represent the mechanisms of change for women to rise. Each of the major stakeholders has a role to play, and we recommend the following actions:

For women, we encourage you to join angel groups and educational programs and begin exploring and understanding the role that early-stage investment education can play within your career and overall financial and personal goals.

For companies, we recommend early-stage investment education for women in senior roles across your organizations. This education can play a foundational role in access and attaining diverse leadership opportunities, to further support women's ability to lead within the organization and beyond.

For venture capital groups, the inclusion of women is not only important for equality. As illustrated in the Women in Venture Report (2019), women entrepreneurs outperform in returns with venture investing. Creating internal structures and policies that ensure women are involved in investments and investing within their portfolios can create new opportunities for women to participate.

For early-stage ventures, beginning the journey of entrepreneurship with equality and representation in mind creates a stronger pathway to funding and a well-balanced and successful organization. Connecting with organizations that can provide access to women as investors, mentors, advisors, and board members can facilitate and support the diversification of any high-growth venture.

Future Capital is developing a new, more diverse cohort of investors at the angel, LP and syndicate level. Learn more at www.myfuturecapital.com

Disclosures

This whitepaper was last updated in November 2020.

The statements contained herein are the opinions of Future Capital. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice.

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