

MEDIA RELEASE

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Women Entrepreneurs' Access to Financing

Do women business owners have less access to financing or receive financing under less favourable loan conditions than male business owners?

Western Canada – Well timed to coincide with Small Business Month, the SME Financing Data Initiative, (part of the Small Business and Tourism Branch, Industry Canada) released the Small Business Financing Profiles on Women Entrepreneurs (http://www.sme-fdi.gc.ca/eic/site/sme_fdi-prf_pme.nsf/eng/h_02215.html) that indicated differences between female-owned and male-owned SMEs continue to exist.

The Industry Canada report was a follow up to a November 2004 research article and describes the recent financing activities of small and medium-sized enterprises (SMEs) majority-owned by women in Canada as compared to their male counterparts. Among the highlights revealed in the study was:

- Significantly more women-owned firms were turned down for loans due to a poor credit history or insufficient collateral.
- More women owned firms require financing to fund their expansion plans than do male owned firms. As well, women owners are more likely to consider sharing equity to fund their expansion plans.
- Loan documentation requirements are greater for female business owners than for male owners.
- There is a strong connection between initial growth intentions and actual total revenue growth regardless of gender; however female-owned firms with growth intentions were much more likely to hire new employees than male-owned firms.

The report confirms what the regional business service organizations that comprise the Women's Enterprise Initiative (WEI) find to be the case in Western Canada. Since 1994, the WEI has provided an extensive range of practical services to women entrepreneurs. Beyond the professional business advice and business development, the WEIs deliver a financing program that seeks to overcome many of the obstacles outlined in Industry Canada's recent study that women encounter in growing their enterprises.

"It is very encouraging that the business financing field is leveling but there is still work to be done," says Sandra Altner, CEO of Women's Enterprise Centre of Manitoba. "The training and lending programs offered by the WEI continue to be vital services that fill the gaps that have been proven to still exist for many women."

Serving women in each of the four western provinces, the WEI is an initiative funded by Western Economic Diversification and is comprised of the Women's Enterprise Centre of Manitoba, Alberta Women Entrepreneurs, Women Entrepreneurs of Saskatchewan and the Women's Enterprise Centre of BC.

According to Tracey Scarlett, CEO of Alberta Women Entrepreneurs, "Over the past 16 years, the WEI has played a key role in helping women start their businesses. Now the organizations are focusing resources on helping women to grow their businesses because this is not only where they can have the most impact on their personal assets but on their contribution to the overall economy."

A recent study commissioned by Western Economic Diversification Canada to examine the economic impact of the Women's Enterprise Initiative noted the high percentage of successful outcomes for women entrepreneurs resulting from the business and lending services provided in Western Canada. It also noted that a large majority of business owners assisted by the WEI remain in operation after the critical first five years.

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