

**WOMEN'S ENTERPRISE INITIATIVE:**  
**GENERATING SIGNIFICANT ECONOMIC IMPACTS IN WESTERN CANADA**

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## **ABSTRACT**

In 1994, the Government of Canada established the Women's Enterprise Initiative (WEI) and over the past 15 years this program has operated in the four Western provinces with a mandate of providing business loans and services to women entrepreneurs. Three evaluations have been performed on the WEI program to estimate its value and relevance; Equinox (Orser), 2002; Gilroy, 2004 and Weicker, 2009.

The results are compelling and consistent in their conclusions; many women in Western Canada would not be in business in the absence of the program; significant numbers of jobs would not be created and the revenue generated through taxation would not be available to governments. Across all three studies, when evaluating the return on investment (measured as incremental revenues attributed to the WEI program versus the dollars invested by the Canadian government to fund the program a minimum twenty to one (20:1) return on investment is reported.

## **BACKGROUND**

In 1994, the Government of Canada through the Ministry of Western Economic Diversification, established the Women's Enterprise Initiative (WEI). Four independent, not-for-profit associations were incorporated and over the past 15 years these organizations have operated in the provinces of British Columbia, Alberta, Saskatchewan and Manitoba with a mandate of providing business loans and services to women entrepreneurs. Each association administers a \$5Million loan fund and provides term loans of up to \$150,000 <sup>1</sup> to female residents who wish to start, expand or purchase a business.

The other core programs of the associations include business advisory services which comprise assistance with business planning, one-on-one business counseling and business development; training and skills development; and general information services regarding a wide range of business topics and linkages to resources. In addition to the core programs that have continued to be funded by the Government of Canada over the past 15 years, each association runs other programs specific to their provinces based on regional funding and partnership arrangements with public, institutional and private sector groups. These include such things as mentorship programs, network and business development initiatives, youth, Aboriginal and immigrant programs, and a range of programs to support business growth and innovation.

## **PROGRAM EVALUATION & FINDINGS**

Three evaluations have been performed on the WEI program to estimate its value and relevance as a publically funded initiative; Equinox (Orser), 2002; Gilroy, 2004 and Weicker, 2009. Refer to Table 1 for a summary of these evaluations.

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<sup>1</sup> 2009 Contract revision increased WEI program lending limit to \$150,000 from \$100,000.

The results are compelling and consistent in their conclusions; many women in Western Canada would not be in business in the absence of the program; significant numbers of jobs would not be created and the revenue generated through taxation would not be available to governments. In fact, across all three studies, when evaluating the return on investment (measured as incremental revenues attributed to the WEI program versus the dollars invested by the Canadian government to fund the program a minimum twenty to one (20:1) return on investment is reported.

The synergies between the various services are difficult to measure quantitatively, but the outcomes of the loan program indicate that it is the unique combination of services provided by the WEI that result in improved survival for companies that enter into the programs. In the most recent study (Weicker, 2008), seventy-five percent (75%) of companies remain in business after five years. And over the fifteen year lifespan of the organizations, each operating with specific adaptation to their provincial markets, the repayment rate exceeds ninety percent (90%). Given that many of these businesses would not have qualified for traditional financing due to credit or collateral limitations, this is a remarkable testament to the outcomes that can be achieved when a holistic approach to supporting a business owner is utilized. Another important finding in the reports is that the businesses that utilized more than one service tended to be larger, have higher revenues, and more capacity to look at export markets.

## **FUTURE OUTLOOK & CONCLUSIONS**

Historically, most businesses that have utilized the WEI program have been in the pre-start-up and start-up phase. Anecdotally, within the Alberta WEI (called Alberta Women Entrepreneurs or AWE) important observations from the service delivery perspective have emerged that are informing our future plans and ongoing program development. AWE has reengaged many

women who utilized WEI programs and services when they were initiating their businesses several years ago. Now, as more mature businesses with more sophisticated entrepreneurial capacity, they are seeking expanded resources to support the growth, improved productivity and prosperity of these businesses.

The issues they face are subtly different and adaptation of programs to meet these needs is essential. Access to growth capital for these businesses in many cases is acquired using personal resources as opposed to business resources, and in many cases clients are undercapitalized and highly leveraged using personal assets. Further, mechanisms to facilitate access to networks and markets to support expansion are frequently cited needs of these entrepreneurs. And in many of these businesses, the single most common barrier is for the entrepreneur to learn how to transition from inward focus on operations, towards an outward focus with strong strategic intent. This is not unique to women, but what we observe is the reluctance to ask for help unless there is a strong trust relationship in place; a relationship that can be achieved in a variety of ways, including the use of the holistic WEI approach to entrepreneurship development that has proven successful in our fifteen year history.

In conclusion, the WEI program has a significant track record of strong economic impact and relevance to women entrepreneurs in Western Canada. Expansion of this program to other jurisdictions and regions transferring the best practices of this program is very well supported by the economic impact data presented in this summary. Ongoing evolution of this program to adapt to changing sophistication of the client base is a worthwhile public investment as this will lead to improved productivity, profitability and export orientation for these maturing businesses.

*Table 1: Summary of Evaluations of WEI Program 1994-2008*

|                                              | <b>Equinox (Orser), 2002</b>                                                                                                                                                                                                                                                                                                                                                                       | <b>Gilroy, 2004</b>                                                                                                                                                                                                                                                                                                                                                             | <b>Weicker, 2008</b>                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report Title</b>                          | An Analysis of the Impact of the Women's Enterprise Initiative                                                                                                                                                                                                                                                                                                                                     | Evaluation of the Women's Enterprise Initiative                                                                                                                                                                                                                                                                                                                                 | Impact Assessment of the Women's Enterprise Initiative                                                                                                                                                                                                                                                                                                                        |
| <b>Research funded by</b>                    | Women's Enterprise Initiative Group                                                                                                                                                                                                                                                                                                                                                                | Western Economic Diversification                                                                                                                                                                                                                                                                                                                                                | Western Economic Diversification                                                                                                                                                                                                                                                                                                                                              |
| <b>Clients interviewed (n=)</b>              | 1100 (compared to control group)                                                                                                                                                                                                                                                                                                                                                                   | 112                                                                                                                                                                                                                                                                                                                                                                             | 444                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Period evaluated</b>                      | 1994-2002                                                                                                                                                                                                                                                                                                                                                                                          | 1999-2004                                                                                                                                                                                                                                                                                                                                                                       | 2003-2008                                                                                                                                                                                                                                                                                                                                                                     |
| <b>WEI Program scope evaluated</b>           | Clients contact WEI to learn about business start-up, entrepreneurial education and business financing                                                                                                                                                                                                                                                                                             | WEI organizations provide business advisory services, loans, information services and referrals, training and skills development, networking, mentoring                                                                                                                                                                                                                         | WEI organizations provide loans, business advisory services, training & skills development and information services                                                                                                                                                                                                                                                           |
| <b>Client satisfaction rating</b>            | 80% of WEI clients would use services again                                                                                                                                                                                                                                                                                                                                                        | Focus group clients reported high level of satisfaction; not quantified                                                                                                                                                                                                                                                                                                         | Clients are satisfied with the services they receive (4.1 on scale of 1-5)                                                                                                                                                                                                                                                                                                    |
| <b>Profile of business owner interviewed</b> | WEI clients are younger, better educated and more inclined to grow their business (79% non-loan clients, 60% loan clients); higher percentage of disabled Aboriginal and visible minorities access WEI programs                                                                                                                                                                                    | Majority pre-start-up and start-up; most in service and retail, age 30-49, well educated; loan clients < 5 employees and < \$500,000 annual revenues; non-loan clients 0 employees and < \$100,000 annual revenues                                                                                                                                                              | 70% currently operating a business; most in service and retail; age 35-54, well educated; loan clients average \$475,000 revenue / 5.8 employees; non-loan clients average \$272,000 revenue / 2.8 employees                                                                                                                                                                  |
| <b>Impacts of services</b>                   | Clients attribute survival and growth to WEI services;<br>30% service clients and 33% loan clients attribute business survival to WEI;<br>60% service clients and 65% loan clients attribute growth to WEI services                                                                                                                                                                                | Not quantified; qualitative only.<br>Women entrepreneurs face barriers related to business start-up and growth; Without access to WEI services and loans many clients would not be in business;<br>Organization provides gender sensitive and appropriate services for women; WEI fills a niche for loans and support to women entrepreneurs particularly in retail and service | Helped develop business, management and personal skills (39%)<br>Increased access to other programs & services (38%)<br>Enabled networking with other entrepreneurs (37%)<br>Increased access to information for decision making (35%)<br>Encouraged them to start / develop business plan (34%)<br>Increased access to financing or capital from other non-WEI sources (14%) |
| <b>Economic impacts</b>                      | 65% of WEI loan clients were growth oriented with additional revenues averaging \$197,000; total estimated at \$69Million of additional revenue on an annual basis<br>33% of WEI loan clients were saved from failure by the program; average annual revenue for saved firms \$434,000 resulting in \$75Million in total annual revenue;<br>Clients attribute survival and growth to WEI services; | WEI loan clients return for 2nd, 3rd, 4th loans due to relationship but also due to ineligibility with banks due to service / retail sector and lack of collateral<br>average 91% repayment rate for loans                                                                                                                                                                      | WEI loan clients grow their businesses; from \$163,000 annual revenue year 1 to \$550,000 year 5; average of \$1.9M over 5 years.<br>98% of WEI clients remain in operation after year 1; 75% remain in operation after 5 years                                                                                                                                               |
|                                              | \$18.6M in loans by WEI created 1658 jobs and generated \$69M in incremental revenue; \$15M in additional financing received (\$0.81 per \$1 lent)                                                                                                                                                                                                                                                 | \$27.2Million in loans by WEI creating 2388 jobs;<br>\$1.47 in additional financing per \$1 lent by WEI                                                                                                                                                                                                                                                                         | \$22.9 Million in loans by WEI generated \$660M in incremental revenues (30:1) and 8,000 person years of employment;<br>\$2.35 in additional investment per \$1 lent by WEI                                                                                                                                                                                                   |
|                                              | WEI received 24.3M operating funds; 20:1 ROI for WEI program estimated when non-loan impacts considered                                                                                                                                                                                                                                                                                            | WEI received \$17M in operating funding over 5 years                                                                                                                                                                                                                                                                                                                            | WEI received 18.8M in operating funding over 5 years;<br>\$1 of operating funding resulted in \$19.30 in client revenues attributed to WEI (20:1 ROI)                                                                                                                                                                                                                         |

## **REFERENCES**

Equinox Management Consultants Ltd. (2002). An Analysis of the Impact of the Women's Enterprise Initiative

Ference Weicker & Company Ltd. (2008). Impact Assessment of the Women Enterprise Initiative.

Goss Gilroy Inc. Management Consultants (2004). Evaluation of the Women's Enterprise Initiative