

GOING GLOBAL: EMPOWERING WOMEN THROUGH TRADE

EDC Women in Trade guide offers valuable insights to help Canadian women-owned and -led businesses succeed internationally

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THINK BIG, THINK GLOBAL

When Viola Desmond opened her first business—Vi's Studio of Beauty Culture in Halifax, NS—it was 1937 and she was already a pioneer.

That year, female elementary school teachers earned \$1,061 compared to the annual \$1,382 of their male colleagues. Just 1,500 women graduated university nationally of the 6,000 Canadians who earned a degree. And there were so few women-owned or -led businesses, the statistics today are hard to find.

Of course, Viola went on to become renowned for her courageous stand as a Black woman, refusing to give up her seat in the "whites-only" section of the Roseland Theatre in New Glasgow, NS, in 1946. The celebrated civil rights activist now graces Canada's \$10 bill.

Despite racism, sexism and hostility towards women-owned enterprises, she opened a beauty school, created a line of beauty products and expanded her business across Nova Scotia, employing young Black women.

Today, some of the persistent barriers Viola faced are with us still—access to capital and funding, network building, biased systems—but because of the path she and other early women in business carved, many issues have been overcome.

And that's as good a touchpoint as any to introduce this guide on Women in Trade. Yes, there's still much to do in setting up women-owned businesses for success, but so much has also been achieved.

Women-owned businesses represent more than \$117 billion of economic activity in Canada. In 2007, women-owned, small- to medium-sized enterprises (SMEs) represented 5.9% of export activity; that number is now 11%, with 16% of SMEs being majority-owned by women nationwide. Across the board, change is underway and it's exciting. We're seeing momentum in financial institutions establishing programs and services focused on women in business.

There are hundreds, if not thousands, of women-led networking groups, organizations, and associations, all with a mandate of empowering women to achieve greatness in business.

At Export Development Canada (EDC), we've set a goal through our Women in Trade strategy to facilitate \$6 billion in trade for women ready to export or already exporting. In July 2021, we launched the \$200 million Inclusive Trade Investments Program, which provides equity capital to Canadian women and diverse entrepreneurs leading high-growth companies. And we have Solutions, programs and tools, like this guide and our on-demand webinar series, to give Canadian women the support, advice and insights they need to grow.

But with so much support available, it can be a challenge to know where to begin. Sometimes, it's even harder to take that first step toward growing a business as big as the dreams that sparked it.

EDC is here to help, and we hope this guide offers answers, new ideas and the knowledge you need to succeed.

UNLOCKING THE EXPORT POTENTIAL OF CANADIAN WOMEN ENTREPRENEURS

Are you one of the 11%, or are you hoping to join the club?

That number—11%—represents the slice of Canadian women-owned businesses currently growing, expanding and contributing to Canada's trade on the international stage. It's a small, but dynamic group. To join it, however, women-owned businesses face barriers and obstacles not experienced by or to the same degree as their male counterparts.

Whether it's accessing capital, building sustainable networks or finding the right export support, you may face many challenges, but they're not insurmountable. This guide will help you understand the issues and develop strategies for overcoming them.

So, who are among the 11%? Womenowned businesses include exporters, NEXTporters (interested in export) and women ready to export (planning to export within two years).

Where do you fit in?

Key characteristics



Most women business owners have a university degree or extensive experience in their industry.

of women-owned businesses are young companies (in business less than 10 years).

are ready-to-export companies that are less than five years old.

are micro companies (less than \$2 million in annual sales)

53% are sole proprietors.

of ready-to-export and NEXTporter businesses have previous export experience.

are more likely to start exporting at the request of their customers, compared to 48% of male-owned businesses.



Women-owned businesses are predominately in retail, arts and entertainment, fashion, publishing, professional services and consulting.

Key challenges*

had issues identifying or connecting with potential customers.

25% found competition to be a major barrier.

cited limited time and resources.

Other barriers included:

- lack of or difficulty finding information;
- · inadequate financing;
- time constraints due to family demands;
- · lack of training;
- · difficulty finding and keeping talent; and
- difficulty developing the credibility to be taken seriously as an exporter.

The challenges facing women who are ready to export or interested in growing internationally may seem overwhelming, but EDC has the knowledge, resources and financial solutions to help.

We can help you:



Forge connections with partners, suppliers and customers.



Access exporting experts.



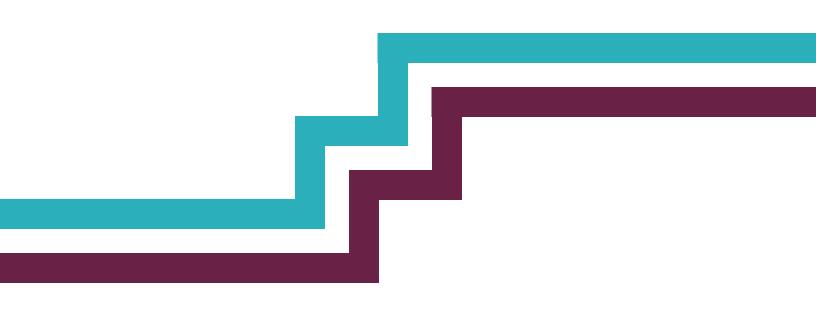
Access capital to support both your company and your international customers.

^{*}Beckton, C., & McDonald, J. (2020). <u>Grow global: Women entrepreneurs and export. Women Entrepreneurship Knowledge Hub</u>, Export Development Canada, Business Development Bank of Canada.

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THREE REASONS YOU SHOULD INCORPORATE TO BE EXPORT-READY

Incorporation means having access to tools and financial solutions that sole proprietors don't have. While sole proprietorship is the most common form of business for women-led SMEs in Canada—54% of women-owned or -led businesses are sole proprietorships, according to EDC research—it has significant disadvantages.

On the one hand, the costs of setting up sole proprietorships are low, losses can be written off against other income and they're less regulated than incorporated entities. But they also face unlimited liability for debt and because they're taxed at a personal rate, once a business begins earning more than \$138,586 a year, the tax rate jumps from 39% to 54.9%.

There are even more compelling reasons to move your company from a sole proprietorship to corporation—and they all have to do with growing your business and getting it ready for exporting.

- 1. Incorporated companies can get accounts receivable insurance from EDC. Why does this matter? Exporting companies selling internationally can ask for upfront payments, or they might consider open payment terms, which can be risky. EDC Select Credit Insurance protects you by mitigating the risk of not getting paid and enabling you to be more competitive with overseas buyers by offering them more favourable payment terms. Note: Banks are more likely to loan money to a corporation already holding accounts receivable insurance.
- 2. Incorporated companies can go on trade missions. Far more impactful than a self-directed business tour of a potential trade partner's country, <u>Canada Trade Missions</u> are structured, intensive one-week tours of one or more countries. They not only give potential exporters access to economic and government decision-makers, networking opportunities, future partners and support from the <u>Trade Commissioner Service (TCS)</u>, but trade mission members often return to Canada to do business with each other. Sole proprietors don't qualify for trade missions.
- 3. Incorporated companies get access to financial resources not available to sole proprietorships. The State of Women's Entrepreneurship in Canada report by the Women Entrepreneurship Knowledge Hub (WEKH) found that only 15.3% of women are incorporated compared to 26.2% of men. That means more women put their own assets at risk, pay higher personal taxes and don't have access to key financing resources, government programs, tax credits and small business deductions.

How do you incorporate your business?

Read more here.

OVERCOMING THE "IMPOSTOR SYNDROME" TO ACCESS CAPITAL





Sheri Griffiths

Senior vice-president, Head of Ontario, Corporate Finance, Canadian Commercial Banking at BMO Commercial Bank. WXN Canada's Most Powerful Women Top 100 Award Winner

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The 'I can do it' mindset means women-owned businesses can get stuck without outside guidance."

-Sheri Griffiths

Ask any women entrepreneur about how "she does it all" and chances are she'll talk about multitasking and figuring out issues on her own.

It's a fiercely independent, can-do attitude, but it's also an approach that holds women back from growing their businesses, seeking advice, and getting ready to launch their products abroad.

The "I can do it all" approach is something Sheri Griffiths sees over and over in her position as a senior vice-president for BMO and the driving force and sponsor of BMO for Women, which supports numerous initiatives that empower the financial progress for women, including:

- The BMO Celebrating Women Grant Program, which launched in 2020, and provided 10 women business owners with \$10,000 in grant money for their business;
- Sponsorships and partnerships with organizations that support and advance women;
- · Resources and education materials for women business owners; and
- \$1.2 million in funding to SheEO, a global community that supports women and non-binary people achieve their business goals.

Griffiths says the "I can do it" mindset means women-owned businesses can get stuck without outside guidance. It starts, she says, with the "impostor syndrome."

"If you're a woman in business and you're looking for financial advice and all you see are men behind desks, you start to question yourself. You don't feel like you belong. If the male bankers don't understand how women entrepreneurs operate and run those relationships, they don't connect," she says. "That impostor syndrome stops them from coming to us sooner, so they take on too much, don't ask for advice because they don't feel they're big enough or worthy enough."

The other issue women-led businesses face centres around dealing with male-led business practices. "Men want to fix and solve and tell you what to do, but women want someone to consult, to listen and provide advice. That's a nuance that needs to be recognized," Griffiths says.

BMO addresses that and other gender-related issues as part of its ongoing mandate for BMO for Women. Internal training programs for all staff—men and women alike—are conducted to overcome unconscious bias and understand how women approach risk and debt.

But despite those efforts, Griffiths says many women avoid or delay talking to banks about loans, financing or other methods of financial support because they assume they don't qualify. The result is that women self-fund for much longer than necessary, delaying their entry into the next level of business growth.

According to the 2020 report, <u>Grow Global: Women entrepreneurs and export</u>*, **40% of women businessowners** use their company cash flow to finance growth and are significantly less likely (21%) to use any financial product compared to their male counterparts (8%). Those who do use financial products opt for lines of credit, grants and credit cards rather than bank loans.

"I can't tell you how many times I hear about women operating on credit cards," says Griffiths. "My advice: You need to start a conversation with a banker, so you know what they're looking for when the time is right. You don't just come in because you need money; you're there to build a relationship, so when you're ready, it's not brand new."

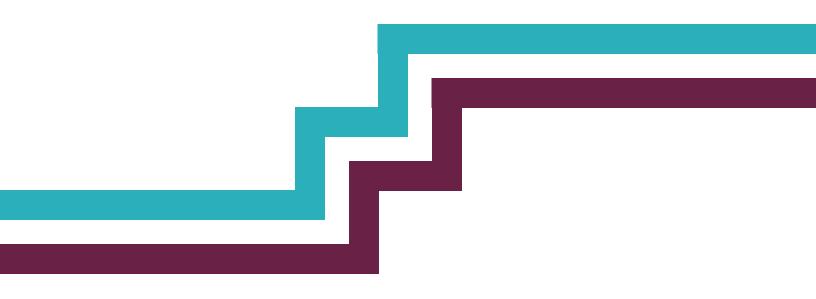
Like other financial institutions, BMO is partnered with EDC and the Business Development Bank of Canada (BDC) to support women-led businesses. Having access to that kind of financial support and advisors is critical in a woman entrepreneur's journey, says Jennifer Cooke, EDC's director of Inclusive Trade.

"Finding the right financial advice means starting a relationship with a banker earlier," Cooke adds. "If the financial side of business isn't your strength, having someone you trust in that advisory role is important. That person will help you overcome your discomfort and help you get comfortable with numbers."

Where can I get capital?

Even before a woman entrepreneur considers talking to a bank about financing, the first step is understanding where they are in their growth cycle and what kind of capital they need, says Cooke.

"Women say, 'Banks don't lend to women,' but that's not the case. If you're a startup with no assets, you need to understand what different types of lenders are looking for. For example, if you're in tech and you're burning cash as that industry does initially, no bank will lend you money—but there are investors who will," she says. "On the other hand, if you're not in a fast-growth industry, angel investors aren't likely the right fit for you."



FINDING THE RIGHT FINANCING FOR YOUR STAGE OF GROWTH

Every business on the cusp of expanding—or in the thick of it—needs access to capital. There are plenty of options, depending on what you need, the size of your business, the industry you're in and where you are in your growth and export cycle.

Family and friends financing

Often called "love money," family and friends are frequently the first source of financing for startups that can't self-fund. The term "family and friends" is used loosely, as this group of informal supporters can include everyone from immediate family to co-workers and their contacts. Research shows that 11% of NEXTporters (those who are getting ready to export), 27% of ready-to-export owners and 25% of exporters have this financing.

Family and friends financing takes many forms, ranging from a capital outlay for as little as \$1,000 to cash in exchange for an equity stake in your company. Either way, this type of financing doesn't automatically mean your business is now "family-owned." It's just that your personal network is backing you.

Pros

- Cheapest form of financing. Whether it's a loan or equity agreement, you can likely determine the terms yourself.
- Easiest money to raise in the early stages. It doesn't require much more than a sound idea, a business plan and a compelling pitch.
- Flexibility in returning dividends or loan repayments. Unlike a bank, family and friends can be more accommodating about payout deadlines.
- Everyone wins. When you succeed, you share your financial rewards with family and friends for their trust in your business.

Cons

- Everyone's at risk. A vast number of startups fail, which can jeopardize relationships with family and friends. Make sure they only invest what they can afford to live without.
- Financing is limited. The amount of capital available to you is limited.
 Eventually, you'll have to source it from other places.
- Power struggles. You may get more than money. This type of financing often leads to family and friends feeling entitled to offer advice, guidance, and opinions on how you run your business.

Equity financing

Early in a company's lifecycle, access to capital is critical to growing a business. As a company is commercializing, or even before it's generating revenue and becomes cash positive or has cash flow, it's harder to raise traditional debt financing from a lending institution unless there are assets or credit deemed worthy of backing as security for repayment.

Pre-seed or seed round financing

The goal of seed round financing is to raise enough capital from outside investors to get a company off the ground or develop a product prototype. This financing is offered in exchange for equity in your company and can range from \$50,000 to \$2 million. This is particularly attractive if you can't self-fund or don't have access to a credit line. Lack of working capital is a primary reason why a high number of startups fail.

What to include in your seed funding pitch:

- Concept development details
- · Market research viability
- · Your business vision and mission
- · Market and demographics research
- · Founding team with clear roles

Often pre-seed or seed round equity comes from **angel investors**. Made famous by reality TV shows, like *Dragons' Den* and *Shark Tank*, angel investors are usually wealthy individuals or groups who invest in early-stage businesses.

Pros

- Angel investors are putting up their own money, so they're often willing to negotiate and are less risk-averse than banks.
- Typically, angel investors take an ownership stake in your business rather than interest payments or repaying the loan. If you fail, they receive nothing.
- Angel investors can be an incredible resource for networking, guidance and expert support in growing your business because they're already successful in business. Having their backing can also lead to bigger opportunities.
- Angel investors typically have deep pockets and will invest anywhere from hundreds of thousands to millions of dollars.
- Angel investors see the value of backing a local enterprise that can be groomed for international markets.

Cons

- This class of investors is backing you to make money, so their expectations of your performance and pressure to success can be intense.
- Every angel investment dollar you access means you're trading off your future business earnings, based on their ownership stake. In other words, your future profit is shared.
- Angel investors aren't just giving you money; they're buying a stake in your decision-making, too. Most angel investments are one-time deals and rarely lead to second-round financing.
- Women-owned businesses find it more challenging to find a suitable angel investor.

Venture capital/private equity

(Series A, Series B, Series C rounds)

As a company reaches commercialization and achieves some initial market traction, they'll likely need to raise more equity capital to continue to scale the business and grow sales. Beyond angel investment, entrepreneurs can raise money through venture capital or private equity in which institutional investors, investment banks and other financial institutions back startups and small businesses with long-term and high-growth potential. In other words, venture capital investors are betting on your profitability and generally, get partial ownership and a vote as equity for their investment.

- **Series A funding** is important during the early growth stages, but because a startup hasn't had time to develop a consumer base, Series A investors can be hard to land.
- With Series B, companies are more established, so the investment is aimed at
 product development, talent acquisition, business development and marketing.
- Series C funding is focused on upscaling an already successful company even further.



EDC Inclusive Trade Investments Program (ITIP)

Developed specifically for investing in women-led companies or diverse management teams that are raising or recently raised equity funding to grow exports, ITIP reduces the barriers to capital for women, Indigenous, Black and others. EDC has committed \$200 million and is contributing as a co-investor or syndicate partner alongside other qualified venture funds to support international growth. EDC participates on market terms and doesn't provide grants or subsidies under the ITIP.

To access ITIP, exportfocused companies need:

- An overview of your company and sector;
- Trailing 12 months (TTM) revenue and run rate;
- Transaction term sheet, if available; and
- Use of proceeds and export profile.

Click to learn more

Pros

- Series funding offers your company a cash injection, builds your connection to investors and demonstrates your backers' confidence that your company or product has high-growth potential.
- The greater rigour required in financial controls, analytics and securities compliance will only strength your company.
- With more capital, you can become more competitive through talent acquisition, visibility through more robust marketing and expansion to overseas markets.

Cons

- By accepting venture capital funding and handing over a stake or voting rights in your company, you risk losing control.
- The cash injection may be used to grow, but if revenue never catches up, you may be victim to premature upscaling, or spending resources on customer acquisition that never comes through.
- Companies face greater stress over performance, new levels of bureaucracy and loss of ownership control, as well as the increase in growth risk.

Funding from other sources

Bank loan financing

Only 14% of women use a business loan to grow their business, while 73% self-fund, according to The State of Canadian Women's Entrepreneurship by VISA. It's not surprising that research of women-owned businesses found 62% of ready-to-export owners and 46% of NEXTporters said it was difficult or extremely difficult to get approved for financing. To qualify, banks typically require solid personal and business credit scores, healthy financials and perhaps a personal guarantee. (It's also good to know the difference between a small business bank loan and a commercial bank loan: A small business loan requires strong personal credit and cash flow; a commercial bank loan is typically used for major capital expenditures or operational costs and works as a debt-based arrangement between a bank and commercial business.)

Establishing an early relationship with a loans officer, who understands your business and potential for growth, is critical. Before borrowing from a bank, it's important to understand the pros and cons.

Pros

- · Predictable monthly payments
- · Build business credit ratings
- Professional banker relationship can help add weight to other forms of financing in the future.
- Financial support can be used for a variety of purposes and isn't tied to one aspect or another.

Cons

- Applications for business loans can take time.
- Requires a strong credit rating and may require incorporation
- · Usually requires specific collateral

Small business loans from Business Development Bank of Canada (BDC)

Revenue-generating, Canadian-led businesses that have been operational for more than 24 months may qualify for a small business loan from BDC, a Crown corporation and national development bank mandated to help create and develop Canadian business. You must also have a good credit rating and have reached the age of majority where you live.

- · Apply online
- No application fees
- · Affordable rates, terms and conditions
- \bullet No personal assets taken as collateral
- Capital payments can be postponed for the first six months.
- The loan can be repaid over five years, with no penalties for early lump sum payments.
- Up to \$100,000

Click here to learn more.



EDC Buyer Financing

Canadian exporters can gain an incredible advantage over competitors through EDC's Buyer Financing, which not only increases your international customer's purchasing power, but limits your risk of non-payment. Simply, provide EDC with the export contract and customer's credit information for review. If the application is approved, EDC will issue a loan agreement to your customer and contact you.

- EDC holds the responsibility of collecting payments from your buyer and administering the loan.
- Buyer financing protects you from risk of non-payment by international clients.
- Eligibility is determined by customer's credit rating, transaction details and other metrics.

Click here to learn more about EDC Buyer Financing or call 1-800-229-0575.

EDC Direct Lending

Another way EDC supports women-owned businesses is through a direct loan to help them expand, buy equipment or facilities outside of Canada, or work with foreign affiliates.

- This type of loan is based on level of risk and the market involved, and can be used in conjunction with bank loans.
- A direct loan can be made to your company to support international expansion or to a foreign affiliate leveraging those foreign assets.
- Lending support is priced based on the level of risk and the market involved.
- Loan criteria includes financial health, business plan and other reports.

Click here to learn more about EDC Direct Lending or call 1-800-229-0575.

PIVOTING TO E-COMMERCE



Long before the pandemic had shoppers buying from the safety of their homes, eager consumers looking for convenience and items not available in stores were already flocking to their laptops to shop online. Back then, canny e-marketers embraced analytics, third-party cookies, and email campaigns to attract customers to brick-and-mortar stores, as well as increasingly sophisticated online shops.

These days, propelled by lockdowns, digital commerce is no longer a trend, but a rapidly growing and extremely lucrative way of doing business, especially for women-led enterprises. In the past two years, 50% of online businesses launched in Canada are owned by women, according to a study by PayPal published by Women Entrepreneurship Knowledge Hub (WEKH). What's more, research by Salesforce, an online customer relationship management company, found that "buy online, pickup in store" (BOPIS) or curbside has increased by 60% and overall, purchases through social media channels have increased by 105%.

In the rapidly evolving world of e-commerce, some best practices stand out.

The how of e-commerce



Optimize online shopping

In the post-pandemic world, online shoppers who move quickly from item to item will increasingly leave their purchases behind if their experience isn't as personalized—or close to it—as it is in a store. One solution is omnichannel marketing, in which a shopping cart transfers from device to device, minimizing the risk of abandoned carts.

Even if a company sells services rather than goods, improving the online experience is equally important, notes Aida Alvarenga, manager of EDC's Knowledge Services. "You could still be using technology to streamline your customer's experience and how they engage with your business. Ask yourself: If you solve this problem, what does it do for your customer, and how does it increase the likelihood that your customer is going to transact with you?"



Discover new tech in the cloud

Updating website content and product pages is essential to digital success, as well as adopting new technologies to move you even further into the virtual world. Top of the list is cloud-based software, available as an on-demand, fee-based service (otherwise known as Software as a Service or SaaS). As a safe and limitless resource for data storage and computing power, Alvarenga says that the availability of SaaS products for small businesses looking to expand has been a game-changer.



We have spent considerable time evolving our digital marketing strategy in order to optimize how we reach customers in all markets. This has included a presence on a number of platforms, impactful emails and focusing on reviews."

-Shelby Taylor, CEO, Chickapea

"Instead of making this really heavy investment upfront, you're making a choice, then paying monthly, so the affordability and flexibility are great," says Alvarenga. From the functional aspect, SaaS exporters can move to the fun stuff: Augmented reality (AR) software. Furniture retailers keen to overcome the shop-at-home limitations have already introduced augmented reality software to help shoppers visualize items in their homes. AR gives the customer 360-degree views of their decorated rooms.



The world is more connected now than ever before. Technology has allowed us to better handle our global supply chain, expand our e-commerce offerings and ensure that everything runs smoothly on our back-end."

-Laura Burget, co-founder, Three Ships



The cookies crumble

Using data to personalize online shopping through third-party cookies has been a valuable tool for expanding business through social media—but it's about to come to an end. With the advent of Apple's iOS14 operating system, Apple and non-Apple users can take control over how their data is used. The impact on data gathering and resulting social media marketing will be vast because it'll limit how businesses segment target audiences on platforms, like Facebook. In addition, things, like conversion campaigns, location-based targeting and reporting, will all become more difficult to execute effectively. What can you do? Focus on email marketing, desktop placements for Facebook ads and put more energy and resources into organic social media marketing, paid advertising and exploring new channels, like TikTok and Instagram Reels.



Content that responds to data

From a marketing perspective, search engine optimization (SEO) continues to reign as a champion for putting customers and their desires together through online searches. In particular, a deep dive into keywords and using Google search questions to form the basis of renewable content, like blogs, have proven highly effective. But increasingly, online brands are adding conversion rate optimization (CRO) as an essential next step. While SEO drives traffic to your e-commerce site, CRO turns browsing visitors into customers.

How does it work? Every change to a website is measured for results—like page design, product descriptions, better navigation, intuitive apps and simple checkout (including omnichannel)—are tweaked over and over to remove the grit from the sales funnel. It takes time and dedication, but companies combining SEO and CRO are seeing results—and it's potentially more cost-effective than pouring money into cost-per-click (CPC) campaigns.



Little gains, big results

One of the more surprising best practices to come out of the rapid growth of e-commerce is the attitude towards marginal gains, led by CRO. Small, incremental gains in an age where online business is exploding may be unappealing, but those changes add up. When done well, CRO strategies not only convert browsers to buyers, but they can create more sales by pushing up your average order value. But whatever changes are made as part of CRO, it's also important to filter them through the lens of the local market and what competitors there are already doing, says Alvarenga.

"If you're thoughtfully growing into a new market, be aware of market dynamics around the look and feel of your website, the translation of your website, and the digital culture of the audience you're trying to reach," she says.

SEVEN STEPS TO OVERSEAS SUCCESS





That glass ceiling that once limited a woman's career path has paved a new road towards business ownership, where women can utilize their sharp business acumen while building strong family ties."

-Erica Nicole, founder, YFS Magazine

Succeeding in business as a woman isn't just about breaking down barriers—it's also about learning from those who clear-cut the path ahead.

"Women need to see that other businesses similar to theirs have succeeded. They don't just want to know the failure points. They want to know the success points," says Jennifer Topping, principal of market research at EDC. "They get it—failure is a big part of business—but what about the success stories and how they got there?"

In late 2019, a team of researchers funded by EDC and others conducted a series of interviews with 100 women entrepreneurs and exporters, supported by an online survey of 803 other businesses to discover how they succeeded and what the key markers to their success were. Here's what the Women in trade strategy research summary* found.



Set up your business to tolerate more risk.

Although women can be more risk aware in business than men, it's important to reduce personal liability, both financially and legally to grow. Here's how:

- Incorporate to limit liability and gain access to capital and programs or services such as trade missions.
- Ensure you have intellectual property protections in place, both domestically and internationally.



Network, Network, Network,

Networking can be time-consuming when there are so many other issues pulling your focus, but developing multiple networks builds capacity and can integrate collective knowledge and experience in an organic way. (You can read more on networking in Section 7.)

- **Join professional associations** and women in business networking groups, both in and outside your industry.
- Whether through educational contacts or trade missions, it's critical to develop on-the-ground connections in your export countries through professionals, colleagues and associations.
- Find a mentor or champion who will encourage, challenge, and educate you and share what you know by becoming a mentor to others. Consider lateral mentorship in which knowledge-sharing flows equally.
- Participate in online and in-person events, conferences and meetings that will help define your export and domestic markets.



Building your network: Strategies for women entrepreneurs

Learn how to build a strong network to help grow your business in global markets.

Watch the on-demand webinar



Access financial products and services.

Far too many women-led businesses rely on personal lines of credit or credit cards to finance growth.

- Form an early relationship with your financial institution. The financial institution may not be able to help with financing immediately, but sharing your business plan and aligning with their criteria for approval will help build a case in the future.
- Apply for grants. Learning how to apply for a grant is an important and often over-looked skill that can lead to multiple points of access to capital that doesn't need to be repaid.
- Dream big, ask for more. Whether you're dealing with an angel investor or bank, consider asking for more than your immediate needs from funders.



Use all the available resources.

There are many resources available to women in business who are looking to export. But how many do you actually access and leverage for growth?

- Research and investigate the key players in your industry and export country. Understanding how the various institutions work, including banks, brokers, EDC and BDC, will help you build a network of strategic support and services. According to EDC research, men-owned businesses are more familiar than women with organizations that can assist exporters, including the Trade Accelerator Program (TAP), which helps you develop your export plan for accessing new markets.
- Determine your company's business readiness. As part of our ongoing commitment to supplier diversity, EDC has partnered with WEConnect International, a global network that introduces women-owned businesses to qualified buyers around the world, and BDC to help women entrepreneurs determine if their business is ready to sell to large supply chains. The free Business Assessment tool asks a series of questions to rate a company's maturity level and identify programs and tools to address any business readiness gaps. "This tool is so valuable because it helps owners identify what steps they need to take to succeed within global supply chains and to reach new markets," says Jennifer Cooke, EDC's director of Inclusive Trade.



Use your market expertise strategically.

The more you know about your export region, the players and the appetite for your product, the better you can apply your existing industry expertise and experience.

- Diversify how and where you collect information and knowledge. Search online databases, make calls to potential contacts (and follow up) and attend in-person industry meetings to gain context and a fuller picture.
- Turn what you know into action items. Women-led businesses are more opportunistic than male-led companies—they move on opportunities as they present themselves rather than developing a full strategy to attract customers. Acting on knowledge is a key to export success.

Roadmap to success: Lauren Greig

Within 10 years of joining Kitchenerbased Miovision, Lauren Greig has helped turn the original software startup into an international authority on how to make streets safer for both pedestrians and drivers. In early 2021, the company closed a \$120-million financing deal with TELUS Ventures to help Miovision "become the platform that cities across the globe will use to measure, manage and optimize traffic congestion and safety." As Miovision's chief operating officer, Greig says three factors helped guide her over the years.

Sponsorship

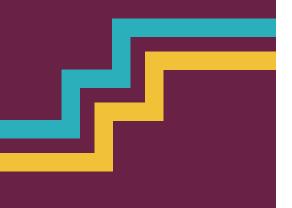
Strong advocates encouraged her to step into roles she didn't feel ready to take on.

Resilience

She learned it's OK to fail and that failure is a learning opportunity.

Diverse leadership

Having a diverse applicant set brings more diversity into an organization.





Plan for the unexpected.

Every obstacle in business is an opportunity to learn, particularly, if the lesson helps build capacity and resilience when things don't go as anticipated.

- **Develop policies** that attract and keep skilled talent.
- Find out about political risks and challenges in your target market. Ask questions and turn to Government of Canada resources such as trade commissioners or EDC's in-market representatives to learn about the major political issues and regional challenges that could affect your business exports.
- Research and understand tariffs. Canada, like every other trade partner, has a series of taxes and tariffs on imports and exports, as well as trade agreements. Learn more about <u>Canada's trade policy</u> and the trade tariffs, sanctions and controls to accessing international markets.
- Learn about your competition. Success in business not only means learning from mistakes and building on that knowledge, but discovering what has worked and failed for your competition.
- **Get the facts about shipping and customs.** How the flow of goods in and out of the country are regulated could pose financial and logistical barriers unless well understood.
- Taxes, taxes and more taxes. Aside from personal and corporate taxes, trade with other countries can attract domestic and import taxes. EDC offers excellent information and resources through our TradeInsights blogs and articles.
- Does your product have specific service requirements within your export partner's location? It's important to know if those requirements can be fulfilled domestically or overseas.
- <u>Currency fluctuation</u>. Changing currency rates are a key issue facing exporters, particularly those dealing with countries facing volatility. Keeping track of the value of the Canadian dollar and using that knowledge strategically can help reduce costs.



Develop an international mindset.

Nothing spells failure quicker than a "That's not how we do it back home" attitude. To gain a competitive advantage, create a responsive framework that accounts for local and cultural business practices.

- Ask the experts. If you don't already have international experience, develop a solid base of knowledge built on the experience and insights of others, including EDC experts and in-country partners willing to share their experience.
- Face your fears. Women-led businesses are more risk-aware yet overcoming a fear of debt can help fund growth and access to markets otherwise out of reach.
- Learn from others. Ask about their successes, failures and how they turned obstacles into opportunities.

FIVE WAYS TO KEEP TOP TALENT



For the first time in 30 years, the job vacancy rate in Canada is at an all-time high. That's good news for the economy, but for businesses, it presents challenges when it comes to finding and retaining qualified employees. Adding to human resource woes is what employers are calling the "Great Resignation," a flurry of employees rethinking their jobs and lives after working from home during the pandemic.

Although more pronounced in the United States than in Canada, the impact of a highly mobile labour force is still being felt. Yet, there are ways to not only find, but retain excellent staff.



Great onboarding

Every new hire should be given a robust and positive onboarding experience to help set them up for success and retain them. The best onboarding programs are strategic and structured rather than driven by paperwork. Despite a great onboarding program leading to 82% new hire retention, 88% of organizations don't do it well, according to Gallup.



Engaged training

Humans need to learn to thrive, so developing a truly engaged workforce means helping them develop skills, then upskilling them from there.



Regular reviews

Once hired, offer staff a payroll review at three and six months, making sure to keep compensation commensurate with other staff salaries.



Active listening

Even junior staff can have great ideas and constructive feedback, so listen—and act on it.



Creating culture

The age of remote work may mean company culture isn't as dynamic as it once was, but it can still be achieved with ongoing training, mental health support initiatives and thoughtful gestures around life stage events, like marriage, and finding ways to engage staff in corporate social responsibility charity initiatives.

BUILDING A NETWORK THAT WORKS FOR YOU

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"Successful businesswomen use help and networking as a stepping-stone, or a strategy as opposed to thinking they have to do it all themselves."

—Jennifer Topping, principal of market research, Export Development Canada

When Vicki Saunders founded **SheEO** in 2015 in Canada, she did it out of frustration.

Across Canada, women were and still are facing invisible barriers to success, as well as the far more visible roadblocks, like **less than 4% of venture capital** backing womenled businesses.

Since launching SheEO (now expanded to the United States, Australia, New Zealand and the United Kingdom), Saunders has helped more than 60 women-led ventures worldwide access funding, with more than 5,500 investors helping women in business. Her goal is to increase that network of women exponentially to a million by 2030. Amongst its many partners is EDC, including Saunders's valuable insight in EDC's webinar series.

SheEO is just one of thousands of women's networking organizations with a mandate to educate, support and elevate female entrepreneurs and women in business, but its triumph shines a spotlight on how important such organizations are to the success of women-led business.

According to Jennifer Cooke, EDC's director of Inclusive Trade, building a dynamic and engaged network takes time and effort, but with the right support, leveraging your network can accelerate your global expansion.

"You need to be deliberate, intentional and strategic about building networks for the various needs you have in your business," Cooke says. "Building the right advisory team will be critical to success. It's about getting to the right person. If the financial side of business isn't your strength, find someone you trust to be your advisor. And don't be afraid to let go of the ones who aren't serving you well."

EDC research, however, indicates that women in business are less likely to ask for help than male business owners, says Jennifer Topping, principal of market research at EDC.

"Women tend to want to solve problems themselves and will only ask for help if they come up against a barrier so great, they can't do it themselves," she notes, adding that the opposite is true of highly successful female entrepreneurs.

"Successful businesswomen use help and networking as a stepping-stone, or a strategy as opposed to thinking they have to do it all themselves. They use networks, financing, help and self-guided learning to figure things out. The more successful in that group tend to get training, so they're learning from experts in the fields and viewing that as a strategy rather than a shortcoming of themselves or their company."

<u>EDC-funded interviews</u> with women-led businesses* also found that when they didn't have a network of other women to rely on, they created informal groups themselves to answer questions and get support around things, like which banks to approach and which lawyers to use.

While there are multiple formal and ad hoc networks already established (see the partial list below), a personal professional network of individuals who can help and support your endeavour is critical.

Key people in your personal professional network

- Mentor or executive coach who works either formally or as an informal advisor
- Industry experts, members of associations and leading members of your business community who are willing to share their successes and connections
- Women's entrepreneurship support organizations such as SheEO, RevolutionHER, Women's Enterprise Organizations of Canada and the Women Entrepreneurship Knowledge Hub (WEKH), which recently announced a \$5-million injection to advance women's economic empowerment
- Professional advisors who specialize in financial, legal, accounting industries to build support, a knowledge base and resiliency when facing challenges or financial and legal issues
- Government organizations such as EDC, BDC and the Trade Commissioner Service that can offer an incredible wealth of resources, funding and potential partnerships
- Potential strategic partners who can help you extend your reach in communities and obtain stronger intelligence about markets

Networking in the online era

Nothing can replace in-person networking, but having a savvy and strategic online presence can help create and strengthen a personal or business brand and develop thought leadership. Here are a few key virtual networking groups worth considering.

- Clubhouse. Clubhouse exploded its membership during the pandemic and soon became a key tool for connecting with others sharing interests across the world. It's a bit of an outlier, too: In an age where 30-second TikTok videos have set the pace for instant fixes of video content, Clubhouse is entirely driven by audio. Once you secure an invitation to join (every member is given one invitation to issue), the user can choose their areas of interest, set up a profile and look for other users, clubs and "rooms" where discussions and debates are held.
- LinkedIn. With more than 740 million members in 200 countries, LinkedIn has
 emerged as more than a warehouse for your resumé or business profile. Posting
 content, including articles, thought pieces and updates, as well as joining groups
 organized around professional categories, can lead to a greater following and fruitful
 conversations.
- Facebook. Facebook groups are an excellent informal and quite democratic network when it comes to knowledge-sharing. Start by using the search function to look for potential groups associated with keywords representing your interests. Also try searching for Facebook groups through a search engine. Once in, participate by sharing news, asking questions or posting queries about business issues. Whatever you post, ensure it follows the group's rules. Some women's networking groups bar direct marketing promotion, for example.
- Twitter. Although Twitter can be a rabbit hole, it's very easy to locate key players in your industry and follow them for regular, up-to-the-minute updates or even post a question or ask them for recommendations.
- **Virtual events.** Virtual events have matured since they first emerged out of necessity at the start of the pandemic. Your online social network, industry associations and government organizations such as EDC will have a constant flow of virtual events from which to choose. Most importantly, remember to sign up for EDC's <u>webinars</u> on a vast range of topics—from women in networking to mastering international contracts.

Get networking!

There are countless women's business networking and support groups across Canada, covering diverse industries, demographics and life-stages of business. Here are just a few.

- SheEO is global community supporting and empowering women and non-binary people with one million "activators" helping women achieve their business goals.
- Startup Canada connects Canada's entrepreneurs with the tools, community and support to start and build their businesses.
- WBE Canada or Women Business Enterprises Canada Council is a Canadian non-profit organization that certifies, supports and promotes Canadian women business enterprises (WBEs) that provide services or products to corporations or government organizations.
- <u>RevolutionHER</u> is a collective of women who are ready to flip the status quo and live the lives they always dreamed they would.
- <u>The Forum</u> helps women entrepreneurs access the resources and community they need to thrive in business.
- The <u>Canadian Women's Chamber of</u>
 <u>Commerce (CanWCC)</u> is a community of
 women and non-binary entrepreneurs
 addressing a range of issues, including
 universal childcare, access to funding
 and gender equality in business.
- Women of Influence (WOI) has the immediate purpose and goal to empower women to advance their careers by creating a community that provides the inspiration, insights, and connections you need to meet your potential.
- The Black Business and Professional Association (BBPA) was founded in 1983 as a non-profit, charitable organization that addresses equity and opportunity for the Black community in business, employment, education and economic development.
- de Sedulous Women Leaders is committed to empowering, mentoring, supporting and educating immigrant women in management and entrepreneurship.
- WEConnect International helps drive money into the hands of women business owners to help them compete in the global marketplace.

- <u>GroYourBiz</u> is a global peer-to-peer advisory board for women business owners (WBOs).
- Women Presidents Organization (WPO) is a non-profit membership organization for women presidents, CEOs, and managing directors of privately held, multimillion-dollar companies.
- Women's Executive Network (WXN) is dedicated to the advancement of women at all levels, in all sectors, and of all ages.
- Le Réseau des Femmes d'affaires du Québec inspires, connects and supports Québécois business women in growing their business and international development.
- Canadian Women's Network (CWN)
 empowers Canadian female founders
 and women in tech to make meaningful
 connections in Silicon Valley in order to
 grow their business.
- The <u>Indigenous Lift Collective</u> amplifies, celebrates and connects Indigenous people and "acts as a home" to initiatives that lift their voices, stories and businesses.
- Women's Enterprise Organizations of Canada (WEOC) is an association of organizations that work directly with women entrepreneurs. WEOC members support women entrepreneurs through a variety of services and initiatives, including business training, advising, financing, and mentorship. Find a member organization in your area here.
- The <u>Canadian Council for Aboriginal</u>
 <u>Business (CCAB)</u> positions Aboriginal
 business at the focal point for strengthening Aboriginal communities, promoting progressive and prosperous relationships, and growing a new economy
 based on mutual respect and shared
 prosperity. CCAB provides an array of
 business development offerings, including certification for Aboriginal-owned
 businesses (CAB).

Living their values and setting themselves apart:
THE TEASE TEA
STORY





Social purpose has to be integrated into everything—your operations, how you speak to your staff, the way you produce your products. As a small to medium business, we can make sure everything is authentic, purposeful and driven by our values."

-Sheena Brady, founder, CEO, Tease

Part way through the pandemic in 2020, Sheena Brady began noticing something about her customers.

Founded on high-quality, organically sourced tea blends, <u>Tease</u> was already a success—Brady had banked \$500,000 on the strength of a \$1,000 secured credit card and was doing 70% of her business in the United States. But as the world sat through the long and tedious process of staying at home, ordering online and reimagining life out of lockdown, Brady and her chief operating officer, Amanda Baker, discovered their customers were becoming interested in how tea could help them get through the day.

"They wanted to know how it could support them in their everyday rituals. They're ambitious, busy women, stay-at-home moms, people trying to get to the next level, and they wanted tools to help them get more sleep, more energy, a better life."

The company also doubled down on their commitment to environmental and social transparency. They created the world's first biodegradable, refillable botanical blend line—everything from the sleek packaging to the tea bags is 100% biodegradable. They cut their product lines in half and reformulated bestsellers to include wellness ingredients, like ashwagandha and ginseng. Through the process, they turned to their EDC account manager for additional financial support.

"We gave ourselves permission to be a scrappy startup again, but we needed our banking partners, so EDC gave us some backing through an additional line of credit," Brady says.

The bold move not only realigned Tease with its consumer base, but solidified its focus on environmental, social and governance (ESG) criteria. In April 2021, they were awarded a Benefit Corporation (B Corp) certification, which aligns values and long-term mission with rigorous transparency in almost every aspect of the company.

"Benefit Corporations are a third-party vetting where they look at everything from financial transparency to how much you support your community, wage differences amongst staff and your environmental impact. They audit every aspect and crossing that finish line was incredible," says Baker.

"The competitive advantage to us is that consumers aren't looking for just transactions anymore; they want to belong to a community, align and challenge brands and leaders. Profit and purpose work together for the companies of the future," she says.

As onerous as the two-year process was, both women say defining their ESG criteria was a natural conversation to have as millennial entrepreneurs.

"I saw the start of the purpose economy," observes Baker. "I realized that Sheena, by default, made so much of her business anchored in environmental and social commitment, almost without it being a conscious strategy. We see how the world is going and we want a different future to build a business that will last."

While ESG and the purpose economy has been a natural and almost seamless fit for the millennials, the same can't be said of Brady's education in financial literacy. When she first launched Tease in 2013 from her Toronto condo, she approached the Business Development Bank of Canada (BDC) and the Royal Bank of Canada (RBC) for backing. They, in turn, examined Tease's purchase orders and, noting that 70% originated in the U.S., introduced the company to EDC. Through her account manager, Brady says she's been able to access the Export Guarantee Program, in which EDC provides a guarantee on money borrowed, so Brady could increase her working capital.

"My lack of financial literacy really created a barrier, but thanks to my account managers at BDC and EDC, they showed me how to dissect every term on my profit loss statement and my balance sheet. They needed a bigger picture, and I didn't know how to communicate it. That [insight for me] created a fundamental shift because I was able to speak to a banker like a banker, so they could talk to their underwriters about funding. That helped me better advocate for myself," says Brady, who now goes through every line on the profit loss sheet with staff each month, to share ownership of the company's financial health.

That's a long way from where she started, she admits, when her debt-aversion meant she had to run her company off that \$1,000 secured credit card.

"I hate to stereotype women, but a lot of us want to avoid non-essential debt. From age 18 to 26, I never had a credit card, I didn't take out personal loans and I thought, 'Aren't I a good girl, I have no debt. I deserve a gold medal.' But when it was time to grow my business and I knocked on the bank's door, they didn't know who I was because I had no credit score," Brady recalls.

"The advice I'd give myself yesterday is to take on responsible debt and use repayment hygiene. Women inherently avoid debt and then when we don't qualify for loans, our struggles are big."

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—Sheena Brady, founder, CEO, Tease



ASK THE EXPERT:

Defining good corporate citizenship through environmental, social and governance (ESG) criteria



Justine Hendricks

Senior vice-president and chief corporate sustainability officer, Sustainable Business and Enablement, Export Development Canada

What does ESG mean?

ESG stands for environmental, social and governance. These are the three areas that are critical to a company's operations and long-term value and are used by investors to evaluate performance:

- Environmental considerations refer to a company's impact on the environment. A good place to start is assessing the operational footprint of your business. So, how much waste does your company produce? Often, making small changes such as switching from disposable coffee cups to reusable ones, will not only have a positive green impact, but also on your bottom line.
- Social considerations look at your company's impact on people, whether that's your
 employees or the communities impacted by your supply chain. Some important
 questions to ask yourself, are how closely do you understand local labour laws and
 standards? And what policies and practices do you have in place to prevent negative
 impacts on people?
- **Governance** considers how a company polices its own ethical behaviour—everything from the structure and makeup of its board and executive teams, to mitigating risks of corruption and bribery throughout the organization and supply chain.

Why is ESG important to investors and where's that requirement coming from?

ESG isn't just the right thing to do. It strengthens your business, creates resiliency and will ultimately make you more attractive to your employees, customers, stakeholders and investors. When it comes to access to capital at EDC, we're seeing more and more investors focusing on ESG—they want to know how companies are incorporating these considerations into their strategies. Strong ESG policies and practices demonstrate that you understand the risks and opportunities to your business, which ultimately makes you more attractive to investors. Today, some larger investors are turning away from companies that aren't prioritizing ESG because it represents a financial and reputational risk to business. ESG considerations have also driven some insurers to limit coverage or investments in certain sectors. This trend will continue for the foreseeable future.

What's the difference between ESG and corporate social responsibility (CSR)?

ESG is the evolution of CSR: While corporate social responsibility was once a "nice-to-have" for companies, strong ESG practices are now an imperative. Often, we associate CSR with a company's philanthropic efforts or risk management practices that are specific to one team within an organization. Today, strong environmental, social and governance practices are integrated at the top, throughout the strategy and decision-making, and embodied within the culture of the corporation. CSR may have been described as a way to make businesses accountable, but strong ESG practices and quantifiable indicators are now making those efforts measurable. A key component of ESG is understanding risks and opportunities unique to your business and quantifying them with measurable outcomes.

How are EDC clients employing their ESG policies?

At EDC, we're seeing companies of all sizes prioritizing ESG in their strategic planning. The most successful ones are those that demonstrate a commitment at the executive level, who devote time and energy to ensure ESG is embedded across all teams and levels of the company. Sometimes, it can be intimidating for smaller companies as there's a lot of misunderstanding about what ESG is. It's not just about climate and energy transition, for example. That's just one component. ESG is about the structure and governance of your company, its HR policies regarding health and safety and inclusion, diversity and equity. ESG isn't a one-size-fits-all. The key is to determine which ESG issues are important to your business and get started.

How can ESG criteria give women-led companies a competitive advantage?

Incorporating ESG into your business strategy represents a competitive advantage for any company. It underlines that you understand the risks to your business, making you more resilient and attractive to all of your stakeholders. Another benefit is the opportunities that ESG presents for innovation. When you understand the risks and gaps, you can find new and better ways of addressing them, differentiating yourself from the competition and positioning your growth.

Want to learn more? Dive in deeper with EDC's blog here.

One last word...

If a thing is worth doing, it's worth doing right. That's what this guide is about and it's also the approach that EDC takes to supporting women-led industry. Although the resources available to women entrepreneurs can be overwhelming (or underwhelming, in some cases), we hope this guide has offered some insights and guidance for your next step in growth.

Have any questions? There's an entire team at EDC available to help. Contact us <u>here</u>.

Media inquiries: media@edc.ca or 1-888-222-4065.

References

*Beckton, C., & McDonald, J. (2020). *Grow global: Women entrepreneurs and export.* Women Entrepreneurship Knowledge Hub, Export Development Canada, Business Development Bank of Canada. https://wekh.ca/research/grow-global-women-entrepreneurs-and-export/

ABOUT EXPORT DEVELOPMENT CANADA

Who are we?

Export Development Canada (EDC) is Canada's export credit agency. Our job is to support and develop Canada's export trade by helping Canadian companies respond to international business opportunities. We're a self-financing Crown Corporation that operates at arm's length from the Government of Canada.

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