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Empowering Change: Lessons from the Women's Investor Forum

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ANGEL CAPITAL ASSOCIATION

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EXECUTIVE SUMMARY

INTRODUCTION: SHAPING THE FUTURE OF EARLY-STAGE INVESTING

The 2023 and 2024 Angel Capital Association's (ACA) Women's Investor Forum (WIF) forums brought together a dynamic group of angel investors, aspiring angel investors, and thought leaders with the shared goal of fostering a more inclusive and equitable future in early-stage investing.

The Women's Investor Forum is centered on finding actionable solutions to the ongoing challenges faced by women and BIPOC founders. With a particular focus on driving meaningful change, the event featured in-depth discussions on how to create accessible funding pathways and how investors can make a positive impact while driving returns.

These conversations were fueled by data from the Office of Small Business Advocacy's 2023 Report, which underscored the persistent gender and racial disparities in the investment space.

Through keynote speeches from industry leaders, interactive workshops, and a focus on strategic planning, the forum set the stage for a new era in investment—one that prioritizes diversity, equity, and innovation. The collective efforts of the participants highlighted the need for collaboration, education, and a shift in the narrative to unlock the full potential of women and minority founders.

EXECUTIVE SUMMARY

KEY TAKEAWAYS

FOCUS ON SUCCESS STORIES

A key shift in the narrative is essential—rather than fixating on how little funding goes to women, the forum encouraged celebrating the success stories of women-led startups. These inspiring stories demonstrate how female founders are not only overcoming barriers but often outperforming their peers, providing higher returns on investment and driving innovation.

INCLUSION AS A PRIORITY

The forums emphasized the urgent need to address the gender and racial funding gaps in early-stage ventures, focusing on creating more accessible pathways for women and BIPOC founders. It's also crucial because leaving these innovators out means missing out on the groundbreaking ideas and innovations we need to drive the future of entrepreneurship and solve the challenges of tomorrow.

DATA-DRIVEN INSIGHTS

Findings from the SEC's Office of Small Business Advocacy (OSBA) report painted a sobering picture of the investment landscape, but also provided clear areas for action, including increasing funding for female-only founders and improving diversity among angel investors.

STRATEGIC VISION

The forums encouraged investors to rethink traditional investment approaches, focusing on the unique strengths of diverse teams and the long-term potential of their ventures. Additionally, participants highlighted that there are more pathways to success than ever before, emphasizing the importance of exploring new models and strategies to support diverse founders.

COLLABORATIVE SOLUTIONS

Building a more inclusive investment ecosystem requires active collaboration between experienced and emerging fund managers, fostering relationships, and expanding education initiatives for the next generation of investors.

THE FUTURE OF AI AND INVESTING

Sessions on artificial intelligence underscored the importance of understanding technological advances within the broader business strategy context and AI's potential to revolutionize the investment landscape.

This shift in focus—from highlighting challenges to celebrating successes—will help drive more interest and investment in women-led ventures, creating a more dynamic and equitable future for early-stage investing.

These events offer a roadmap for evolving early-stage investing, underscoring the power of diverse perspectives and community-driven change.

BACKGROUND AND PURPOSE



The event set forth an expectation and vision: to reshape the funding landscape by fostering a more inclusive, equitable, and dynamic future in early-stage investing.

The annual Angel Capital Association's (ACA) Women's Investor Forum (WIF) reconvened after a hiatus due to COVID-19, marking the public return of this influential gathering of the communities most respected thought leaders in October 2023. Under the leadership and direction of the WIF Chair and ACA Past Chair, Marcia Dawood, the event has become more than just an annual gathering; it stands as a beacon of hopeful change in the space of early-stage investment. These women are truly setting the pace for all others.

The event set forth an expectation and vision: to reshape the funding landscape by fostering a more inclusive, equitable, and dynamic future in early-stage investing. Building off the momentum and success of 2023, the WIF convened again in September 2024. Both years were generously sponsored by Foley Hoag, allowing the events to take place in their Boston, Massachusetts offices showcasing their enduring commitment to the cause. The forums brought together an array of distinguished thought leaders, angel group operators, investors of all types with various check-writing abilities, and entrepreneurs synergistically fostering dynamic ideas and strategies.

WIF's agenda both years, initiated discussions on the state of funding female founders and aimed to find solutions that will shape the future of diversity, entrepreneurship, and investment practices in early-stage ventures. It was also a priority for participants to identify pathways that will drive meaningful change in the investment landscape for women as investors and entrepreneurs. Participants explored how to create accessible pathways to funding for women and BIPOC founders, and how to make a positive impact while investing: a priority for female investors.¹

The Office of Small Business Advocacy (OSBA) is an independent office of the SEC that advocates for investors and small businesses, focusing on underrepresented ecosystem builders including women, minorities, and rural locations. Each year, the OSBA releases a report with data on small business capital raising the year prior. For Fiscal Year 2023 (OSBA 2023 Report),² the report gave a thorough analysis of the creation of, and investments in, early businesses analyzed using various metrics. Key statistics reinforced the urgency to fund female founders. The OSBA FY23 Report provided an aerial view of the health of the angel investment ecosphere. Even though the number of Angels slightly increased, there were more decreases in ventures funded (9.8% decrease from 2021); total investments (\$22.3B, a 23.37% decrease from 2021); and average Angel rounds (\$356,650, a 15.4% decrease from 2021) of which 64% was seed funding and 20% was Series A funding. Continuing its upward trajectory, funding of first-time CEOs constituted 73% of deals funded, up from 70% in 2021.³ Following the release of the 2023 report, in January 2024 a Capitol Hill call was scheduled to discuss the findings, highlighting two overarching takeaways:

70% of female founders reported that they felt their gender hindered their success, which is a 15% increase from 55% reported in 2019.⁴

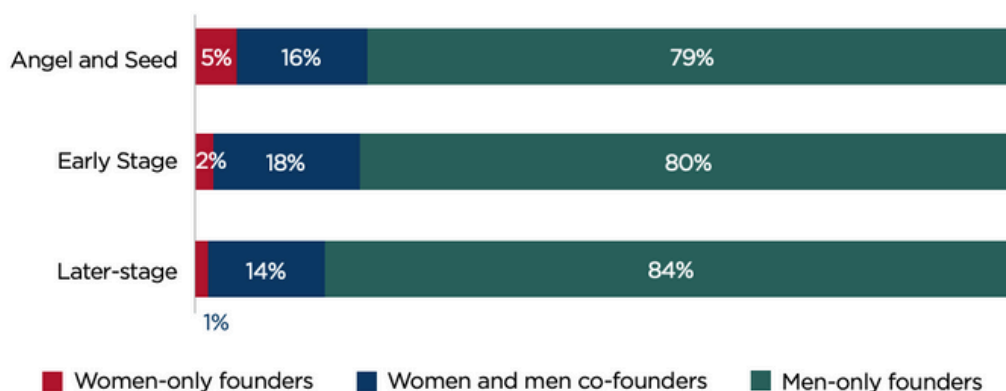
91.4% of investors identify as White/Caucasian. Though racial diversity amongst angel investors is growing, it is growing slowly at a rate of less than 1% per FY with a reported 8.6% in the OSBA 2023 report.^{4, 9}

Only **2%** of all venture funding raised in 2022 was invested in startups led by all women founders.¹⁷¹



Further, only **5%** of that slice of the pie for all women founders went to **Latina and Black women founders.**¹⁷²

In 2022, both women-led and mixed founder teams received a declining percentage of overall deal value in each progressive funding round.¹⁷³



Source: FY23 OSBA Report

WIF participants were laser-focused on addressing three of the most frustrating statistics as described in the OASB FY23 Report: 2% of all venture funding raised in 2022 was invested in all-female founded companies; of that 2%, only 5% (a total of .1%) of those female founders were Latina and Black; and, Women-only Founders received a smaller percentage of funding on follow-on rounds (Seed 5%, Early Stage 2%, Later Stage 1%)⁵ as opposed to women and men co-founders (Seed 16%, Early Stage 18%, Later Stage 14%) or Men-only Founders (Seed 79%, Early Stage 80%, Later Stage 84%).⁶ These statistics are confounding, considering that Women-founded companies exit and return capital to investors faster than the overall market.

It was within this framework, that the WIF looked at how to increase investments in women-only founders and propel their ventures to success. Stacey Bowers, Director of OASB, and Amy Reischauer, the Deputy Director of Outreach and Education at OASB, both spoke at the 2024 WIF and reported on the above data and trends. Additional findings and a full summary of Bowers and Reischauer's presentation may be found on page 7 of this report.

KEYNOTE REMARKS

JoAnn Price, Co-Founder and Managing Partner of Fairview Capital Partners

JoAnn Price brought an unparalleled depth of knowledge and experience to the forum. Price isn't just a titan in the investing world; she's an inspiration who has transformed the way we think about leadership, inclusion, and impact. During her keynote remarks, Price emphasized the importance of acknowledging and accepting one's strengths and weaknesses, framing humility as a gateway to both personal and professional growth. She argued that this self-awareness enables investors to fully realize their potential while maintaining a stance of continuous learning and improvement. Introspection, according to Price, empowers investors to identify areas for improvement, seek necessary assistance, and make more informed decisions. This integration of instincts and personal insights into professional strategies, she highlighted, leads to more sustainable and successful investments.

Price underlined that there is a balance to be struck between instinct and known information. This balance is crucial for successfully navigating the challenging waters of early-stage investing. Prices shared her observations of female founders receiving smaller and fewer investments, despite better returns. This was supported by the [Angel Capital Association Angel Funders Report 2023](#), which contains many gender comparisons.



JoAnn Price

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One comparison includes CEO characteristics and funding: Female CEOs accounted for 25% of all deals in 2022, down from 31% in 2021; and Male CEOs received higher average seed investments than female CEOs, though female investments increased compared to prior years. In 2022, the average seed investment for a male CEO amounted to \$253,000, which is 30% higher than the \$195,000 average for a female CEO.

Price also underscored the critical need for ongoing dialogue about diversity in funding, particularly for women and people of color, setting a profound tone for 2023 WIF discussions.

BUILDING & STARTING FUNDS: A DELIBERATE JOURNEY - INSIGHTS FROM EXPERIENCED FUND MANAGERS

Loretta McCarthy, Co-CEO, Managing Partner, and Founding Member of Golden Seeds; Galia Gichon, Founder of Down to Earth Finance, co-managing Partner of Tidal Wave, and Co-Host and Co-Creator of Fiscal Firecrackers Podcast; and Kristina Montague, Managing Partner of The Jump Fund, Investment Committee Member of the Next Wave US Impact Fund, and ACA Vice Chair of the Board of Directors.

The second session brought to light the intricate journey of building and starting investment funds. The panel discussed the hurdles they faced, and the patience required to build a company to a level that attracts acquirers or investors, highlighting the long-term nature of such endeavors. This session emphasized understanding business models rather than falling in love with founders. This perspective shifts the focus from personal charisma to the viability and potential of the business itself, fostering a more objective investment approach. The content of this session challenged conventional notions about startup locations. Female entrepreneurs, as highlighted in the forum, often build their businesses where they are, contesting the idea that success in the startup world is predominantly confined to tech hubs like Silicon Valley. This discussion broadened the scope of how and where successful startups can emerge.

OVERCOMING CHALLENGES: LAWSUITS AND THE CHILLING EFFECT

Madeline (Maddy) Rodriguez, Partner and Co-Chair of the Education Industry at Foley Hoag; Betty Francisco, CEO and Investment Committee Member of the Boston Impact Initiative; and Kristina Montague, Managing Partner of The Jump Fund, Investment Committee Member of the Next Wave US Impact Fund, and ACA Vice Chair of the Board of Directors.

The third session explored the complex and often contentious issue of lawsuits surrounding Diversity, Equity, and Inclusion (DEI) initiatives in the investment world. The panel shed light on the motivations and implications of legal challenges noting that often lawsuits are used to instill fear and drive change that reintroduces hurdles to communities that need to be included. It was emphasized that these lawsuits go beyond seeking legal victories; they are about making a statement and influencing societal and industry norms. The panelists underscored the importance of facing these challenges head-on. They argued that tackling these lawsuits is not just about resolving individual cases but about contributing to a broader movement of reforming and reshaping existing systems. This approach is seen as essential for advancing DEI efforts in the investment world.

EVALUATING ARTIFICIAL INTELLIGENCE COMPANIES

The fourth session of the forum explored the nuances of evaluating artificial intelligence (AI) companies. A key takeaway was the importance of not isolating AI as a standalone factor but considering it within the context of the overall business and its problem-solving capabilities. This session emphasized the need to identify competitive advantages within AI businesses and how to parse through valuation issues. Understanding how an AI company distinguishes itself from competitors and the unique value it brings to the market is crucial for making informed investment decisions. By focusing on the broader business implications and potential of AI, investors can better assess the viability and prospects of these companies, leading to more successful investments in this rapidly evolving field.

STRATEGY BRAINSTORMING: A PATH FORWARD

In a pivotal strategy brainstorming session, participants discussed the need to shift the narrative from the lack of funding for women and diverse teams to the positive aspects of having diverse founding teams and startup management. This shift aims to highlight the unique strengths and perspectives that diverse teams bring to the table. The concept of a fund of funds was explored to support emerging fund managers. This approach could offer lower minimum investment thresholds, making it more accessible for a broader range of investors, particularly women. This idea was seen to democratize access to investment opportunities and diversify the investor base.

The session emphasized the importance of creating opportunities to meet women where they live and play so that we can help them envision a future of investing in early-stage investments as part of their balance sheet. Female ecosystem builders should be encouraged to utilize education and community creation: teaching each other how to critically assess a deal. Rather than viewing each other as competition, they must help one another. Millennial women who've reached accredited status at a young age will be the next generation of Angels and VCs, and they need to be educated on making investments and supporting the entrepreneur ecosystem with both funds and resources. The discussion included strategies like diversifying investment options and reducing barriers to entry by way of networking and education. This approach aims to tap into the untapped potential of female investors and support a more inclusive investment ecosystem.

MEETING THE NEXT GENERATION AND ADAPTING TO CHANGE

The forum acknowledged the changing landscape of investing, particularly the differing preferences and expectations of the younger generation. This demographic is more technology-focused and values accessibility, highlighting the need for the investment world to adapt to these changing preferences. To bridge this gap, the idea of utilizing smartphone apps and innovative investment models was discussed. These tools could make investing more accessible and appealing to a younger audience, helping to cultivate a new generation of investors who are tech-savvy and forward-thinking.

An apprenticeship model within the fund of funds concept was proposed as a method to educate and train the next generation of investors. This approach not only empowers female entrepreneurs but also ensures a continuous flow of knowledgeable and diverse investors into the industry, fostering a more inclusive future for early-stage investing.

SHOW HER THE MONEY

The 2024 WIF event began with a screening of Show Her The Money, a film that addresses the disparity between male and female funding and aims to demystify venture capital. According to the movie's website, the film focuses on four female entrepreneurs, and despite "their dedication and passion constantly being challenged, these women, with the financial support and mentorship of their angel investors, [became] even more determined, resourceful and resilient...". The screening was an inspirational way to begin the conference for both investors and entrepreneurs in the audience.



2024 Women's Investor Foundation Screening: Show Her the Money

KEYNOTE REMARKS

DR. SHAKENNA WILLIAMS

Dr. Shakenna Williams, Executive Director of the Center for Women's Entrepreneurial Leadership (CWEL) and founder of the Black Women's Entrepreneurial Leadership (BWEL)

Dr. Williams created the Black Women's Entrepreneurial Leadership (BWEL) program at Babson College in Massachusetts. BWEL is a retreat-style education experience for entrepreneurs who have over \$250K in revenue and have been in operation for two or more years. She and her program publicly and actionably address the challenges black female entrepreneurs encounter such as wage gaps, limited resources, lack of mentorship, and limited access to entrepreneurial-focused education. Overarchingly, Dr. Williams encouraged opportunities to expand BWEL's model in other communities and aims to scale the program with investments and partners.

Her remarks started with a jaw-dropping observation that if the playing field were the same for black female entrepreneurs as it is for white entrepreneurs, 4M new jobs would be created along with \$981B in additional revenue.

Dr. Williams shared with the audience the resources and connections available to support female entrepreneurs but warned that their efforts have been met with contention. Babson has faced lawsuits regarding the use of the terms "female" and "women-identifying" in their marketing materials: putting legal constraints on efforts to be inclusive. Dr. Williams emphasized the importance of a sincere desire to invest in and work with black women entrepreneurs; simply checking a box will not suffice.



"If the playing field were the same for black female entrepreneurs as it is for white entrepreneurs, 4M new jobs would be created along with \$981B in additional revenue."

Dr. Shakenna Williams

AI LANDSCAPE AND TECHNOLOGIES WORKSHOP

Sharon Zhang, CTO and Co-Founder of personal.AI

Sharon Zhang is the CTO of personal.ai, a company that allows users to create whatever they'd like with artificial intelligence (AI), selling options for individuals and companies. Users just need to upload all the information they want the AI to sync and understand. To start, Zhang helped explain the three key elements that stack together to create AI as consumers know it: Chips (ie. Nvidia, AWS, Intel, etc.), Infrastructure (cloud providers), and Foundations (language models). Innovations to this stack, especially Chips are challenging and costly.

Zhang shared that AI startups spend Millions to Billions of dollars on hardware before ever even starting their work, and it's a difficult cost to pass along to the consumer. A successful future for this advancement is weighted on data. Currently, open AI isn't turning a profit despite charging consumer fees. Instead, large companies are playing the long game, using data from users to train their AI quickly and effectively. Zhang stressed the importance of data quality and proprietary processing for a model to be effective.

Looking to the near future, Zhang believes that AI personas will fill and elevate job positions, completing tasks faster and with complete accuracy. The audience at the WIF was stunned to find out, that many companies already have AI employees. Zhang shared that she hopes this technology will not replace all humans, but rather enhance our capabilities, identify vulnerabilities in coding, and accomplish tasks that no one enjoys. AI does this quickly, efficiently, and accurately.

She proposed that the future of AI will allow for edge computing for complex workflows, multiple AI personas collaborating on tasks, and real-time texting with AI staff members, and that staffing needs in the business world will change forever from this point on.

SEC TRENDS AND RESOURCES

Stacey Bowers, Director of the Office of the Advocate for Small Business Capital Formation; Amy Reischauer, Deputy Director, Outreach and Education

As mentioned in the background of this publication, the Office of the Advocate for Small Business Capital Formation releases an annual capital report. Bowers and Reischauer focused their presentation on the most recent data released from OASB (FY23), as well as the latest tools and resources available. The SEC has provided the public with extensive resources including a funding roadmap that computes personalized suggestions for capital raising opportunities,⁷ a glossary, filing guides, quizzes, financial calculators, and more.⁸



[Click here for the FY23 report.](#)

Here are statistical takeaways from the FY23 report⁹ that the presenters spotlighted for participants in addition to what was discussed in the introduction of this paper:

- 64% of new businesses are started by women of color annually
- 39.5% of Angel Investors identify as female
- 8.6% of Angel Investors qualify are considered diverse (4% increase from 2022)
- 78% of female founders worried about securing needed funding
- 25% of VC deals in 2022 were with women-owned/co-owned businesses
- 8% of small businesses look for dilutive equity investment
- 81% of female-founded businesses survive
- 3.4 jobs are created on average per investment
- 45% of female-owned businesses do not have employees
- Mixed-gender co-founders raised slightly more capital than all-male teams

Summarizing their key observations, Bowers discussed the inequities systemically impacting underrepresented entrepreneurs. The opportunity to create multigenerational wealth has largely eluded underserved communities historically. The starting line is different for many ecosystem builders. Because of this, women will face more challenges than male founders.

CREATIVE WAYS TO GET MORE CAPITAL TO WOMEN & BIPOC FOUNDERS

Allison Overholt, SVP of ESPN and Editor in Chief of ESPN The Magazine, Columbia University Journalism School Professor, and Strategic Advisor of Vestible; Allison Byers, Founder of Scroobious, co-authored California Senate Bill 54

Allison Overholt of ESPN shared the challenges she's faced making women's sports content while emphasizing the importance of understanding roadblocks in a broad business context. Overholt expressed her beliefs in the value of connection and encouraged audience members to focus on relationship-building with decision-makers. Allison Byers, founder of Scroobious and policy advocate, accompanied Overholt, leading the workshop session into an active discussion about overcoming obstacles and creating purposeful language. The presenters identified that companies with women leaders tend to have 70% higher returns yet only 2% of VC funding goes to all-women-founded teams (but 20-25% to mixed-gender teams), leaving around 75% of all funding to male-dominated companies. However, Overholt and Byers encouraged the audience to change the narrative on that statistic noted. The narrative should change from "women only get 2%" to highlighting the progress and success of mixed-gender teams, and language or statistics used to make a case in favor of female funding should be framed in a way the audience can connect with. Overholt and Byers rang home that exclusionary language is harmful. They extended this notion beyond just female versus male and further discussed the negative connotations associated with the word "Angel," inherently implying a savior or miracle. Similarly, they suggest that using "VC" makes folks assume that the venture path is their only option. They also highlighted a need for more inclusive terms besides "Unicorn" and "Startup" that acknowledge modest business growth.

CONCLUDING REMARKS

EMBRACING A POSITIVE FUTURE

As we move forward in shaping the early-stage investing landscape, it's clear that focusing on the challenges alone—like the lack of funding for underrepresented founders—won't drive the change we need. Instead, we must amplify the successes of women-led and diverse startups, showcasing their potential and proven returns. By shifting the narrative to highlight these achievements, we can inspire more investment, foster innovation, and build a more inclusive and dynamic entrepreneurial ecosystem.

The Women's Investor Forum has laid the groundwork for this positive approach, encouraging investors to see beyond barriers and embrace the opportunities that diverse founders bring. Let's continue to prioritize inclusion, collaboration, and innovation, fueling the growth of the next generation of trailblazing entrepreneurs.

As the steward of the Angel Investing asset class and the broader community it impacts, ACA is committed to harnessing the power of the collective through convening future thought leadership events that will systematically analyze where we have been, where we are at, and where we are going so that through angel investment we can provide the fuel for the entrepreneurial engine that drives innovation and economic prosperity throughout the land. Look for future events and consider bringing your expertise by participating in future discussions. If you have an interest in participating in [ACA's Growing Women's Capital Peer Group join here.](#)

Sponsor Recognition and Appreciation

It is with the sincerest gratitude and appreciation that ACA recognizes the Women's Investor Forum's host, Foley Hoag, LLP.



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