



Five fundraising recommendations for women founders from women investors

58 women investors from 26 countries share their views on how women entrepreneurs can increase their chances of raising capital

Sizing up the gender funding gap

According to the Global Entrepreneurship Monitor, women are now 80% as likely as men to launch a startup, and one in every three entrepreneurs running an established business is a woman¹. However, women-led companies continue to receive a tiny share of overall investment funding.

The World Economic Forum reports that in Europe, startups founded solely by women raised just 1.6% of the total capital invested in venture-backed startups in 2023 – a figure that’s only slightly higher in the US, at 2.1%. The same research shows that in Africa, startups led by women accounted for only 1.5% of total funds raised between 2019 and 2023².

Perceptions of a “boys’ club”

Women investors are certainly in the minority: PitchBook research finds that in Europe, women make up just 15.2%³ of decision-makers in investment firms with Assets Under Management (AUM) of €50 million or more. In the US, women hold only 17.4%⁴ of decision-making roles in firms with AUM of US\$50 million or more.

Defined by European Women in VC as the tendency to form strong social connections with people who share defining characteristics like gender⁵, homophily regularly manifests itself in the venture funding world⁶. Research by INSEAD Knowledge indicates that many investors rely on pattern matching to make investment decisions⁷. They look for startups that share similar characteristics with previously successful ventures – usually led by men.

1 GEM (Global Entrepreneurship Monitor), “GEM 2022/23 Women’s Entrepreneurship Report: Challenging Bias and Stereotypes”, 2023, <https://www.gemconsortium.org/reports/womens-entrepreneurship>

2 World Economic Forum, “Women founders and venture capital - some 2023 snapshots”, 2024, <https://www.weforum.org/agenda/2024/03/women-startups-vc-funding/>

3 Pitchbook, “European All In: Female Founders in the VC Ecosystem”, 2023, <https://pitchbook.com/news/reports/2023-european-all-in-female-founders-in-the-vc-ecosystem>

4 Pitchbook, “All In: Female Founders in the US VC Ecosystem”, 2023, <https://pitchbook.com/news/reports/2022-all-in-female-founders-in-the-us-vc-ecosystem>

5 European Women in VC, “Achieving Superior Returns with Gender Diversity in European Venture Capital Firms”, 2023, pp 21, https://www.eiturbanmobility.eu/wp-content/uploads/2023/09/IDC_EWVC_eBook_2023_FINALnon_.pdf

6 UBS, “UBS Female Founders: Solutions for the funding gap”, 2022, <https://www.ubs.com/global/en/wealth-management/women/insights/2022/female-founders.html>

7 INSEAD Knowledge, “The Impact of Investor Gender on Female Founders”, 2023, <https://knowledge.insead.edu/responsibility/impact-investor-gender-female-founders>

2%

Women-founded startups accounted for 2% or less of venture capital (VC) funding in Europe and USA in 2023

Source: Pitchbook

63%

Women founders are 63% less likely to obtain VC financing compared to men.

Source: INSEAD Knowledge

70%

the proportion of VC investors who track the number of female-founded companies going through their investment pipelines

Source: State of Gender Diversity

Positive signs – but limited supply

Taking all of this together, it's undeniable that gender bias – whether region-related or potentially unconscious – represents a barrier to women looking to fund startups. However, the broader reality is more complex, albeit exhibiting some positive trends that may herald improvements in the future. Take the rising proportion of angel investors who are women: according to Inc., women accounted for 46.7% of angel investors in the US in 2023, up from 39.5% in 2022 and 33.6% in 2021⁸.

Also, women investors stress that they're eager to assess the business plans of more women entrepreneurs, but that there simply aren't enough of them. As HSBC notes, investors see far more pitches from men than women⁹. So, it seems the supply of women-led startups seeking funding isn't meeting the demand.

Gender bias is everyone's problem

It's against this background that we've conducted research among women investors and developed recommendations for women founders seeking funding. However, before we get into these, it's important to emphasise that tackling gender bias in the investment ecosystem is not a task for women alone, but rather for the entire community. Alongside homophily, women running startups might face a range of external factors that they can't influence, ranging from limited government support to a skewed childcare system. And if women entrepreneurs cannot raise funds, then half of the world's talent is effectively excluded from scaling their businesses. So gender bias is everyone's problem – and women must be supported in tackling it.

⁸ Inc, "Nearly Half of Angel Investors Are Women, and Nearly Half of Startups Looking for Angel Investment Are Women-Led", 2024, <https://www.inc.com/sam-blum/nearly-half-of-angel-investors-are-women.html>

⁹ HSBC, "She's the Business", 2019, pp 18, <https://www.privatebanking.hsbc.com/content/dam/privatebanking/gpb/discover/women-and-wealth/allbright/2019/AllBright%20partnership%20-%20September%202019%20-%20Shes%20the%20business%20report.pdf>

About our research and its goals

Last year, we published research on the fundraising experiences of women founders, based on interviews with 40 women entrepreneurs from 25 countries. This year we've shifted to the other side of the table, speaking to 58 women investors from 26 countries about how female founders can improve their chances of raising capital. Our interviewees included Venture capital (VC) investors (62%), angel investors (16%), Private Equity (PE) (13%), family offices (2%), private debt investors (2%), and Corporate Venture Capitalists (CVC) (5%).

Why did we speak only to women investors? A key theme in last year's research was that women founders experienced a different response when pitching to women investors. We wanted to discover how the women in the investment community view these interactions – and to get practical advice for female founders seeking funding. While their responses were consistent thematically, we did notice some regional variations, suggesting that some of our recommendations are more relevant in some parts of the world than in others.

The five recommendations from women investors

1



Educate yourself on the investment landscape and terminology

2



Choose your investor carefully – including by using your intuition

3



Network, network, network – but be selective

4



Be prepared for difficult – and personal – questions

5



Think big, ask bigger



1

Educate yourself on the investment landscape and terminology

“Some women founders don’t seem to understand how the game is played.”

Several women investors commented that some women founders don’t appear to know the terms commonly used in the VC industry, the way the investment landscape operates, or which type of investment to seek. “The VC landscape is opaque, intimidating and jargon-heavy,” one interviewee explained. Men founders – by contrast – tend to be more aware of how the whole ecosystem works and what options are available. It may sound obvious but it’s vital that women founders educate themselves on VC before starting to approach investment funds.

Even at the earliest stages of founding a company, 76% of female founders expressed a lack of awareness of what fundamentally constitutes a VC-backable business¹⁰.

According to our interviewees, women founders who’ve learned to speak the same language as investors have a better chance of attracting funding. The same is true when it comes to understanding the financial workings of the sector. There are plenty of educational resources available to everyone online, and all women founders – particularly first-time fundraisers – should use these to educate themselves.

“If I ask a woman founder what the pre-money valuation is and she doesn’t know, I think: ‘You may have got this meeting, but you’re not getting another’.”

¹⁰ Pink Salt Ventures, “The Female Founders Report”, 2023, <https://www.pinksaltventures.com/features/female-founders-report>



2

Choose your investor carefully – including by using your intuition

“Investing is a personal business – so at some point, intuition, past experience and personality all come into the decision-making process.”

Once a woman founder has educated herself on the investment ecosystem, she should then research the best funds to approach. Alongside each fund’s size, industry focus, and the types and stages of the businesses in its portfolio, investors said the most important factors to consider include whether it has already invested in female-founded businesses, how much, and how often.

For founders, what matters is finding a VC that truly ‘gets them’ - shared alignment of vision and purpose is by far the most cited response (36%).

After meeting potential investors, a woman founder might find herself in the positive situation of being able to choose from several term sheets. If this happens, she should use her intuition and select an investor she resonates with personally. The professional relationship could last 10 to 15 years, with monthly, weekly and sometimes even daily interactions, so personal chemistry is key. Some investors highlighted the two-way “founder-investor fit” – centred on compatibility and shared goals – as key to the financial success of any deal.



3

Network, network, network – but be selective

“The entrepreneurial journey can be lonely. It’s important to have emotional support as well as being able to get practical advice from others who are in a similar position and understand what you’re going through.”

Like the women founders in our previous study, women investors were unanimous in stressing the importance of networking. They recommended that founders start building relationships around 6 to 12 months before they need funding, developing useful contacts for the long term. However, they cautioned against networking for its own sake, and stressed the need to network in a targeted, strategic and selective way – “the quality of connections is more important than quantity” – and actively stay in touch with new contacts. One investor said she likes founders to follow up with a purpose and keep her informed of progress and milestones passed since their last discussion.

“You have to build your confidence in networking with the low hanging fruit – then you can go for the big fish.”

One personal issue that can clearly arise for women founders – generally some years after their first fundraising – is progressing to motherhood and perhaps other caregiving responsibilities. These commitments can limit the time available for networking, reinforcing the need to network selectively and prioritise running and growing the business. Asked about women-only networks, some investors felt these offer a safe space to connect on common experiences, while others stressed that gender diversity is important in a woman founder’s network. An interviewee advised women founders to “spend less time questioning yourself, and more time connecting with people you can learn from”.

Figures from the European Institute for Gender Equality show that in Europe, women are twice as likely to spend at least five hours on childcare per day than men¹¹.



11 European Institute for Gender Equality, “A Better Work Life Balance: Bridging the Gender Care Gap”, 2023, pp 1, https://eige.europa.eu/publications-resources/publications/better-work-life-balance-bridging-gender-care-gap?language_content_entity=en

Be prepared for difficult – and personal – questions

“It may feel personal but it’s just the way an investor gets comfortable that you are in it for the long haul.”

A consistent theme across our interviews was that women founders must ensure they’re fully prepared in all dimensions before speaking to investors. This means not only knowing their company’s financials inside out, but also being ready for the psychological and emotional strains of the interaction; possibly including facing personal questions that men wouldn’t be asked. These might range from queries about plans for parenthood to queries with a more subtle undertone of bias, such as questioning a woman founder’s commitment or resilience.

Interestingly, women investors were divided on whether it’s appropriate to ask about women founders’ personal lives. Some felt investors should accept that everyone has personal commitments, while others saw these as valid areas to probe. Either way, the consensus was that women founders should be well-prepared for personal questions, while also being ready to substantiate their financial numbers with credible, data-driven answers. As several interviewees pointed out, investors are looking to allocate capital to the founder who exhibits – and inspires – the greatest confidence.

“Nobody wants to invest in a person who isn’t sure of what they’re doing. Investors want to see someone who is convinced of their idea.”

More generally, women founders should be ready to encounter unconscious bias. Our interviewees noted that some male investors tend to ask “prevention” questions related to risks to women founders, but “promotion” questions about growth opportunities to male founders. One investor’s advice here was to “answer prevention questions with promotion answers.” While our interviewees agreed it can be frustrating when a woman feels the impact of gendered questions in the room, they recommended shifting the conversation quickly back to tangible metrics, with calm, considered and stoic answers being the most effective response.

A survey of 189 companies revealed that 67% of questions posed to male entrepreneurs were promotion questions, while 66% of questions put to women founders were prevention questions¹².



¹² London Business School, “What Investors Ask Female Entrepreneurs”, 2019, <https://www.london.edu/think/ie-what-investors-ask-female-entrepreneurs>

Think big, ask bigger

“Women tend to state the actual and the factual – and do very little vanity-led metrics and upselling around their story.”

Several interviewees noted that women founders often ask for less funding than men, present more conservative growth projections, and undersell their business plans. They added that women entrepreneurs also talk more than men about their historical achievements rather than their company’s future potential, while male founders usually present ambitious “hockey stick” growth projections.

According to HSBC, investors may misinterpret women entrepreneurs’ realistic goals and conservative growth strategies as signalling a lack of conviction. Women investors agreed – highlighting that men founders usually paint a picture of their future vision, while women founders focus more on where they are today. Raising money means presenting credible, well-substantiated facts, while also selling an ambitious vision of what’s possible. We heard that many women founders are struggling to strike this balance.

“Put your optimistic case forward, not your base case – because everyone else is.”

As well as pushing their vision harder, women founders should also think bigger – offering a clear plan to use investors’ capital to scale up their business. VCs are looking for businesses that will eventually become unicorns: they know the risks and do their own due diligence to calculate what’s feasible. Our interviewees said women founders shouldn’t be constrained by their own concerns that they won’t generate the financial returns that investors want.

The big takeaway: Seize the opportunity

Despite economic uncertainty and a challenging fundraising environment, one overarching message came through from women investors: now is the time to seize the funding opportunity.

While raising capital remains challenging for women founders, it's now more achievable than ever. Many funds have diversity targets and are actively looking to bring more women-led businesses into their portfolio. The State of Gender Diversity 2024 report shows that 40% of VC funds in Europe spent more time seeking investment opportunities into women-led businesses¹³. Also, investors want to find the most profitable companies, regardless of gender – and Dealroom says that since 2017, women-founded scaleups in Europe have grown 1.2x faster in value than the European average¹⁴.

“Some founders get money even though their story isn't good, and they don't have traction. There will always be an exception to the rule. But don't compare yourself to the exception. Rather, compare yourself to the best of the best – and think about how you can present a compelling case.”

In light of such statistics, we've written this report to help female founders fundraise more successfully and better understand the challenges they face. But – as we noted earlier – our recommendations shouldn't mask the fact that many steps towards equal rights for female founders cannot be taken by women alone but could be a joint effort by the startup and VC ecosystem.

The overall message is clear. Women entrepreneurs don't just need funding – they deserve it. We hope the five pieces of advice we've showcased will help women founders to be successful.

A huge thank you to the women investors who participated in the research for this project.

¹³ State of Gender Diversity, “State of Gender Diversity in European Venture 2024”, 2024, <https://www.stateofgenderdiversity.com/the-founder-funnel>

¹⁴ Dealroom, “Women-Founded Scaleups Report”, 2023, <http://Dealroom-EIT-women-founded-scaleups-report-final.pdf>



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pwc.com/women-investor-recommendations