
WOMEN'S EMPOWERMENT PRINCIPLES

AUGUST 2020

LEADERS IN ACTION

Lu Zhang
Founder, Fusion Fund



LEVERAGING DIVERSITY TO BOOST TECHNOLOGICAL INNOVATION

Lu Zhang was only 21 when she started her own company based on a product that she designed for an entrepreneurial class at Stanford University. The non-invasive diagnostic medical device for Type II Diabetes that she created filled such an important gap in the medical industry that it was acquired by a public medical device company.

Lu's personal journey from her hometown in Inner Mongolia, China, to Silicon Valley speaks not only to the gender-equalizing nature of good technology but also to the enormous potential of women's leadership to stimulate innovation and social good.

Lu Zhang learned technology at a young age, with the support of her parents and teachers who encouraged her to dream big. But she also recalls being unique among her peers for being up for a challenge.

*"I think personality wise I always had a very clear idea of what I wanted to do and what type of person I wanted to be," she said.
"If people underestimated me, I would thrive on proving them wrong."*

She came to the United States as a material science and engineering student. At Stanford, Lu took advantage of the flexibility to learn from a mix of different fields focusing on technological innovation. Stanford's emphasis on results-driven research and collaboration with the industry allowed her to work on innovation that could have good application uses, which is where she saw the true impact of her work.

Now, at the age of 30, she heads Fusion Fund, a Venture Capital firm she founded 5 years ago with asset under management over \$130 million, which invests in early-stage entrepreneurs who are building innovative technologies to drive systemic change. She is a strong advocate of the power of innovative technology to boost gender equality.

Investing in technology for social good

Fusion Fund aims to use technology and innovation to make the world a better place. This mission translates into the type of industries and products that the venture capital firm chooses to invest in.

For example, the firm has invested in household technology that improves women's lives. It pays attention to traditional sectors such as health care, where there is a real, time-sensitive need to create technologies to fight cancer, heart disease, mental disease, etc. The firm invests in cyber security, network technology and computing technology which have a huge impact on future connectivity and digitization of enterprise.

“The magical part of VC is that we could use small capital, choose the right people, the right technology, and act as a catalyst, accelerating the change in the industry much faster.”

For example, 15 years ago, if you wanted to generate a multi-billion-dollar company, you would need a few generations worth of effort. “For venture capital, you may only need 10 years. We could really make impact much faster and be much more efficient,” she said.

People often think that in order to invest in technology that is good for society, you need to compromise on financial returns. Lu has found this is not the case at all, especially in the healthcare industry, where the bigger the impact, the bigger the return.

Boosting gender equality

Lu Zhang believes technology can boost women's empowerment and gender equality. The key aspect of technological innovation is that it empowers the players in a way that bypasses the need for physical capabilities. When the physical differentiators are removed, what remains are people's insights and perspectives. “You can say that technology can free human capacity. It can especially free women's capacity,” Lu said.

While discrimination does exist in the technology sector, the biggest differentiator is that technology is so straightforward and results-oriented that there is little room for people to act biased,” she said. For example, if a female founder of a tech startup or a female scientist has a technology that improves efficiency by 20 per cent, that 20 per cent is a fact –it is not an opinion. It is hard for anyone to dispute it, compared with other industries.

Another important aspect is that having more women in technology results in greater innovation and greater financial return. The critical element for innovation is diversity. When we do not have certain types of diversity in the tech sector, a lot of opportunities are going to be overlooked.

For example, a female founder of a company called This is L. Inc, which produces organic pads and tampons powered by new materials technology, was not able to raise money from male investors initially. They did not understand the market opportunity for this product.

“They missed it and Fusion Fund got it. I got it not because I am smarter, but because I am a woman. I knew there’s a great market for the product and women are going to buy a lot of it,” Lu said.

Procter & Gamble bought the company for over \$100 million in Feb 2019 when the company already generated over \$30 million year revenue with only total \$2 million capital raised in the past few years.

Another example includes a woman founder who is using Artificial Intelligence in healthcare to help in early-stage diagnosis and prevention of dementia. The technology will help people better understand dementia, its cost and be able to have a personalized treatment plan.

At Fusion Fund, the investment decisions are not defined by a stated policy on gender as such, but there is a deep understanding that companies with more diverse teams will have better perspective and better performance.

Technological innovation also empowers women by freeing them from various traditional restraints. It can free them of household work, for example, help them during pre-pregnancy and post-pregnancy, balance their work-life, allow them to have more control over their biological clocks by freezing their eggs, etc.

Confronting stereotypes

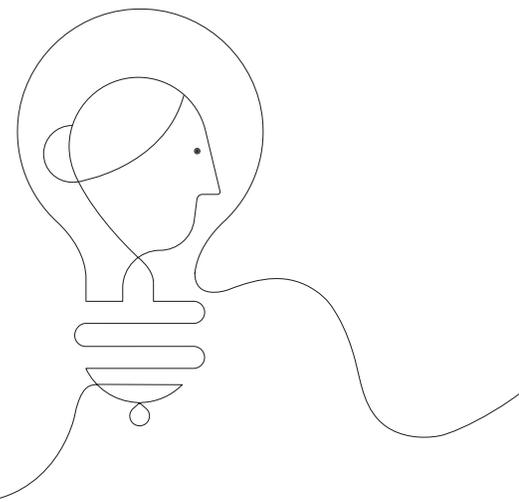
Lu Zhang recalls experiencing a number of challenges by virtue of being a female, a racial minority and an immigrant. She remembers investors being surprised to find out that she was a woman. People were also reluctant to deal with someone so young.

They would inquire from her how people reacted to reporting to a woman leader. This acquainted her to the double standards that women face by being constantly judged for their leadership styles.

“Women are often forced to be loud and aggressive in order to be heard, which may not come naturally to some of them. I wish the reality was such that people could just be authentic, and not have to pretend to be male-like in order to be taken seriously,” she said.

Lu found that having a leadership style that is straight-forward and results-oriented helped to confront these challenges.

While mentoring women, she noticed the reluctance of female founders to be the CEOs of their companies. They preferred more of a supportive role. “I think being ‘the big boss’ makes them uncomfortable, because it makes them feel they would have to be unlikeable. It has been incorporated in women since they were young that they must be a likeable person. I am trying to tell them it is ok to be the CEO. A woman doesn’t always have to try to be a likeable person.”



Although having one's own startup is a tough life decision, especially for women who still face a disproportionate burden of household and care responsibilities, Lu thinks that if an opportunity presents itself, women should not be afraid to take on the role of a leader.

“When more women take on the role of being the ultimate decision maker, they will become rule-makers instead of rule breakers for other women.”

The hard-to-dispute financial returns and innovation produced by female-powered technology will also make the case for diversity much stronger, she said.

Fusion Fund is committed to supporting and implementing the Women's Empowerment Principles and became a WEPS Signatory in July 2020.

Women's Empowerment Principles



High-level corporate leadership



Employee well-being and safety



Supplier diversity & marketing practices



Workplace HR



Measurement and reporting



Education and training for women



Community engagement

 weps.org

 weps@unwomen.org

 [@WEPrinciples](https://twitter.com/WEPrinciples)

 [@Empower_Women](https://twitter.com/Empower_Women)

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EMPOWERMENT
PRINCIPLES**

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