

WEPS IN ACTION



PRINCIPLE 5

Implement enterprise development, supply chain and marketing practices that empower women

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CASE STUDY: CONNECTING FOUNDERS PROMOTING GROWTH FOR WOMEN-OWNED AND WOMEN-LED BUSINESSES AND AN INCLUSIVE BUSINESS ECOSYSTEM

LESSONS LEARNED

- When supporting SMEs, building a trusting working relationship takes a long time, but it is indispensable to make any meaningful changes.
- Building transparency through robust data collection and visualization methods can significantly accelerate a company's alignment between performance and strategic goals.
- Incorporating inclusivity and diversity goals in a way that is concrete and practical can help companies build business resilience.

CONTEXT

Connecting Founders is a financial advisory firm based in Thailand that works with female entrepreneurs to bridge funding gaps and accelerate the growth of women-owned businesses across Southeast Asia. Founded in 2014, the company's goal has been to support female entrepreneurs and contribute to a more inclusive business sector from the outset, with a focus on growth-stage small and medium-sized enterprises (SMEs) led and/or owned by women. While there are strong examples of women-owned businesses in Thailand and other countries in Southeast Asia, accessing capital and the right networks can be a challenge for female entrepreneurs.

In Connecting Founders' experience, women-owned businesses often struggle with connecting to investors that truly understand their products and services, especially if their target customers and clients are predominantly women, because the majority of investors the company encounters in Asia are men and they typically support products and services that they can intuitively relate to.

A key challenge for entrepreneurs of all genders is communicating and negotiating with investors. There is often a language gap between entrepreneurs and investors, particularly for those entrepre-

neurs who may not have extensive experience in negotiating deals, as the two sides focus on different needs and bring different perspectives. Connecting Founders also found that women entrepre-

neurs, in particular, lack experience and confidence when it comes to business pitching and negotiation. This often results in limited access to market and business opportunities.¹

ACTIONS

Addressing challenges faced by women entrepreneurs and enhancing their opportunities

To address obstacles and challenges faced by women entrepreneurs, Connecting Founders assists women founders to access affordable funding by providing services such as capital structuring and investment readiness services, as well as by supporting deal negotiation and closing to secure capital. Since its inception, the company has been assisting women-owned and women-led businesses to become more investment ready by providing support in determining the right type of capital structure and financing partners for each business, as well as assessing the value of the company and protecting founders against excessive dilution.

The company acts as an intermediary between investors and entrepreneurs to bridge such gaps and increase the chances of entrepreneurs accessing capital on fair terms. Having a trusted advisor throughout the process helps entrepreneurs feel more comfortable with the capital raising experience and builds their confidence, which is a common issue for many of the first-time female entrepreneurs Connecting Founders supports. The company also helps businesses liaise with a growing base of female investors in Southeast Asia, who are more likely to understand the value of those products and are typically more inclined to invest in promising and growing women-led and women-owned businesses.

Another way in which women entrepreneurs can increase their confidence, especially in their financial management skills and negotiating with investors, is by participating in the company's investment education courses that are tailored to them and becoming part of entrepreneur networks where they can learn from other business owners. Over the years, Connecting Founders has offered many investment workshops

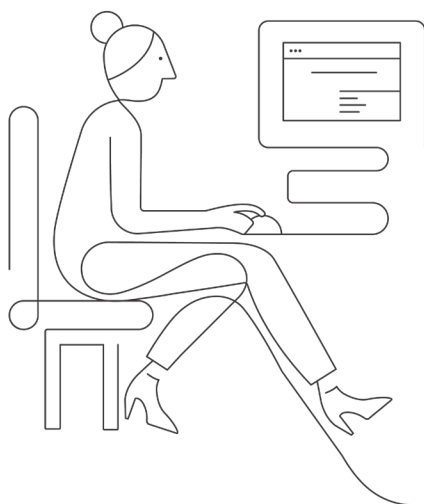
for small business owners, covering the various steps of the fundraising process and other fundraising issues such as funding costs, valuations, the different types of capital available, and how to match the appropriate capital for their business. In 2022, the company began hosting Money & More, which is a free series of investment and finance workshops that focus on guiding women-owned and women-led SMEs in learning sound financial management practices.

The onset of COVID-19 and its economic impact brought business resilience to the forefront of founders' needs and led to an increased demand for Connecting Founders' services as more SMEs needed support in navigating economic uncertainties. To meet this demand, the company introduced Interim Chief Finance Offer (CFO) Services, which includes highly tailored strategic capital planning coupled with hands-on, day-to-day execution of key financial operations to ensure SMEs are on track to meet their set targets. The company also leads financial strategy for other women-owned and women-led companies and provides them with hands-on support to improve the commercial viability of operations, product lines, and partnerships.

Promoting diversity and inclusion in the business ecosystem

Connecting Founders gives guidance and advice to businesses—from SMEs to corporates—to advance diversity and inclusion with strategies tailored to their specific vision and needs. This includes strengthening diversity both internally and along their supply chains by integrating gender, and environmental, social and governance (ESG) considerations in their business models.

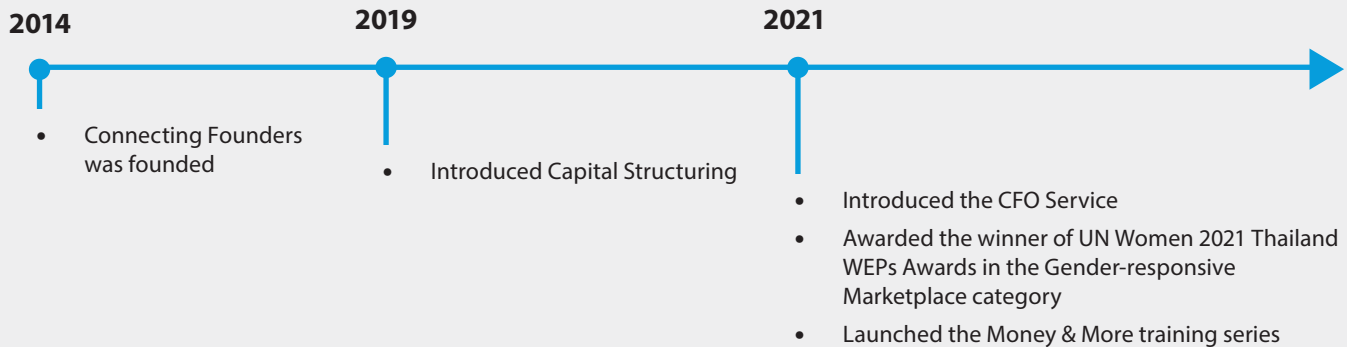
Over the past two years, an advisory arm was developed to support foreign government programs to advance gender diversity and inclusion in the business sector in several Southeast Asian countries. This occurred across a range of sectors, from energy efficiency, to manufacturing, infrastructure, food, and more. This is part of Connecting Founders' commitment to strengthening 'the women-led economy' and making the business sector more inclusive by supporting women in their multiple economic roles as entrepreneurs, employees, suppliers, and decision-makers. In order to infuse equality throughout an organization's value chain, there is a need to increase female leadership, support women in the workplace, and diversify supply chains. To support this, Connecting Founders takes a pragmatic approach that guides businesses to advance diversity and inclusion based on their specific needs and goals, and at their own pace. In promoting gender diversity and inclusion, obtaining sufficient management and staff buy-in can be a challenge, particularly when it comes to efforts to diversify their supply chain. Globally, only 1% of large procurement contracts go to women-owned businesses. Overall, men-owned firms



tend to be larger and more established, and women-owned businesses are typically younger and have smaller business networks to count on.² Consequently, more needs to be done to sensitize people to the opportunities and benefits of working with diverse businesses. Connecting Founders raises awareness about how this diversification can

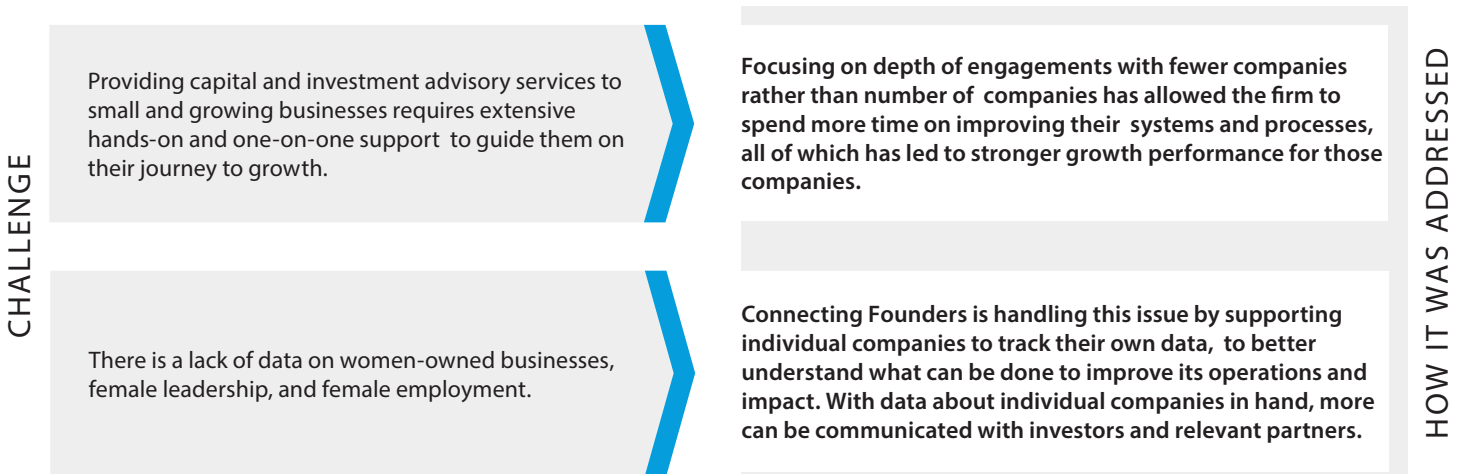
occur, and this may include encouraging the use of gender-inclusive language in procurement bids, collecting data on suppliers' female ownership and leadership, and establishing direct channels of communication with established women business networks to facilitate access to information.

TIMELINE



CHALLENGES

The key challenges faced by Connecting Founders in promoting growth for women-owned and women-led businesses are 1) the extensive one-on-one support needed for each business and 2) the lack of data.



RESULTS

Connecting Founders' capital structuring work has led to over USD 20 million in capital raised for female founders across Southeast Asia, including Vietnam, Indonesia and Thailand.

Through its capital advisory arm, more than 10 women-owned businesses have received one-on-one support on how to raise capital, structure commercial partnerships and tailor their funding plans.

RECOMMENDATIONS

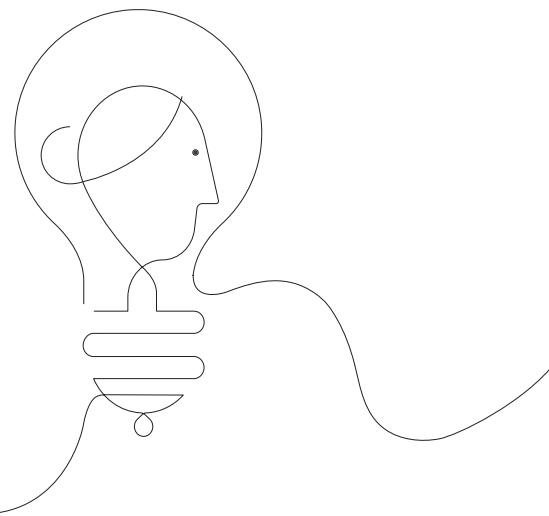
For businesses that are interested in incorporating gender inclusive policies into their business model, Connecting Founders recommends breaking the goal down into actionable items, analysing the business and figuring out gender inclusive policies that make sense in their company, then planning how they can be implemented.

It is recommended to observe what is being presented in the company data, and data that is being collected internationally, including the benefits of diversity and treating employees well. Based on this, companies should be able to implement activities with concrete steps and tangible goals that suit the business.

Keep an open dialogue with employees and track the company's data regularly. It is useful to check progress regularly to see whether any goals need to be reprioritized. It is important to note that

The company has advised dozens of businesses on sound financial management practices through individual mentoring sessions and many more through their investment workshops. As a result of establishing COVID-19 recovery and post-pandemic financial and resiliency planning for companies, Connecting Founders succeeded in scaling its clients' operations through strategic partnerships and new capital commitments valued at over USD 10 million.

this process takes time, and that there will be a period of trial and error, which is a normal part of the process, but ultimately a rewarding one.











THE ROLE OF WEPs


Connecting Founders' work embodies Women's Empowerment Principle (WEP) 5, which serves to enable enterprise development, supply chain and market practices in ways that empower women. These strategic financial and investment services not only help female entrepreneurs expand their business (including cross-border expansions) and overcome financial obstacles so that they can better serve their customers, they also help create more inclusive supply chain and market practices overall.

ENDNOTES

1. See <https://www.adb.org/sites/default/files/publication/459551/women-entrepreneurship-lessons-asia-pacific.pdf> (accessed on 19 August 2022).
2. Power of Procurement: How to source from women-owned businesses. Corporate Guide to Gender Responsive Procurement.

- Principle 1  Establish high-level corporate leadership for gender equality.
- Principle 2  Treat all women and men fairly at work– respect and support human rights and nondiscrimination.
- Principle 3  Ensure the health, safety and well-being of all women and men workers.
- Principle 4  Promote education, training and professional development for women.
- Principle 5  Implement enterprise development, supply chain and marketing practices that empower women.
- Principle 6  Promote equality through community initiatives and advocacy.
- Principle 7  Measure and publicly report on progress to achieve gender equality.

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