



XX FACTOR
by Eleanor Beaton

SheEO and the Radical Generosity project

Everything had been going perfectly until the moment the 10 women entrepreneurs told Vicki Saunders how they wanted to divvy up the money.

It was 2014, and Saunders, a celebrated entrepreneur and founder of SheEO, a Toronto-based group that supports women-led ventures, was piloting a bold new initiative for financing women entrepreneurs. She and her team had raised \$50,000 and selected 10 deserving entrepreneurs among whom the capital would be shared. So far so good.

Unlike the usual case with capital distribution, where a small group of experts (i.e. venture capitalists) decide who gets how much funding, Saunders' idea was that the women should decide amongst themselves how to divide the cash. The catch: they couldn't give all the money to a single venture, nor could they divide the money equally.

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these three ventures had received far less of a cut than Saunders thought reasonable. Meanwhile, other ventures, some of which were still in the very early stages, had received what Saunders thought to be a disproportionately high share of capital. Saunders urged the women to revisit their decision. They went back to the war room, negotiated again, and re-emerged convinced they had made the right call in the first place.

Today, the three firms Saunders wanted to bet on are no longer in business. Meanwhile, the firms she was tempted to bet against are thriving. "There's lots of evidence to suggest that decisions made by a group are better than those made by so-called experts," she

The SheEO team gathered the women entrepreneurs together in a war room, where over the course of two days, they opened up their books and allowed each other to critique their need for the investment, as well as their ability to repay the money within five years. Neither Saunders, nor any other outside expert, played a role in the negotiations...until the women announced how they intended to divide the money.

"I balked," says Saunders. The problem, in Saunders' estimation, was that three of the 10 ventures were clearly far more established and therefore in need of a larger capital injection. But

says. Saunders knew this in theory—that's why she designed the democratic funding model in the first place. But subverting her expert instincts in favour of group decision-making was a challenge...until she later saw how wrong experts (herself included) can be.

Two successful pilot projects later, SheEO launched 'Radical Generosity' this July, an initiative designed to help overcome the ongoing challenges of women entrepreneurs attempting to raise capital for their businesses.

Sponsored by BMO, the initiative starts by soliciting a \$1,000 donation from 1,000 women across the country. There's no charitable receipt or return; the satisfaction comes purely from knowing you're supporting another woman entrepreneur. Next, women entrepreneurs are invited to apply to become one of 10 firms selected (by the 1,000 donors) to receive a share of the money. How that money gets divided is determined by the women themselves.

So far, Radical Generosity has signed up more than 200 donors. The initial pot of money will be administered free of charge by BMO, where many of the firm's senior executive women have embraced the strategy with both their personal money and their professional support. Julie Barker-Merz, a lead for women's initiatives within BMO, told the *Globe and Mail* that Radical Generosity was a reflection of the "energy around the women's market."

Saunders aims to roll-out the Radical Generosity initiative globally over the next five years to cities such as L.A., Chicago and Mumbai. Her goal is to amass a fund of \$1 billion by 2020. Today, venture capitalists invest more than \$50 billion annually, with only \$1.5 billion going to firms with a female CEO. For years, debate has raged over how to "fix" venture capitalists to force them into being equitable. Radical Generosity proves that sometimes it's best not to fix a broken system, but to disrupt it.

Eleanor Beaton is a writer and consultant who has helped some of Canada's most successful women entrepreneurs build influence and make an impact through courageous and unforgettable storytelling.

FEEDBACK

✉ eleanorbeaton@eastlink.ca;
dchafe@atlanticbusinessmagazine.com
🐦 @AtlanticBus; @ABM_Editor; #XXFactor