Scale-Up Toolkit for Women Entrepreneurs
Using Talent to Grow

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April 2022

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* Additional information and references can be found in the "notes" section

EXECUTIVE SUMMARY

This toolkit explores the barriers that women entrepreneurs face in terms of using talent to grow their business

- Five women were interviewed, representing small and medium-sized enterprises (SMEs) and ecosystem partners
- Secondary research was also conducted to validate the key findings and highlight important insights

Based on the key findings, this toolkit addresses major challenges with proposed solutions and tools

- The three themes explored throughout this toolkit include: (1) labour shortage; (2) skills gap; and (3) unproductive talent.

CHALLENGES, SOLUTIONS & TOOLS

Labour Shortage
- Hire Diverse Candidates
- Diversity & Freelance Platforms

Skills Gap
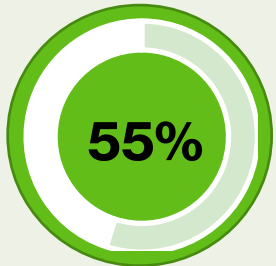- Use Cultural Assessment Model
- Five Factor Model

Unproductive Talent
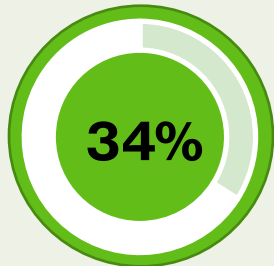- Measure Performance
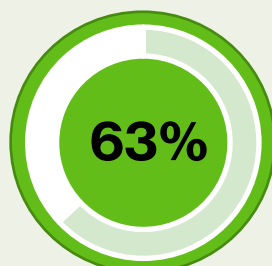- Performance Review Template

Labour
Shortage

RECRUITING QUALIFIED TALENT

RESEARCH INSIGHTS

55%

SMEs in Canada experienced labour shortages & did not have enough staff

34%

Small businesses turned down sales or contracts due to labour shortages

63%

Small businesses reported a lack of applicants with relevant skills & experience

HIRE DIVERSE CANDIDATES

- Despite labour shortages, **60%** of SMEs do not effectively recruit, train, and retain diverse talent like women, immigrants, and people with disabilities

- Candidates with "foreign sounding names" are **40%** less likely to be interviewed in small organizations

- **40%** of immigrant engineers are underemployed

- University graduates with disabilities have worse employment than people without high school diplomas

- Diversity and inclusion practices are needed to attract skilled workers and address the labour shortage

DIVERSITY JOB BOARDS

The following job boards can be used to recruit diverse talent

Community Outreach Canada: Non-profit diversity and inclusion job posting site

Indigenous Link: Job portal for Indigenous Canadians searching for employment

First Nations Jobs Online: Helps Aboriginal job seekers find opportunities

Black Jobs: Diversity job board focused on employing Black professionals

Recruit Disability: Job board connecting firms and job seekers with disabilities

Pink Jobs: Diversity job board serving the LGBT community across North America

FREELANCE PLATFORMS

The following platforms can be used to recruit specialized talent

Upwork: Connects businesses with professionals and agencies worldwide

Fiverr: Connects businesses with on-demand freelancers

**TaskRabbit:** Provides freelance labour for tasks like cleaning, repairs, and errands

Skills
Gap

HIRING FOR CULTURE AT SCALE

RESEARCH INSIGHTS

Communication

Adaptability

Integrity

Soft Skills in Demand

Collaboration

Problem-solving

Creativity

Women entrepreneurs value soft skills, but struggle to evaluate them during hiring

USE CULTURAL ASSESSMENT MODEL
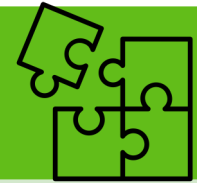
- Unlike SMEs, large companies have the resources and capacity to implement cultural assessment tools that determine whether candidates are a good fit

- Using a cultural assessment model can help hire for culture at scale by evaluating two areas.

  1. **Person-situation fit:** alignment between an individual's personality and the demands of their role

  2. **Person-culture fit:** integration between an individual's values and the organizational norms

- Strong candidate-organization fit results in higher job satisfaction, commitment, performance, and longevity

FIVE FACTOR MODEL

Openness to Experience

Conscientiousness

Five Factor Model

Neuroticism

Agreeableness

Extraversion
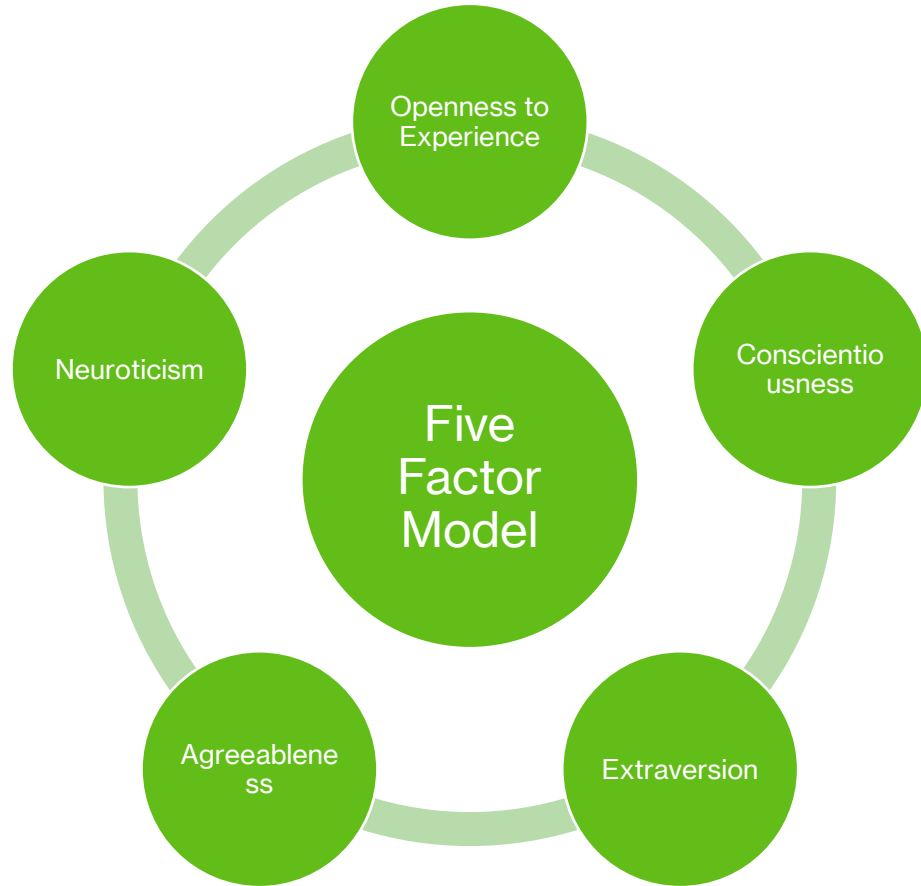
- The Five Factor Model is the most widely accepted & applied theory

- It can be used to assess cultural fit when hiring for personality traits

- To access the free, five-minute assessment, please visit: www.openpsychometrics.org/tests/IPIP-BFFM/

FIVE FACTOR MODEL

The following interview questions can be used to assess cultural fit

Openness to Experience
- Do you prefer abstract or concrete thinking?
- How do you spend time reflecting on things?

Conscientiousness
- Do you prefer organized or disorganized areas?
- How do you manage your time effectively?

Extraversion
- Do you prefer working with others or alone?
- How do you engage in conversation with others?

Agreeableness
- Do you prefer trusting others or being cautious?
- How do you resolve disagreements with others?

Neuroticism
- Do you prefer stability or change at work?
- How do you manage stressful situations?

Unproductive Talent

MANAGING PERFORMANCE

RESEARCH INSIGHTS

Canada's labour productivity is **20% less** than in the U.S.

7 out of 10 employees in Canada are disengaged

MEASURE PERFORMANCE

- Measure three key drivers of employee engagement:
    - Confidence in leadership
    - Career growth
    - Recognition
- Organizations with high employee engagement are:
    - **2X** more likely to have high customer satisfaction
    - **3X** more likely to have high overall productivity
    - **4X** more likely to have strong and effective leadership
    - **5X** more likely to have better employee retention

PERFORMANCE REVIEW TEMPLATE

The following template can be used to manage performance

| Key Areas	Metrics	Objectives	WT%	Target	Check Point	Year Review
1.0 Customer Satisfaction	1.1 Retention 1.2 Customer Survey	1.1.1 >78% YOY 1.2.1 >82% score	20 10	>78% >82%		
2.0 People Engagement	2.1 People Survey 2.2 Open Positions	2.1.1 >85% score 2.2.1 <40 days	5 10	>85% <40		
3.0 Operational Excellence	3.1 Inventory Turns 3.2 Returns 3.3 Unit Cost	3.1.1 Increase to 10.4 3.2.1 Reduce to 2.6% 3.3.1 <4% variance	5 5 5	10.4 2.6% <4%		
4.0 Financial Performance	4.1 Revenue 4.2 Dept Budgets 4.3 EBITDA	4.1.1 $25M A clients 4.2.1 Meet or beat 4.3.1 $7.8M	20 10 5	$25M 100% $7.8M		
5.0 Innovation	5.1 New Initiatives	5.1.1 One by each ET	5	One		
			100			

Appendix

WOMEN ENTREPRENEURS

16% of all SMEs in Canada are **majority-women owned**

Women-owned businesses operate in **service sectors**
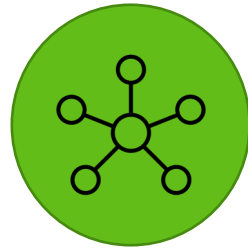
Women-owned businesses have **less than 20 employees**

Women entrepreneurs are **younger with higher education** levels

Women entrepreneurs are motivated by **making a difference in the world**

THE SCALE-UP CHALLENGE

High-growth firms create disproportionate economic benefits

- Despite comprising just 1.2% of all firms in Canada, high-growth firms created 38-47% of all jobs between 2000 and 2009, and generated $282B in revenue between 2011 and 2015

Women remain underrepresented in this phase of the entrepreneurial lifecycle

- Less than 10% of majority women-owned firms are considered scale-ups
- Only 22% of all scale-up firms in Canada are owned by women
- Scale-ups owned by women employ less people (35 vs 38) and generate less revenue ($6.2M vs $7.4M) than those owned by men
- Of the seven "Unicorns" (i.e. fast growing start-ups valued at $1B) in Canada, none have a female co-founder and women comprise only a quarter of the leadership team

USING TALENT TO GROW

Labour presents the biggest gender difference when it comes to growth barriers

- 20% of men-owned businesses that faced labour concerns scaled up, while only 14% of women-owned businesses did the same

Labour is essential for growth

- Businesses that have strong HR practices are 66% more likely to generate annual sales growth of 10% or more
- Focusing scale-up efforts on addressing labour will have the biggest impact

KEY LABOUR CHALLENGES

Labour Shortage

- 76% of small businesses in Canada have experienced challenges hiring new employees over the last five years

Skills Gap

- Current skills gaps include management talent, skilled trades, technical skills, and soft skills

Employee Turnover

- 20% of small business owners find it difficult to retain existing employees

IMPACTS OF COVID-19

KEY TRENDS

Remote Work: A greater percentage of women-owned firms had 80% of their employees working remotely and expect that over half will continue doing the same

Mental Health: Fewer women than men reported "excellent" mental health status, due to increased layoffs and business closures, as well as unpaid domestic work

Emerging Skills: With virtual work and increased uncertainty, there is a rise in demand for soft skills like collaboration, empathy, resilience, and adaptability

The COVID-19 pandemic has had negative and disproportionate impacts on women

- Women are overrepresented in smaller unincorporated businesses that were hardest hit by the pandemic including tourism and hospitality, retail, and service sectors
- Compared to businesses overall, women-owned businesses experienced a higher percentage of revenue decreases over 50% and staff layoffs over 80%

RESEARCH STUDY

PURPOSE & METHODOLOGY

> **Purpose:** explore experiences using talent to grow
> **Methodology:** semi-structured interviews
> **Materials:** two discussion documents
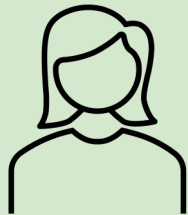
TARGET AUDIENCE

Five women were interviewed (Sept-Nov 2021) representing SMEs and ecosystem partners primarily in service sectors with an interest in either growing or supporting firm growth

RESEARCH GAPS

> Small sample size limits subgroup analysis
> Lack of intersectionality limits diversity of thought
> Limited longitudinal data prevents trend analysis

WHAT WE HEARD

Overview

- Prefer slow & deliberate growth
- Shifting from generalist to specialist roles
- View labour as strategic but stuck in survival mode
- Lack capacity & resources to implement HR practices

Challenges

- Hiring new staff with skills, experience, and certificates
- Hiring candidates with the right cultural fit
- Managing & reviewing individual performance
- Training & developing staff to achieve company goals

COVID-19

- Navigating closures while laying off and rehiring staff
- Workforce reliability and mental health struggles
- Need to engage, train, motivate, and retain staff
- Shift in virtual work and employee values