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On the Money

WOMEN ENTREPRENEURS ARE EXPERIENCING GREATER SUCCESS FINDING FINANCING FOR THEIR BUSINESSES, BUT IS IT ENOUGH?

In 2001, AMY HILLIARD SOLD HER HOUSE to raise the \$300,000 it took to start The ComfortCake Company, including graphic design and product development costs. Soon afterward, the Chicago entrepreneur delivered her first big order: 500,000 slices of wrapped poundcake to United Airlines.

By Joanne Cleaver

In 2002, she got an SBA-guaranteed loan of more than \$100,000 to get working capital to expand into the school food-service market and Chicago-area grocery stores. That infusion

5,300 7-Eleven convenience stores.

"South Shore Bank stepped up to the plate and [was] willing to bet on me," says Hilliard, 51. "To do the business at the level that we want to do it, it's hard to get the money." It is hard, but not as hard as it used to be.

As women's businesses have grown, women are finding the financing doors starting to open, though not very wide. Hilliard's ability to line up a bank loan is still the exception: According to the CWBR, about 39 percent of women who run fast-growing companies are able to tap into bank financing, compared to 52 percent of men leading comparable companies.

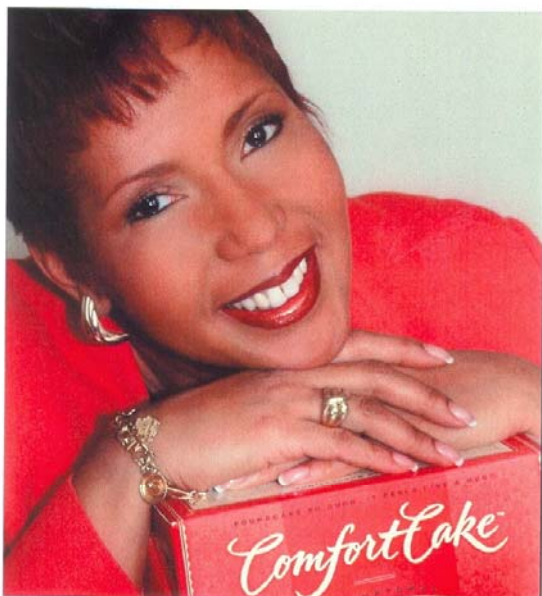
Historically, women-owned companies have tended to start small and stay small, and that's still the case for many, says Lynn Neeley, professor of management at the College of Business at Northern Illinois University in DeKalb. Today's difference: Women don't expect their small companies to stay that way. But Neeley says it's still tough for most women to bootstrap their growth because they simply don't have the cash flow to justify a bank loan.

In addition, many women start service businesses, which typically don't require much capital, so they tend to have fewer assets to use as collateral for loans. Neeley's research also reveals that women often aren't as skilled as men when it comes to negotiating trade credit and other everyday financial exchanges.

As for venture capital, it's finally getting traction, though by no means as much as most women would like. In 2000, only 5 percent of VC investments were given to firms with women CEOs, according to research compiled by the NWBC.

Springboard Enterprises, a Washington, DC-based nonprofit designed to help women get a hearing with the VC community, has presented 263 companies to VCs since 2000. So far, 40 percent of them have received funding. Just under half of that funding was the second or subsequent round for recipient companies. Springboard alumnae companies are substantially larger than most women-owned companies, with an average of 24 employees and \$3.4 million in yearly revenues.

Hilliard wants to be among the few that get the attention of private investors. She's working her network to identify high-net-worth individuals interested in funding a ComfortCake national distribution system. For everyone involved, she thinks, that would be a sweet deal.



JUST DESSERTS: Few women secure funding from private investors, but Amy Hilliard, Founder, President, & CEO aims to be one of them.

carried ComfortCake into the big leagues. By the end of 2003, Hilliard was selling gift cakes through Amazon.com's new gourmet store and had shipped holiday minicakes to some