

Female Founders Monitor

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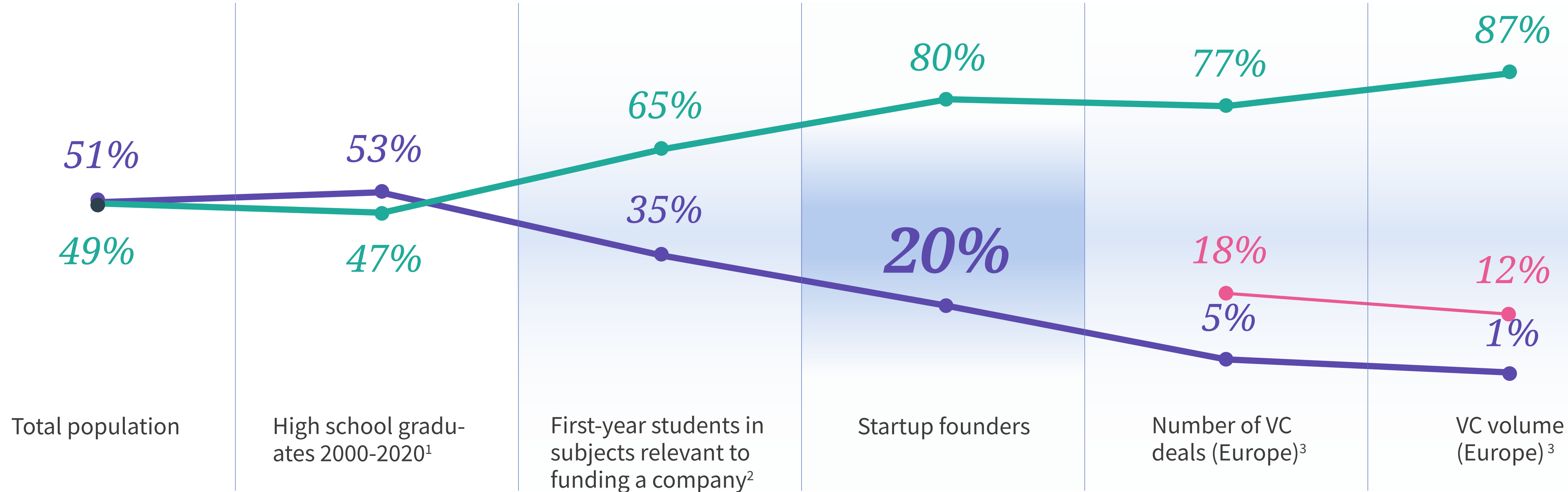
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Die Unternehmen
der Zukunft.



The Female Founders Monitor illustrates the gender gap in the German startup ecosystem



● Women ● Men ● Mixed teams

1) Federal Ministry of Education and Research (2022): High school graduates with college entrance qualification
 2) German Federal Statistical Office (2022): Data for the year 2021 or winter term 21/22 for business and engineering (incl. computer science) related subjects
 3) Pitchbook (2022): Data for female-only, male-only and mixed teams in 2022 (as of 09/26/22).

Key findings

- 1 Positive trend:**
The share of female founders in Germany has risen to 20% and 37% of founding teams currently include at least one woman – but they remain significantly underrepresented.
- 2 Gender gap in capital:**
Significant differences are evident in terms of financing and growth, with male teams receiving almost nine times as much capital on average as female teams.
- 3 Investors are mostly men:**
While only 6% of female founders are active as business angels, the share among male founders is 16% – an imbalance that increases challenges for women when it comes to financing.
- 4 Driven by purpose:**
Female teams have a stronger focus on sustainability as part of their corporate strategy and 61% say that their startups are committed to social entrepreneurship.
- 5 Work-life (im)balance:**
The added stress faced by female founders with children often comes at the expense of their working hours – another reason why 81% see the need for improvements regarding the compatibility of family and entrepreneurship.
- 6 Initiatives are key:**
Female founders who build their startups as part of a team rate the startup ecosystem particularly positively, showing the relevance of networks and the effectiveness of ongoing initiatives.

Female founders in Germany



Only 20%
of startup founders are
women, the figure among
new entrepreneurs in ge-
neral is currently 42%.¹

1) Metzger (2022): KfW Gründungsmonitor 2022



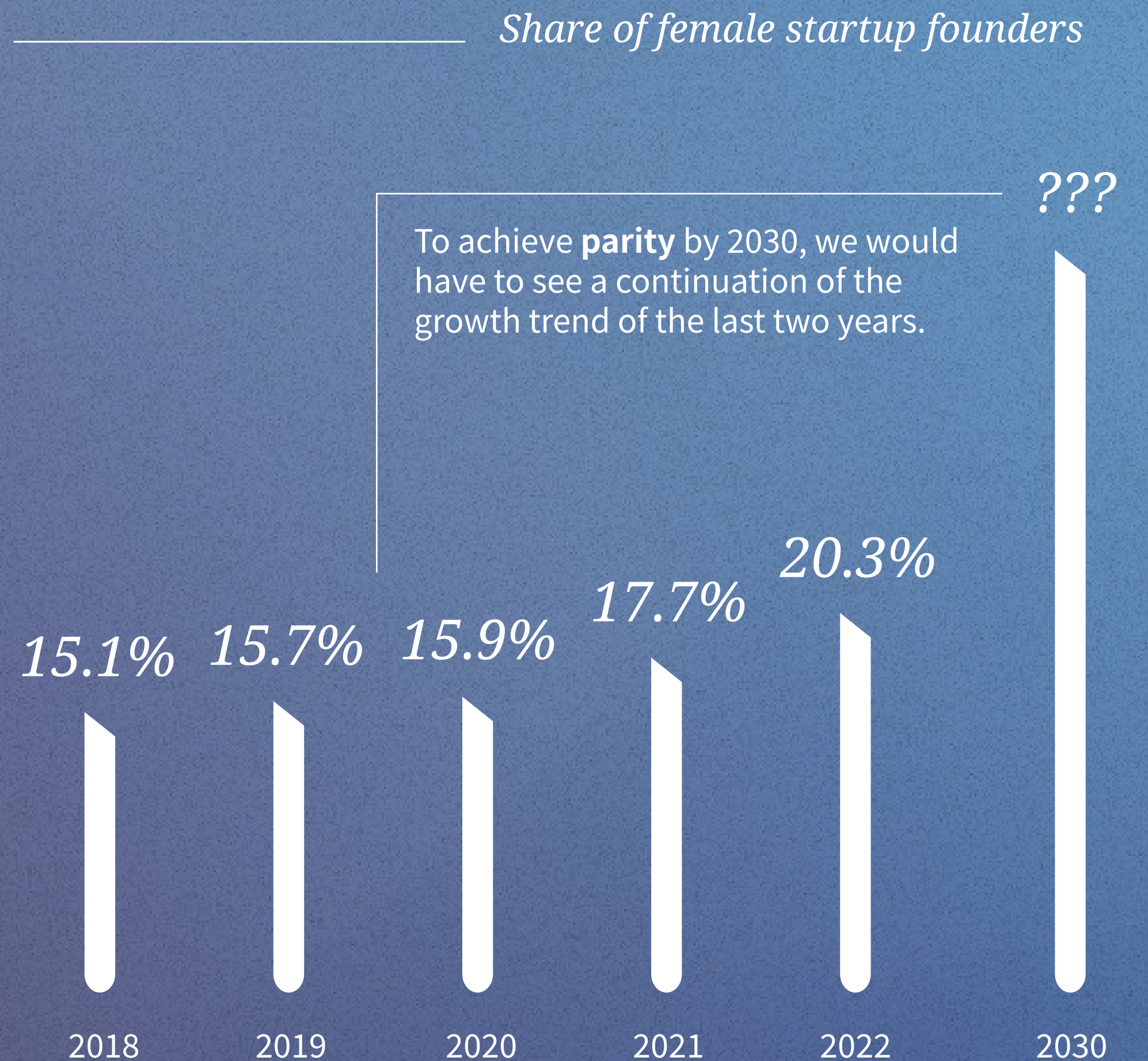
The positive trend continues – but the level is still too low

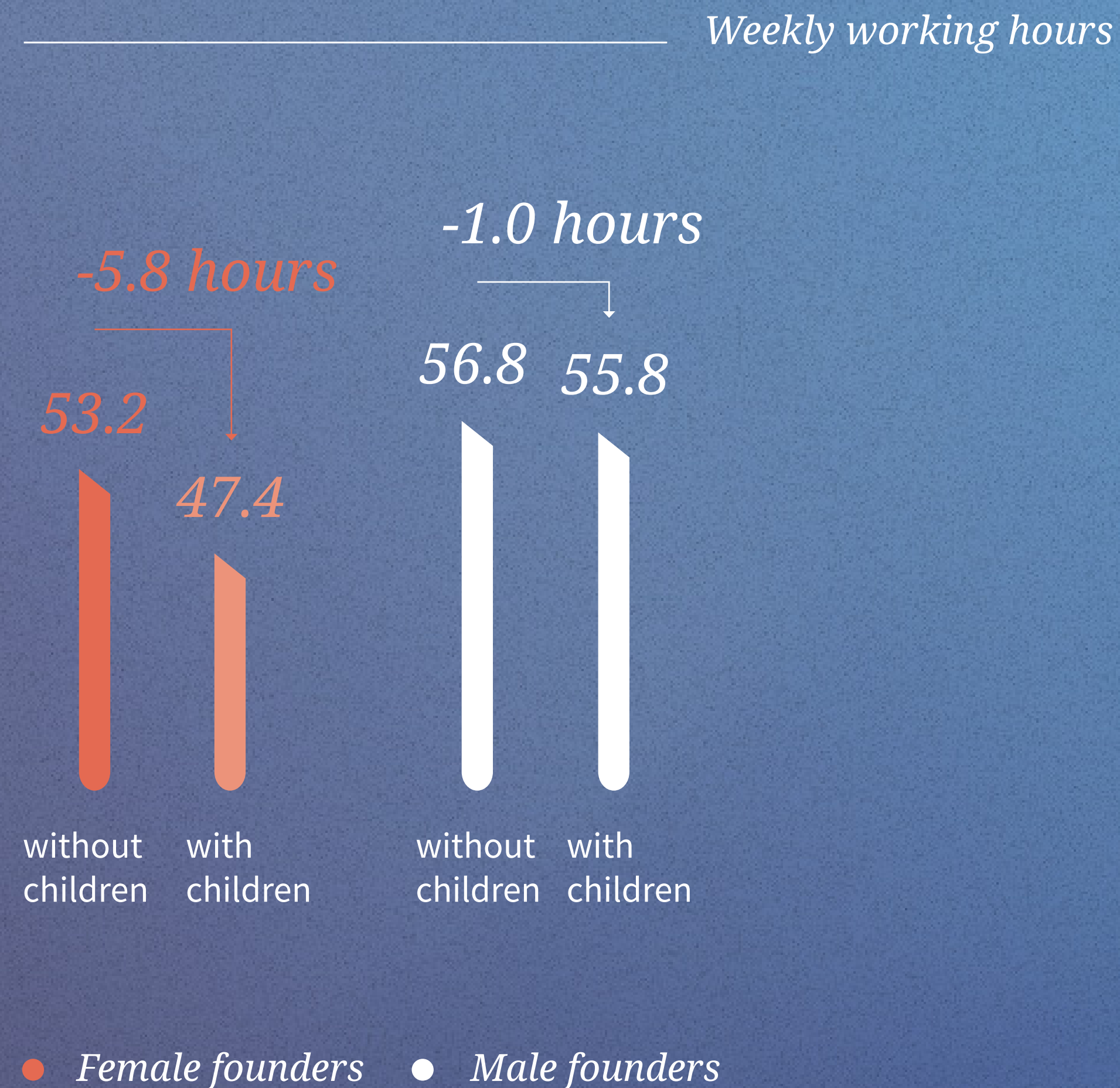
The **share of female founders** in German startups continues to rise, to over 20% – still a long way to go before parity is achieved.

This **enormous gender gap** is an international phenomenon – among European countries, Germany ranks in the middle.¹

In order to build on the **positive momentum** and significantly increase the share of female founders, **further action is needed.**

1) The international comparison is complicated by inconsistent data – a European comparison of the share of teams with at least one female founder is made by Dömötör et al. (2022).





Female founders more often face challenges through dual workload

Founding and the phase of family planning often coincide: 41% of female founders and 44% of male founders have children.

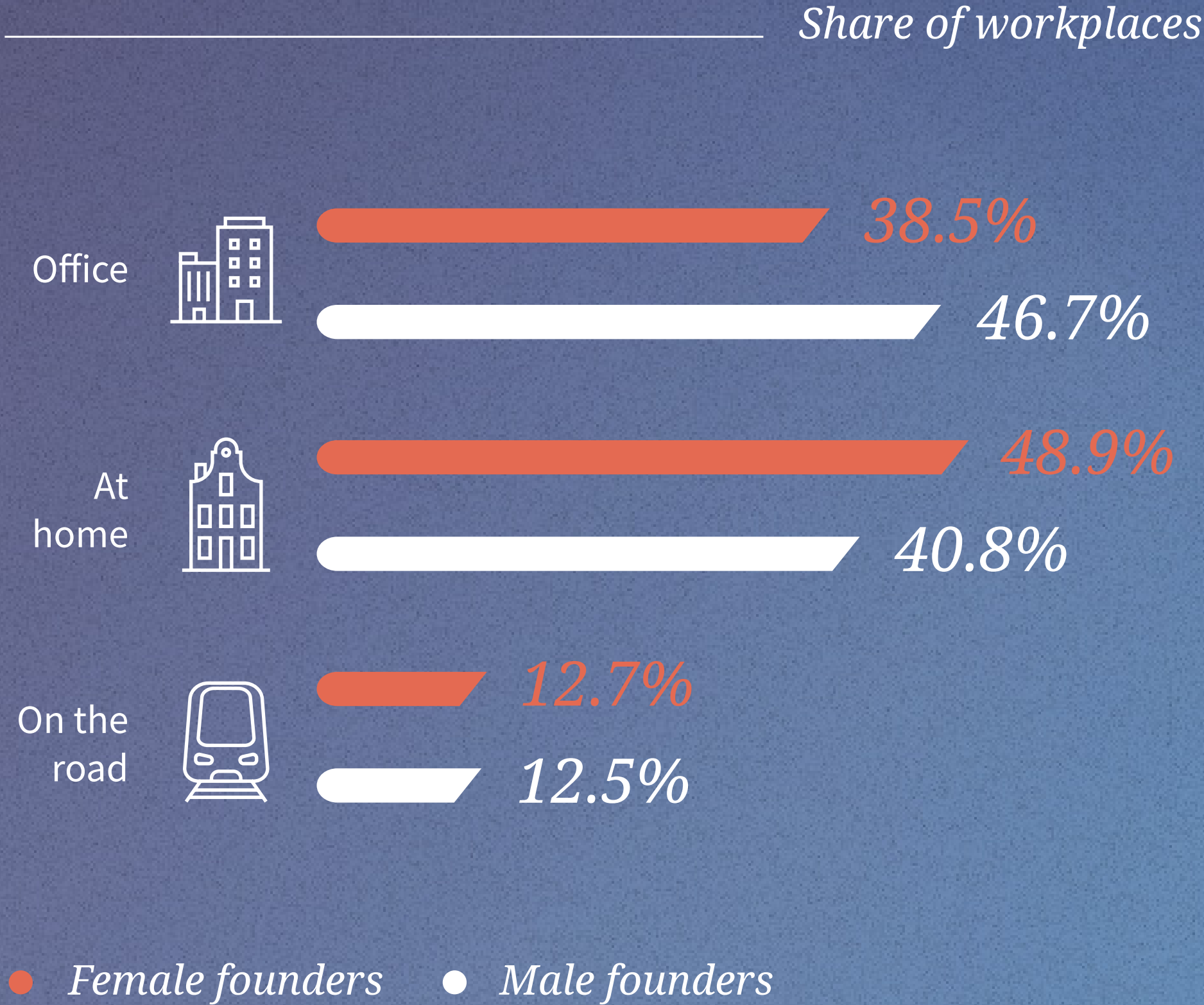
For **female founders with children**, weekly working hours are significantly lower - the difference amounts to nearly **six hours**.

Women are less often satisfied with the compatibility of family and entrepreneurship than men: 51% compared to 61%.

81% of female founders view better offers regarding the compatibility of family and entrepreneurship as key for strengthening the startup ecosystem (male founders: 49%).



The location where female and male founders choose to work also differs significantly...



” *Startups are the driving force of our future economy. Instead of slowing down female founders, we must continue to remove barriers and work towards genuine equality. There are reasons for optimism: Germany is facing a decade of equal opportunities – in the age of labor shortages, we can no longer afford unequal treatment.*“

Sebastian Dettmers
CEO Stepstone



” *We are seeing more and more successful female founders turning their ideas into reality and thereby creating significant momentum. They also give us a glimpse of what can be achieved when we close the gender gap in the startup ecosystem. Especially given current challenges, we must improve the setting in which female founders can thrive to leverage their tremendous potential.*“

Magdalena Oehl
Founder TalentRocket





Startup teams and expertise

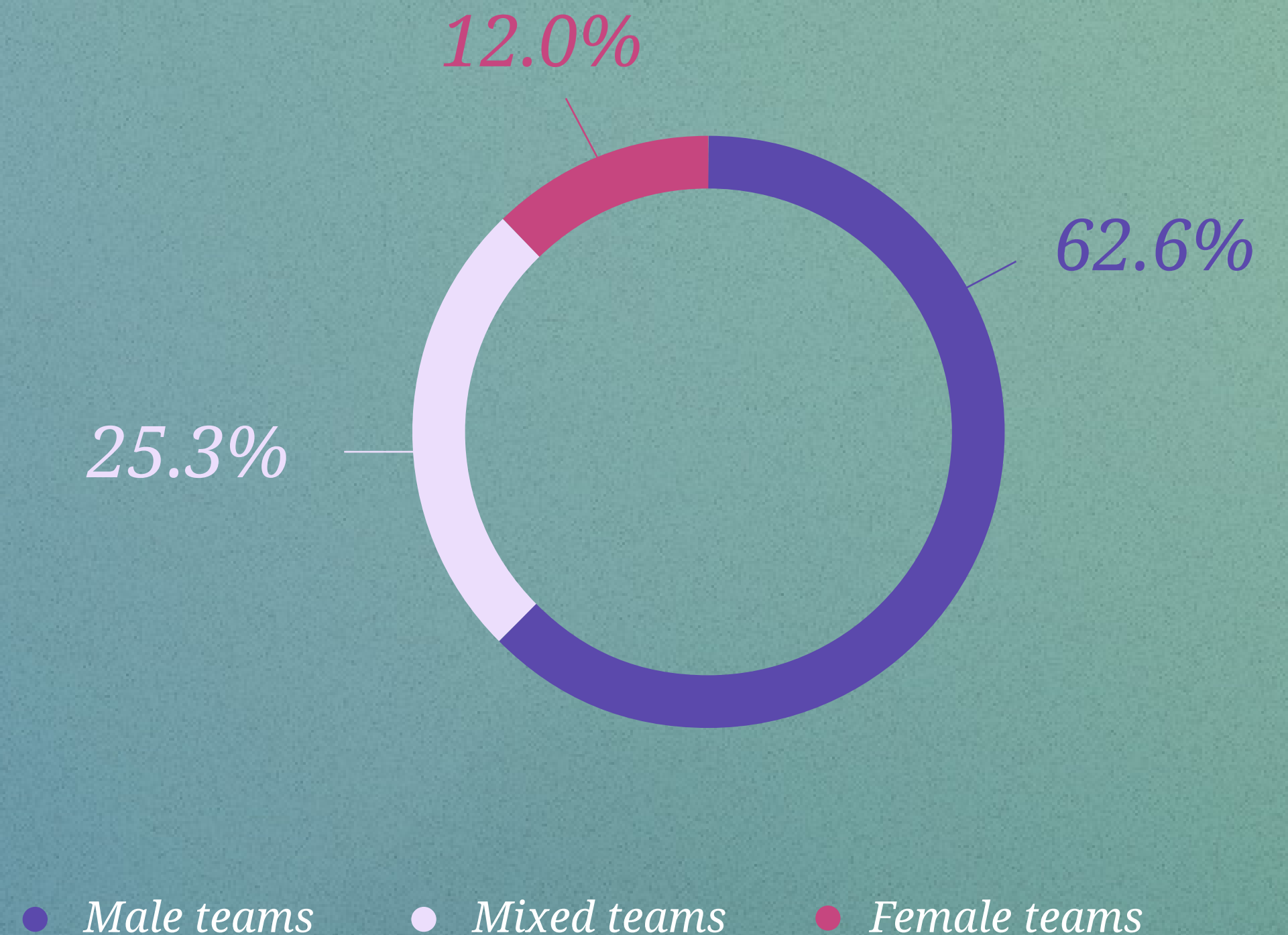
Teams are becoming more diverse, but men are still in the majority

With the growing number of female founders in the German startup ecosystem, also the **share of female and mixed teams continues to increase.**

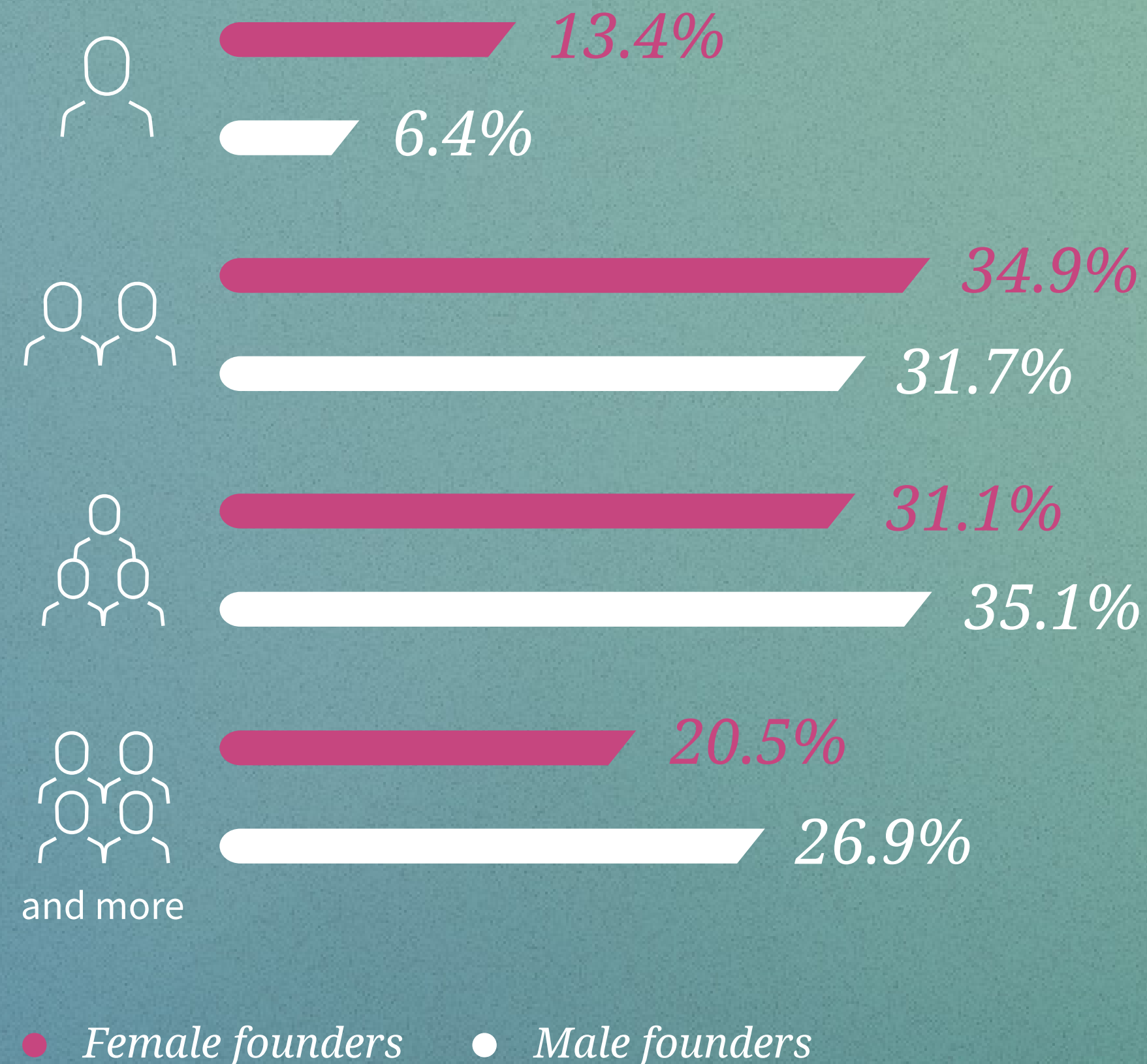
Thereby share of **startups with at least one female founder has increased from 31% to 37%** over the last two years.

With 26%, female teams are **less likely to have previous founding experience** (46% for male teams and 47% for mixed teams).

Composition of founding teams



Distribution of male and female founders based on team size



Women more often found startups on their own or in smaller teams

13% of female founders **set up their startup without a co-founder** – significantly more than is the case for men.

Thereby, the **share of solo founders** is much **higher among female-led** startups than those that are male-led.

Founders that start out on their own face **greater challenges**, especially when it comes to **resources and networks**.



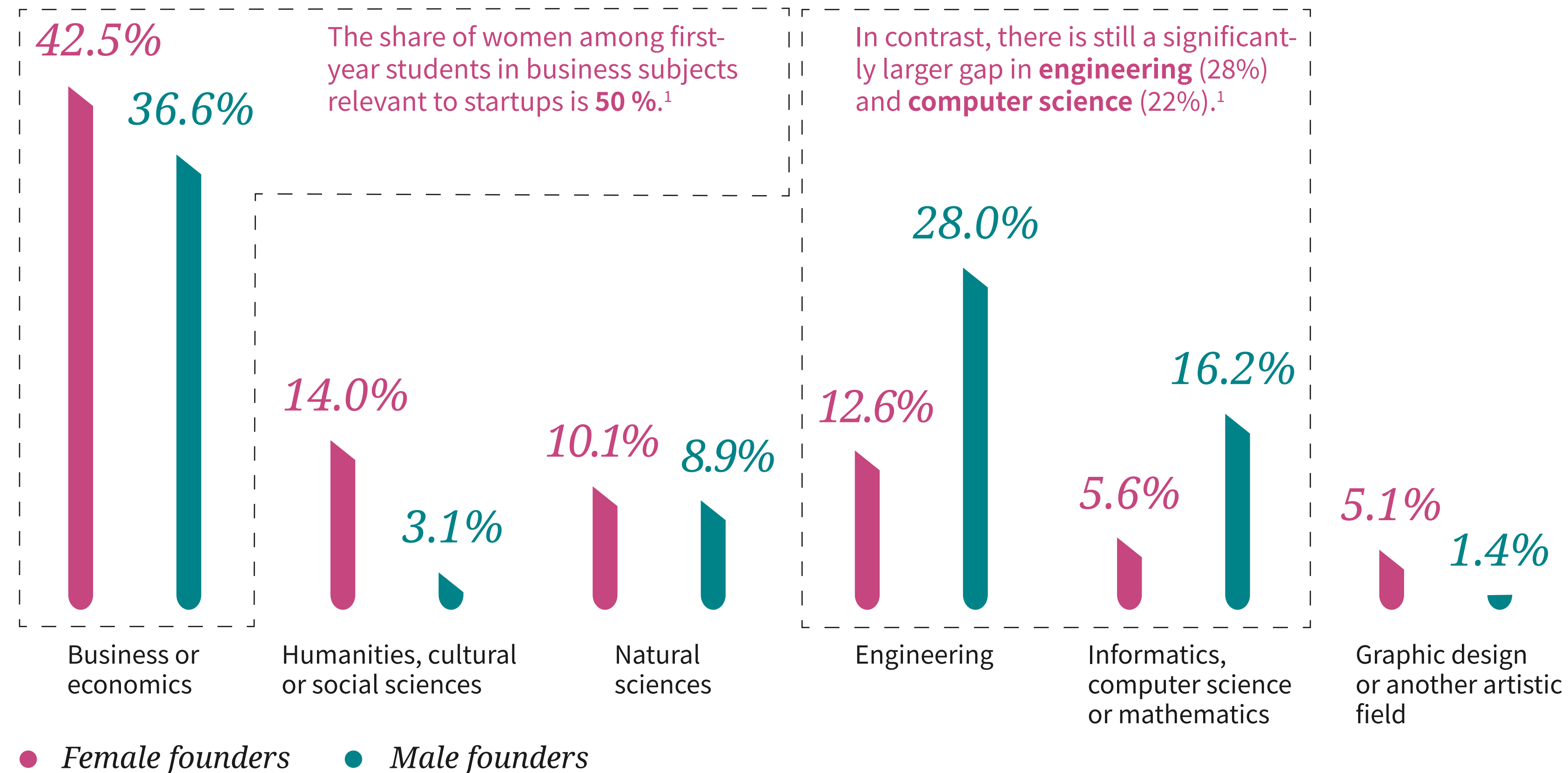
” *The startup sector still is a challenging environment for female founders. In many cases, there is a lack of contacts and networks, which are crucial to get ahead on key issues, especially in the early stages. We must therefore strengthen networks and target the needs of female founders.*“

Dr. Gesa Miczaika,
General Partner Auxxo Female Catalyst Fund

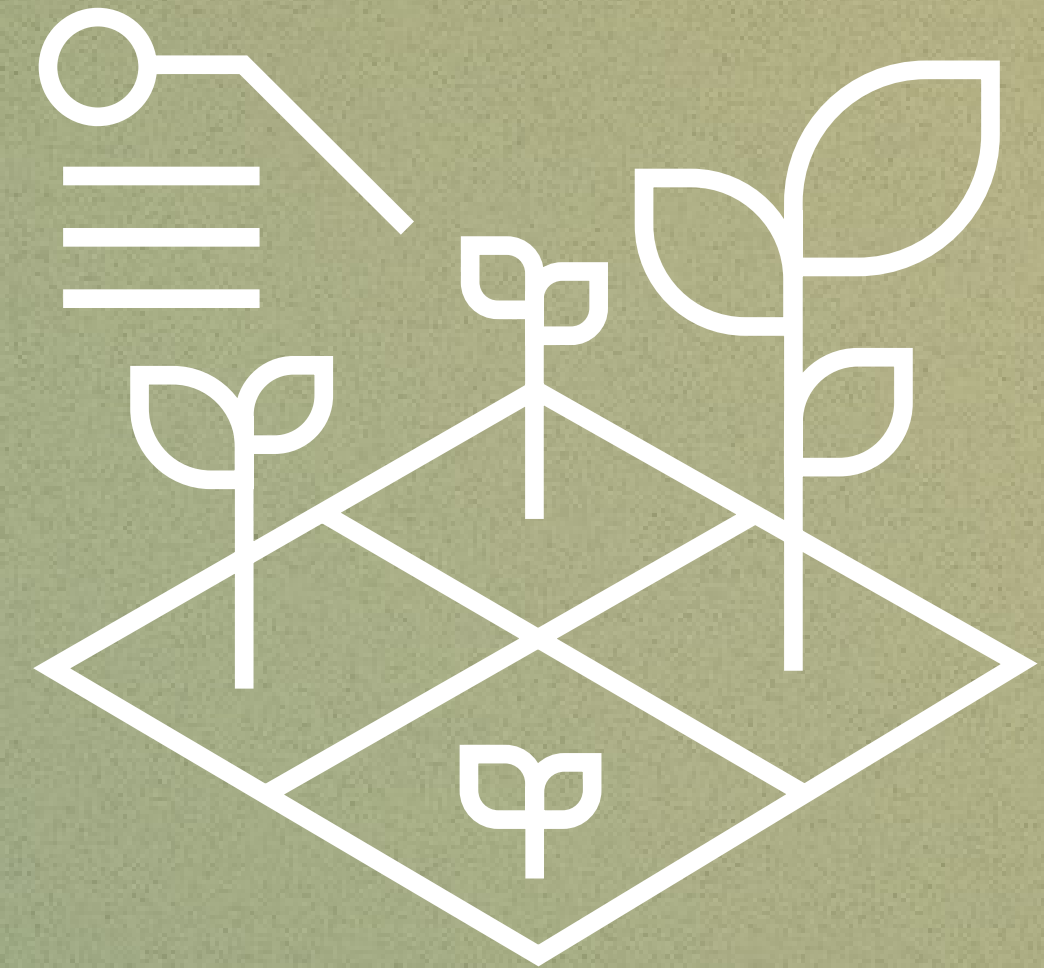


The gender gap in tech majors is also impacting the startup ecosystem

Degrees held by startup founders



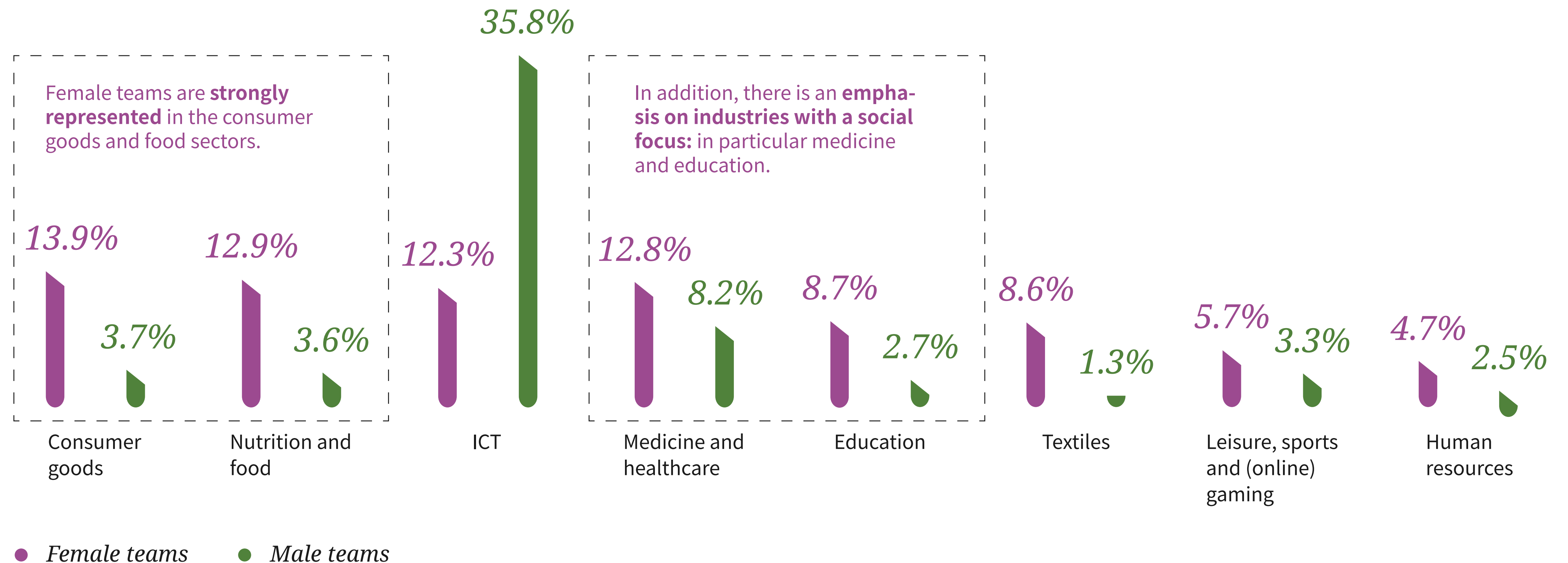
1) German Federal Statistical Office (2022): The available data is based on the winter term 21/22. Computer science is listed separately and not as part of engineering.



Business sectors and characteristics

Female teams have a clear focus on specific industries

Top 8 industries for female teams (2020-2022)



” *Advancing digital education and girls in STEM is essential, because it creates the basis for equal opportunities, especially in the startup scene. I am convinced that sparking enthusiasm for technology and technical professions early on is the key to success, so that more women start tech companies.“*

Verena Pausder

Entrepreneur, investor and digital education expert



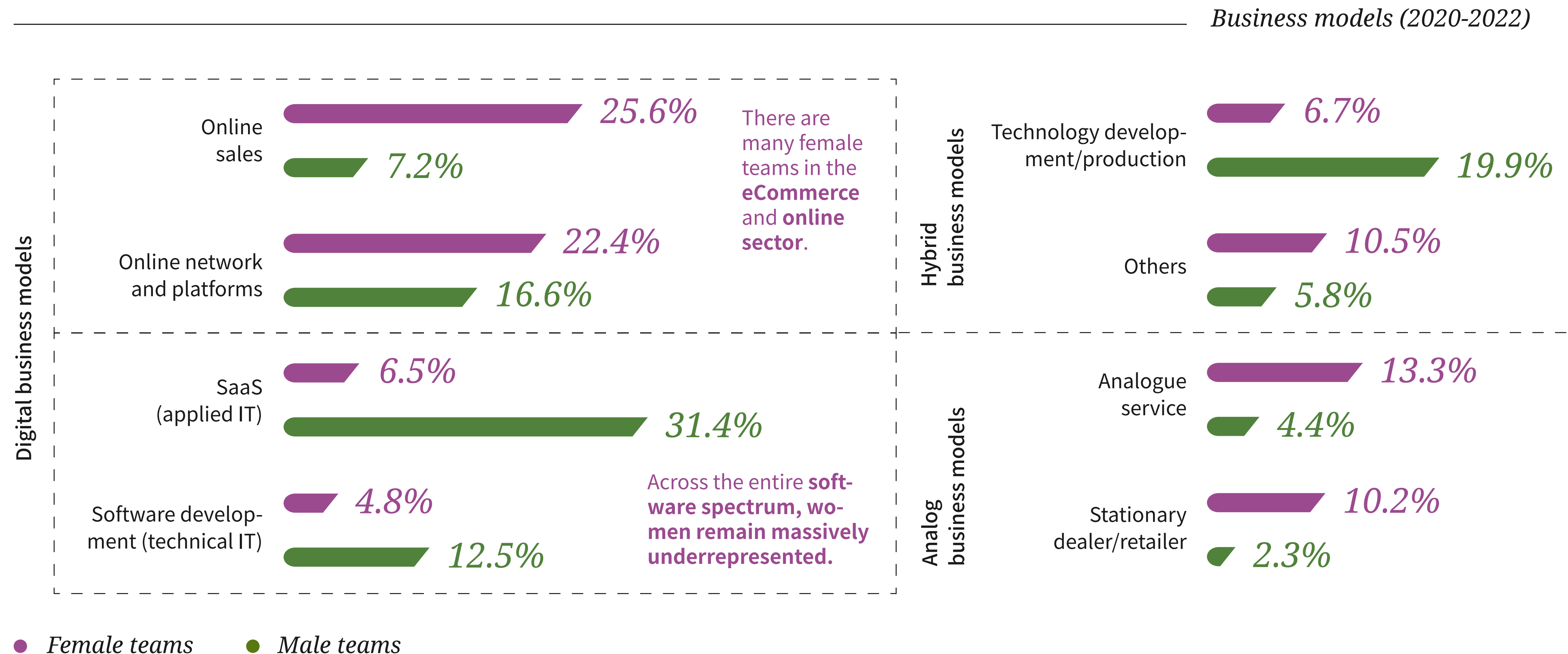
” *Social entrepreneurship is the „extreme sport“ version of startups! Since there is no financial return on investment, you must be cash flow positive from day one. On top of that, you have to manage a triple bottom line. It takes vision, empathy, strength and courage to succeed. No wonder women are drawn to it!“*

Anne Kjær Bathel

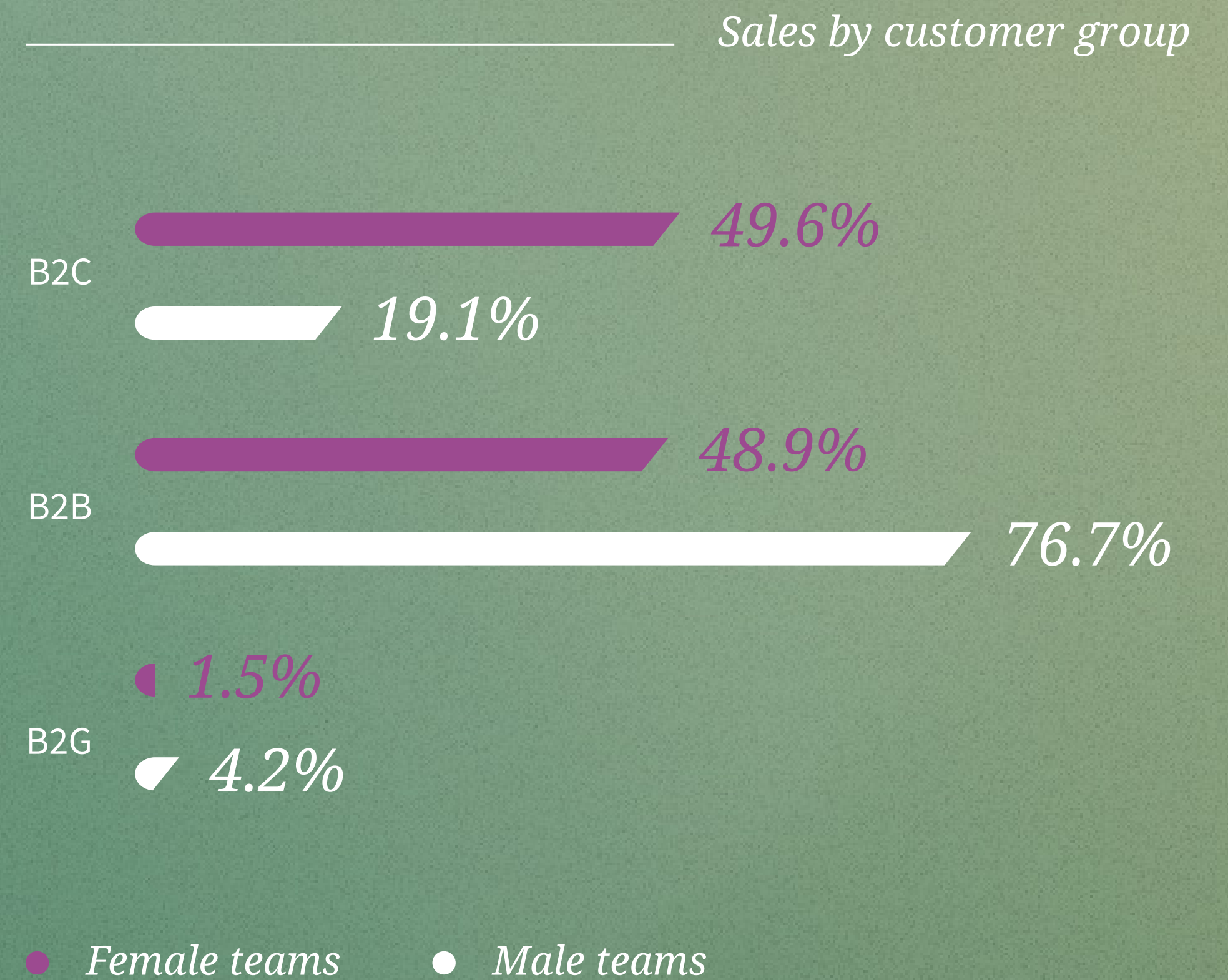
CEO & Co-Founder, ReDI School of Digital Integration gGmbH & Proud mentor at Grace Female Accelerator



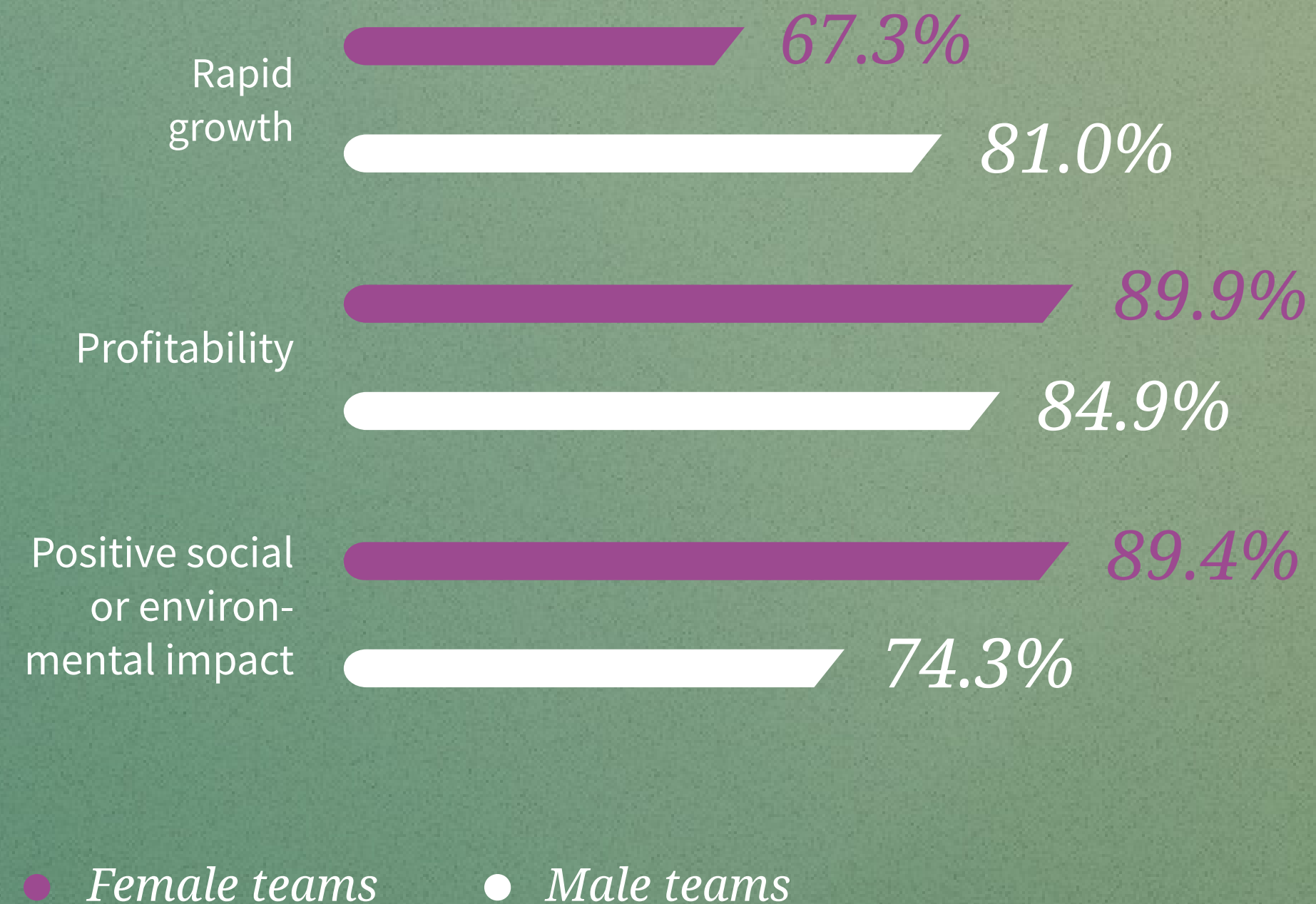
Closely related to diverging industries are differences in business models



*The industry focus on consumer goods, food and textiles is also reflected in the strong **B2C-focus** of female teams*



Corporate strategies



Purpose plays a crucial role for female teams

For female teams, **environmental and social impact** is significantly more often a core part of the corporate strategy.

In addition, 61% of female teams classify themselves as **social entrepreneurs**, compared to only 34% of male teams.

This also **reflects on other parts of the corporate strategy** – female teams tend towards more sustainable development.

Funding and growth



Business growth remains a key challenge for female founders

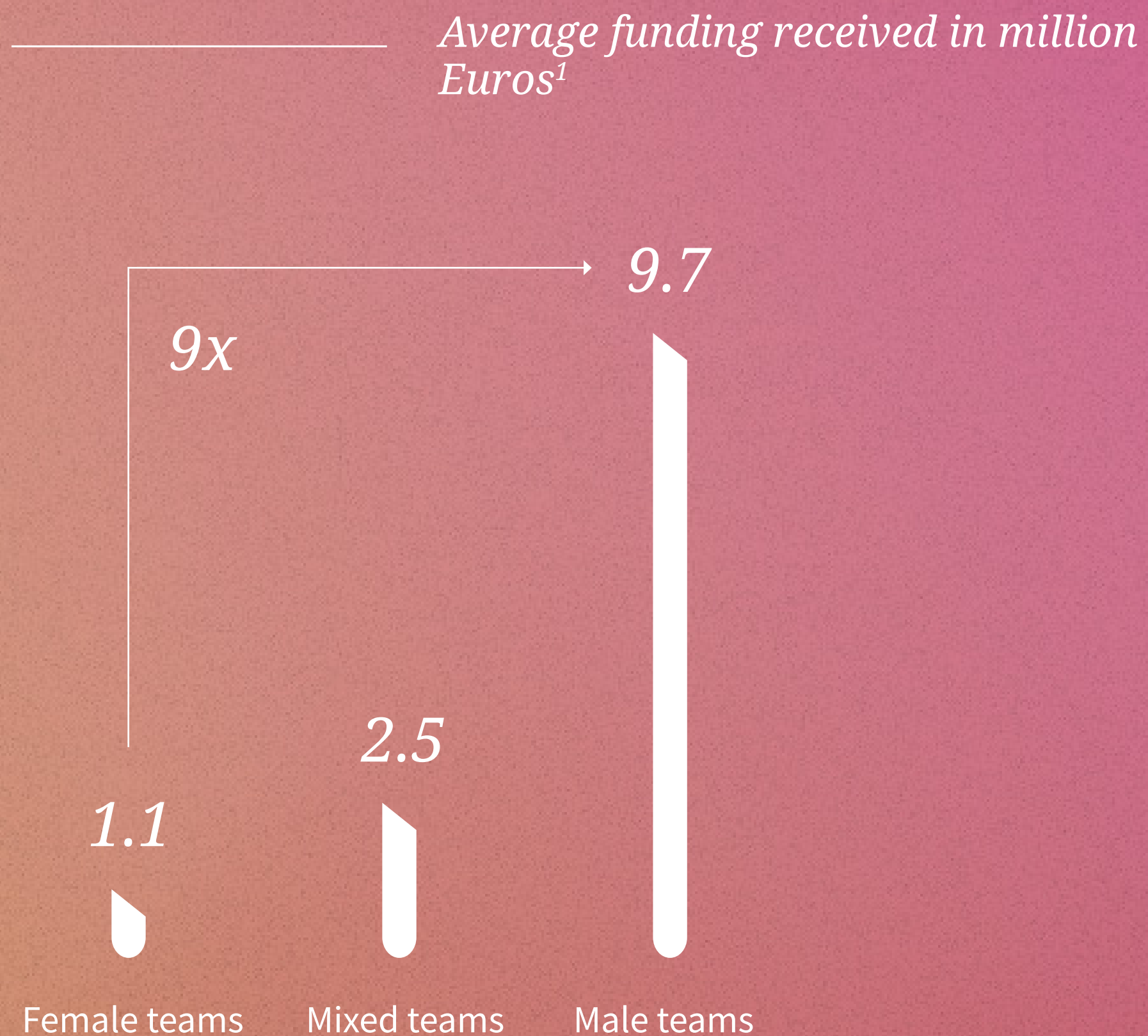
Startups founded by female teams more often do not yet have employees and **are significantly smaller on average.**

They are less represented among scaleups in particular – **challenges regarding growth are becoming apparent.**

Growth ambitions: With **planned new hires for the coming year**, the **difference is much smaller**, at a factor of 2 (5.6 vs. 12.8).



1) Team size of at least 2 founders



There is a clear imbalance when it comes to funding

Female teams¹ are nearly equally likely to receive funding (62% vs. 64%), but the **amounts they receive differ significantly.**

65% of female teams¹ **plan to raise external capital** (male teams: 70%) – and the targeted amounts differ here, as well.

With an average capital demand of € **1.6 million**, they are behind by a **factor of 3** and thereby plan more cautiously.

1) Team size of at least 2 founders

” *If we are serious about taking Germany to the top as a startup nation, we need to significantly improve the opportunities for women in our ecosystem. This means addressing structures and improving the setting for female founders, but also taking the lead and assuming responsibility.“*

Christian Miele
Chairman German Startups Association

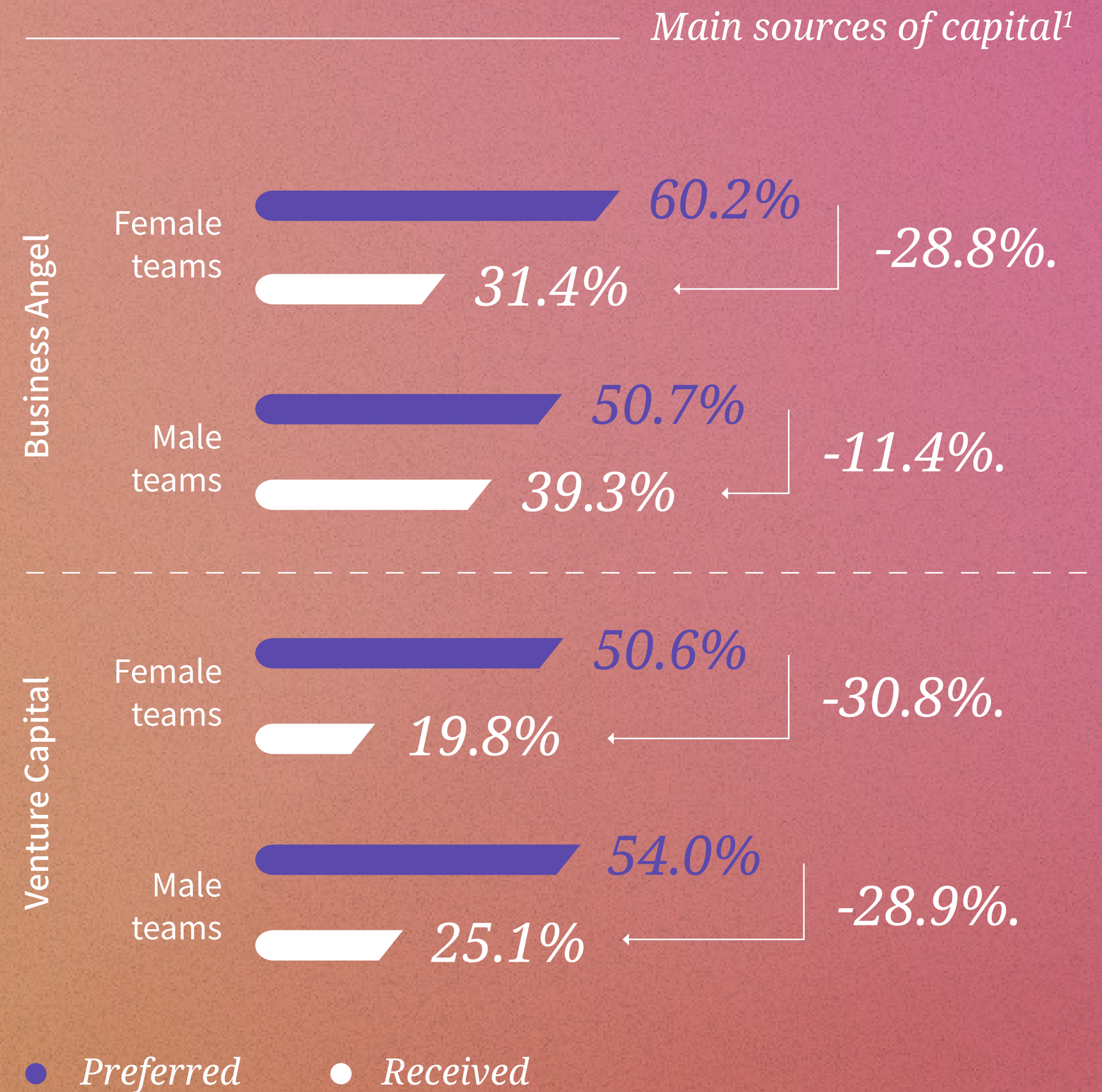
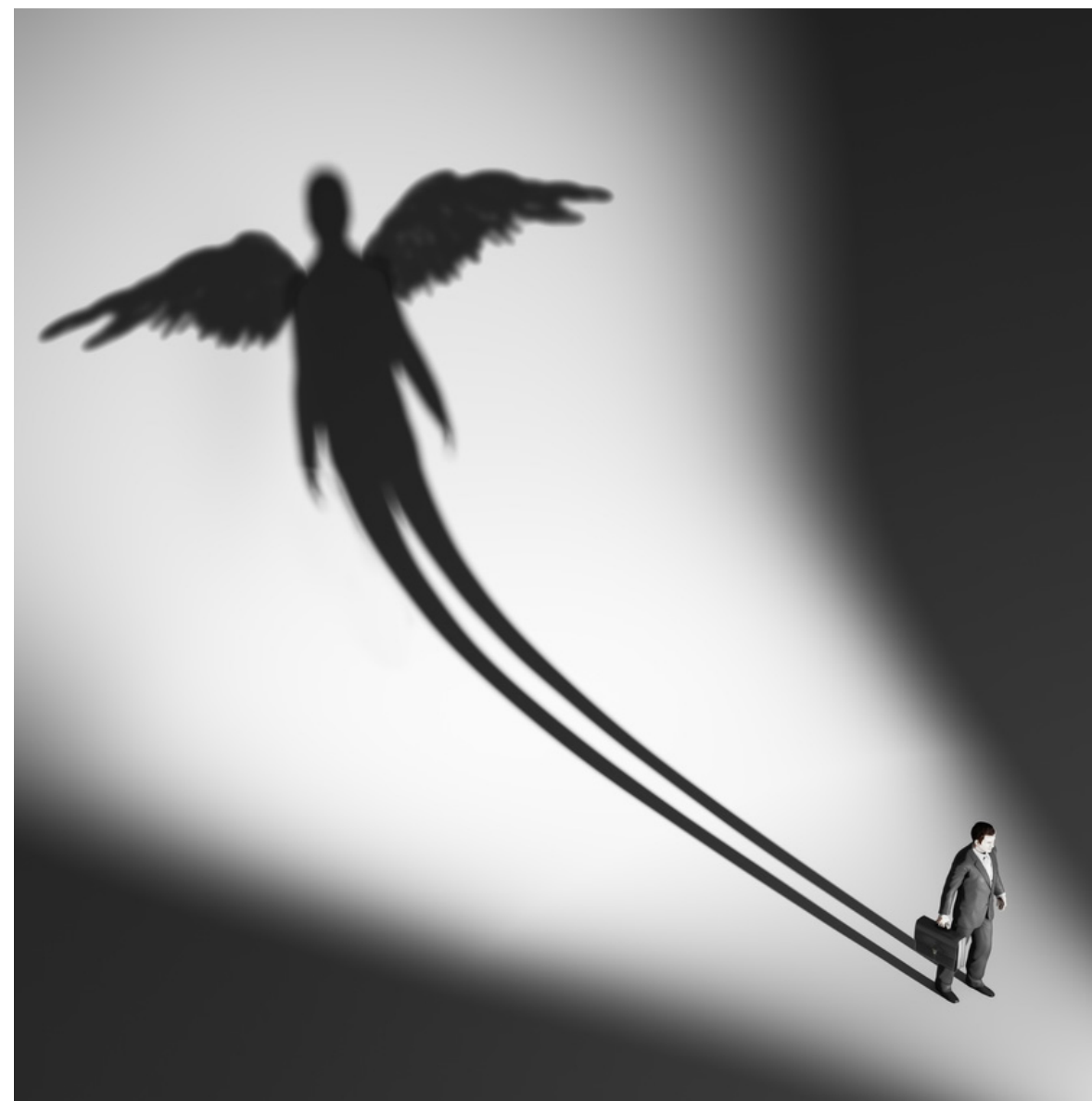


” *This year’s findings demonstrate that it is not due to their ambitions that there are so few female founders among scaleups. The difference in capital needs between female and male founding teams is much smaller than in received funding. Business angels are key to closing the gap at an early stage.“*

Prof. Dr. Heike M. Hölzner
Professor for entrepreneurship at HTW Berlin and founding member of encourageventures e.V.



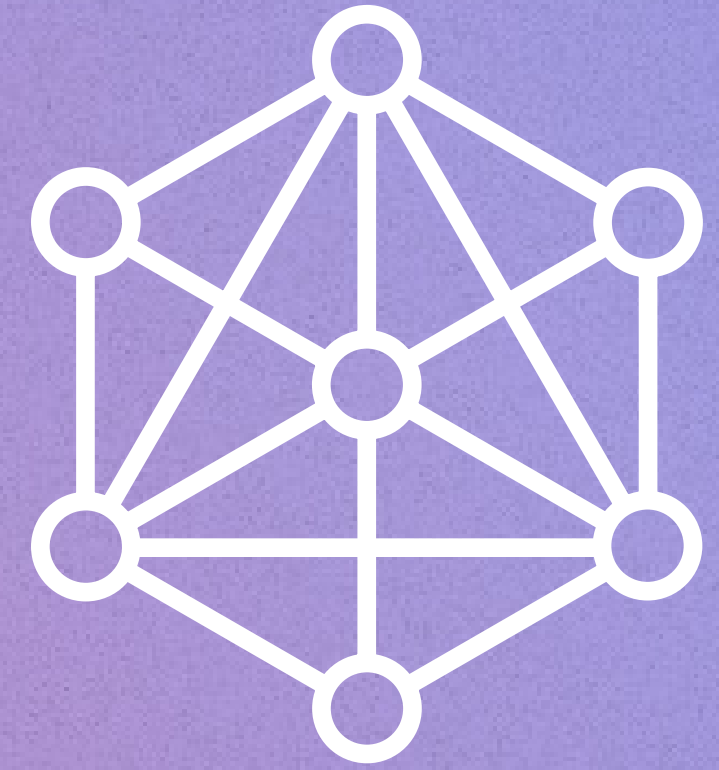
Access to business angel investors is a crucial challenge for female teams in the financing process



1) Team size of at least 2 founders



84% *of female founders say that female founders are assessed more critically than male founders when it comes to investment decisions.*



Networks and ecosystem

Relationship with investment scene has room for improvement

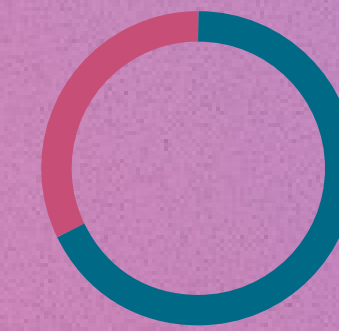
Studies show that **female founders** are at a disadvantage **in the investment process** due to gender bias.¹

Female teams that have received funding are also **less likely to be satisfied with their investors**.

This could indicate a greater **divide between female founders** and the **investment sector**.

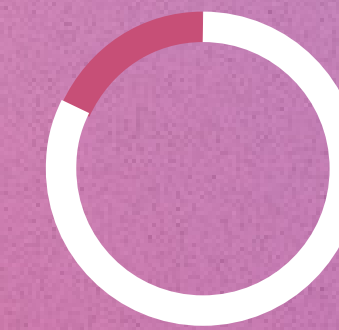
1) Hassan et al. (2020), Kanze et al. (2017)

Share of teams satisfied with their business angel and/or venture capital investors



67.9%

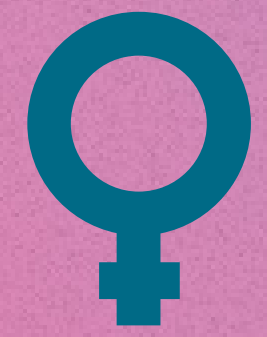
Female teams



82.4%

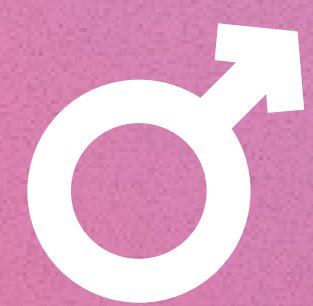
Male teams

Share of founders active as
business angels



6.0%

Female founders



15.6%

Male founders

Fewer female founders are active as business angels

In addition to expected returns, **networks and personal factors** are relevant when **investment decisions** are made.

Experienced **female founders are immensely important as business angels**, as they can share their experience and networks.

However, **female founders are still much less likely to be active as business angels** – an additional imbalance.

” *There has been a change out there among us women – and I love it. It’s no longer about that one woman at the table, it’s about how to get a second woman at the same table as quickly as possible.“*

Katharina Wolff

CEO D-Level & Publisher at STRIVE



” *A key element in strengthening female founders is diversity among investors. This report highlights once again that there still is a major need for improvement in this area, both among business angels and VCs. Having more women in the investment community will have a positive impact on the number and amount of investments for female founders in the long term.“*

Nina Wöss

Co-Founder Female Founders

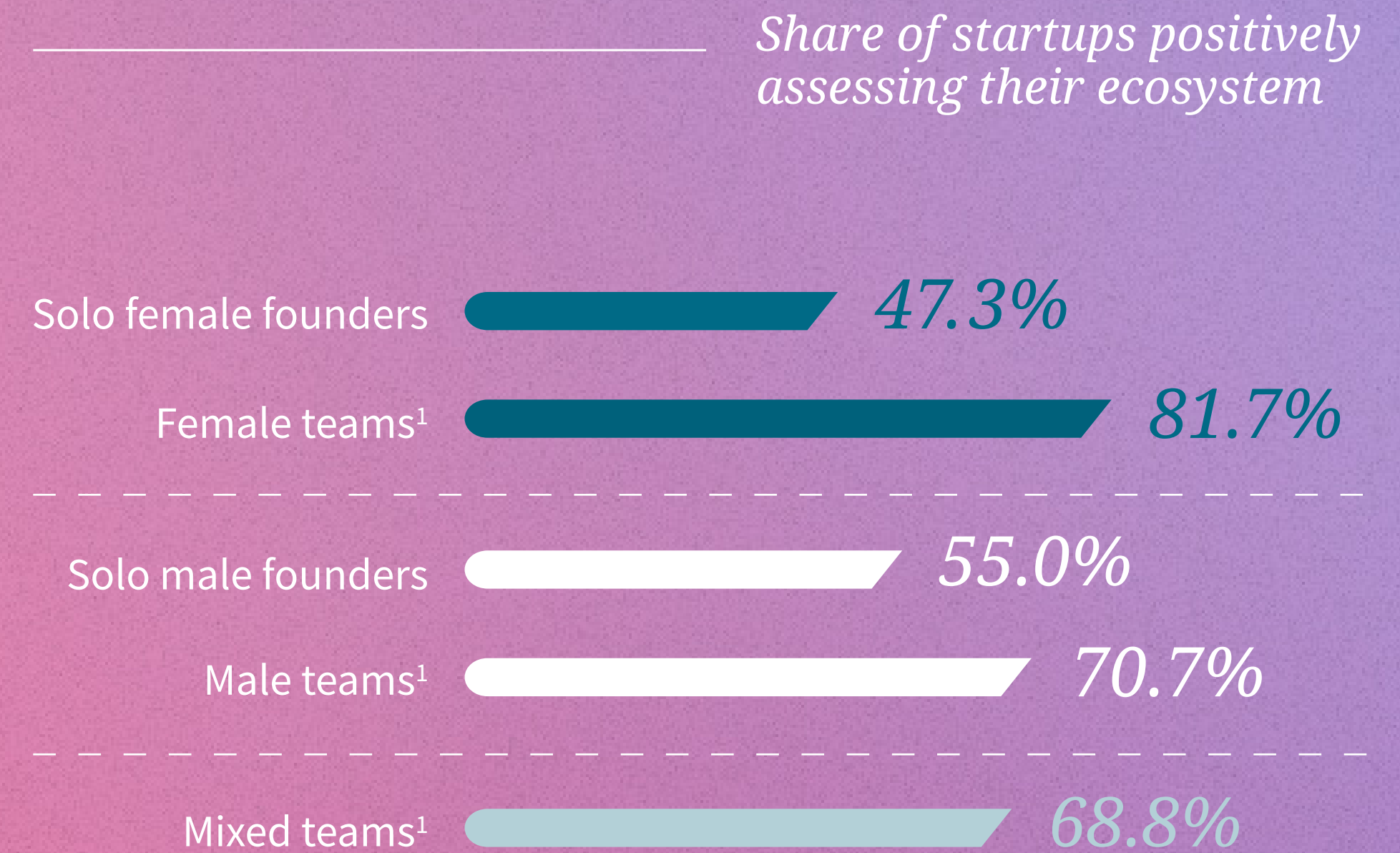


Integration into networks shows effects – especially among female founders

Teams are more connected: **Exchange** with other startups, **access to investment** and **talent** are rated more positively.

The effect is most evident among **female teams** with two or more founders – they rate the startup ecosystem **particularly positive**.

This also demonstrates the importance of initiatives that **specifically address and connect female founders**.



1) Team size of at least 2 founders



Methodology, sources and contacts

Methodology

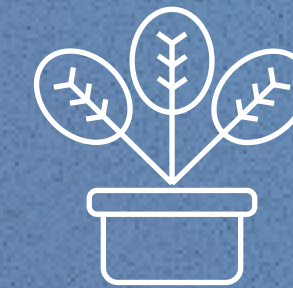
The report is based on **survey data from 1,976 startups** that participated in the German Startup Monitor 2022 (DSM).

In total, the DSM dataset includes information on **979 female founders, 3817 male founders**, and 19 founders with other genders.

The **startups in the DSM 2022** can be divided into:

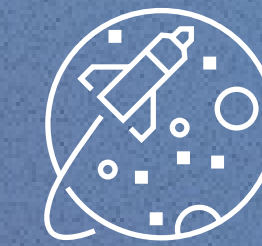
- 236 female teams (130 solo entrepreneurs, 106 teams)
- 1,229 male teams (243 solo entrepreneurs, 986 teams)
- 497 mixed teams (team size always at least 2)

Startup definition



Startups are less than ten years old,

and/or



have (or are seeking) significant employee and/or sales growth

and/or



are (highly) innovative in their use of technology and/or in their business model.

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