

**Testimony of Barbara Corcoran  
Before the Senate Committee on Small Business & Entrepreneurship**

**July 23, 2014**

Though the rate of women in entrepreneurship has risen in the past few years, the startup game remains vastly male dominated. Women led companies have received only 7% of all venture capital funding in the United States. A new study led by Harvard Business School found that both regular people and experienced angel investors are more likely to be swayed by a man's business pitch, especially an attractive man's, compared with the exact same pitch by a woman. In one test, men were 60% more likely to be awarded funding than women.

In a second experiment, 521 people (47% female) watched two entrepreneurial pitch videos that showed images related to the company being pitched but not the entrepreneurs behind it. A voice-over described the details of the pitch. In one version, one video was narrated by a man and the other by a woman. In the other, the scripts were the same but the roles were switched: The video that had been narrated by a man was narrated by a woman and vice versa. Though the content was exactly the same, 68% of the participants elected to fund the venture pitched by the man's voice and only 32% chose to fund the one pitched by a woman.

The researchers hypothesize that their findings are due to something called "lack of fit," a term coined by NYU psychologist Madeline Heilman to describe the way gender stereotypes influence evaluation in the workplace. "When we imagine an entrepreneur, people seem to imagine a man," the study's leader explains. "So when you see a female pitching an entrepreneurial venture, there's this lack of fit between what you imagine and what you're seeing." This makes the woman's pitch less persuasive.

This study highlights the fact that it'll take a lot more than 'leaning in' to fix the entrepreneurial gender gap.\*

When I started my business I was working as a waitress and had the good fortune to meet a man who offered to loan me \$1000 to start a real estate venture. If not for that loan, I would not have been able to get money from anywhere and my dream would have remained just that – a dream. But because of my access to capital I was able to build a business that employed over 1,000 people for 25 years – contributing back into the economy. Each dollar of that loan I turned into 1 job for 1 person for the next 25 years. Not a bad return for a young working girl who happened to have a lucky break.

In New York City each of my giant competitors who owned the real estate market at that time were men in suits whose fathers and grandfathers had started their companies. They had easy access to whatever capital they needed as they continued to grow and compete with each other. As a woman, it took me a cash-stretched, cash-short 12 long years before I could get my first line of credit to help me grow my business. Fortunately a self-professed “mama’s boy” from Citibank gave me the money I needed to compete like a man, and I eventually took the #1 position in my marketplace and later sold my company for \$66 million – making me rich!

Today I’m an investor on ABC’s *Shark Tank*, a TV reality show that invests in small businesses started by young men and women in America. They, too, have big dreams but don’t have access to capital, and of the 26 businesses I’ve invested in 8 are hugely successful and collectively have created 160 jobs.

As an entrepreneur, getting your hands on the cash you need to hire help, build offices and buy trucks is absolutely essential to taking something small and turning it into something big. Building a successful business takes more than talent and hard work – it takes cash.

(\*Source: Shaunacy Ferro for FastCoDesign.com)