

FROM INCEPTION TO SUCCESSION

The Six Stages of Women's
Business Ownership

CITY NATIONAL BANK



AN RBC COMPANY



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A Letter from our CEO, Kelly Coffey

At City National Bank, we like to say we were founded by entrepreneurs for those with an entrepreneurial spirit. We are proud to support entrepreneurs and businesses that make up the backbone of our economy. It's an important part of how we define our values and ourselves as an organization.

We are deeply focused on diversity, equity and inclusion, and women business owners are a group we're especially passionate about supporting. Breaking down the barriers that limit women's ability to prosper as independent business owners is critical to our collective economic future. That's why we undertook this research initiative to better understand the experiences of women entrepreneurs: We at City National are committed to helping women business owners succeed at every stage of their entrepreneurial journey.

That starts with education and access. Access — whether to information and resources, business relationships or even banking — remains one of the biggest barriers to entry for women business owners.

City National has a long history of providing guidance and educational resources to business owners of all backgrounds that dates back to our founding in 1954. We strive to empower women business owners with the tools they need to succeed, and we're committed to helping women to learn, grow and thrive as entrepreneurs.

Kelly Coffey
Chief Executive Officer
City National Bank

Women-owned businesses are driving economic growth in the U.S., collectively earning trillions of dollars in revenue and employing millions of people.

Business ownership offers women a degree of freedom and control often not available in the corporate world. It allows them to thrive on their terms, pursue their best ideas and set their schedules.

Of course, there are obstacles. Unfortunately, women have sometimes been discouraged and discredited as business owners. They continue to face a corporate environment that takes them less seriously than their male peers. Because of this, women are also less likely to have a network of customers, mentors and investors.

Many women need more time to focus on family or children first rather than spending many hours starting a business. They also

often have a harder time finding a work-life balance that works for them.

Even so, more women are becoming business owners and thriving.

We launched an intensive research initiative to better understand the experience of women entrepreneurs along their journey to, and throughout, business ownership.

Women who are planning a business have all the challenges that men do, plus a few more. Double standards and discrimination are real. Self-doubt can be crippling. Yet our research shows that with careful planning and the right resources, women entrepreneurs can overcome these barriers to create successful businesses on their terms.



\$1.8 trillion in sales, shipments, receipts, or revenues from U.S.-based, women-owned businesses



1.1 million women-owned businesses in the U.S.



10.1 million workers employed by women-owned businesses in the U.S.

[Hait, Andrew W. "Number of Women-Owned Employer Firms Increased 0.6% from 2017 to 2018." Census.gov, 8 Oct. 2021.](#)



THE SIX STAGES OF WOMEN'S BUSINESS OWNERSHIP

While no two businesses are the same, we discovered that many women-owned businesses go through six distinct stages in their growth, each bringing its own unique set of emotions, experiences and needs for support — from balancing family and work, navigating financing and investments, to discovering and establishing how they lead their business.

The six stages common along the women business owner's growth journey are:

1

INCEPTION: THE IDEA

In this stage, women may feel unappreciated at their current workplace. They're seeking greater flexibility and opportunity. They have an idea about fulfilling an unmet need in the marketplace or turning a passion or side project into a viable business. At this stage, the business is only an idea. Still, it's time to start thinking and planning for resources, partners and the right support systems to turn ideas into reality.

2

PLANNING: THE STRATEGY

Here, women business owners begin to turn their idea into reality. They start researching their industry, drafting a business plan and building a network of customers, suppliers and mentors. Women at this stage can benefit from education on business basics via webinars, panels, articles and conversations with experts, as well as meeting and learning from other business owners. This stage lays the foundation for the business's future success. The decisions and partnerships made during the planning phase significantly impact the business as it grows.

3

STARTUP: THE LAUNCH

Many business owners do not turn a profit within the first several years. This is an intense period in which entrepreneurs seek customers while fine-tuning how they run their businesses. It can also be a financially lean time, as many entrepreneurs fund the early years with savings or credit cards and invest all profits back into the business. Business owners can benefit at this stage from cash management expertise that can help them make the most of their available funds. They can also benefit by connecting with peers and mentors who have been where they are before.

4

GROWTH: PROFITABILITY AND EXPANSION

Growth can look like many things, from hiring employees to adding new locations or products to improving operations to handle more business. During this phase, business owners typically become more confident in their capabilities. But our research showed that learning to seek help and delegate is a common challenge. Business owners may require capital at this stage to achieve their growth objectives, so access to debt or equity financing can be crucial.

5

MATURITY: MAINTAINING SCALE AND CULTURE

At this stage, business owners have reached their initial growth goals, and they are now aiming to sustain profits while continuing to improve company culture and work-life balance. Women entrepreneurs at this stage are justifiably proud of their achievements. They often focus on being their best boss by offering an environment and culture that supports their employees. A consultant who understands worker-friendly benefits can help them create the culture they envision. Business owners who have reached this stage in their business's growth can also be a resource to others in the earlier phases. They can share what they've learned and how they overcame obstacles and found their stride as business owners.

6

SUCCESSION: THE EXIT STRATEGY

Whether it has been five years or 40, the business will eventually be ready to be acquired, merged, go public or be handed down. After spending significant time building a company, it's understandable for an owner to identify with their business strongly. Life without it can be difficult to contemplate. They also often need to learn how to transfer a business in a way that both achieves their goals for the company and provides funds that can support them as they move on to their next venture or retire. Financial and strategic advice can be critical at this stage.

In the following pages, we'll explore these stages in more detail. We will look at the roadblocks that many women may face and the emotions they may be feeling. We'll include examples of how women business owners have managed each stage of the entrepreneurial journey and suggest strategies for successfully moving through this process.

We conducted 90-minute interviews with a robust sample size of 20 women business owners. These women made up a diverse group by age, race and ethnicity. Their businesses were at various stages of development, from less than five to over 20 years in operation. They represented a range of industries — from professional services to manufacturing. And they were successful. Eighty percent of respondents' businesses had \$1 million or more in annual sales revenue.

We also talked to a select group of five subject matter experts. These included women who are founders, leaders and

members of women's business organizations, serial entrepreneurs, venture capital and angel investors, and City National business bankers. Like the business owners, this group was diverse in age, race and ethnicity.

Overall, this research aimed to go deep on topics and perspectives through qualitative one-on-one interviews, rather than broad with a larger-scale quantitative survey.

We interviewed women only, so any assertions about male business owners came from their perspectives and experiences, not from male entrepreneurs themselves.

THROUGH OUR RESEARCH, WE WANTED TO KNOW:

- What does the entrepreneurial journey look like for women: physically, emotionally, mentally and financially?
- Who or what motivates the start of the entrepreneurial journey? What are key milestones?
- What tools and resources do women entrepreneurs use? Which are underutilized? Which do they need, but can't access?
- How do female entrepreneurs structure their businesses from a human capital perspective?
- How can City National better reach and support women entrepreneurs throughout their entrepreneurial journey?

Chapter 1

The Inception Stage

“When I started my business, I didn’t have any support. I didn’t have anyone I could ask, ‘Is this normal?’ or ‘Should I do this?’ But I just refused to be stopped.”

Jamila, GA, *Founder of a Furniture Restoration Business*

Starting a new business is scary. Women business owners often lack confidence in their abilities, and family and friends may amplify these doubts. Yet for women who overcome them, owning a business can create a feeling of independence and control that is hard to match working for someone else.

“One of the trends I see in women business owners is a lack of confidence,” said Amanda, a venture capitalist. “People talk about imposter syndrome as if it's something you should individually overcome, but it's a product of systemic institutional development.”

Networking and educational opportunities can build that confidence. Business owners thrive when they can connect with fellow entrepreneurs on shared issues. Mentorship between women at the beginning stages of business ownership can be especially beneficial. Seminars about fundamental business concepts like how to write a business plan, how to seek financing and what you need to know when you hire employees can provide added confidence as owners take on the challenges of starting a company.

Seeking flexibility, dealing with guilt

Although women start businesses for many different reasons, flexibility is often a key motivator. Many female entrepreneurs first consider launching their own companies so that they can spend more time with their children. Melanie, who heads up a retail services business, said that motherhood set her on the path toward business ownership. She explained, “In my previous job, there was very little flexibility. That lack of flexibility really became apparent when I had a child.”

Although entrepreneurship affords some flexibility, women business owners often find that they need more time to spend on their families than expected. Navigating parenthood while running a business can raise complicated emotional issues. Many women business owners face a societal double standard to balance their work and their families more than men. They feel guilt when torn between the two. When there's a conflict such as a missed ball game or a piano recital, friends and family members quickly blame the woman business owner for prioritizing the business over their personal life.

“When my corporate employer didn’t want to pay me what I was worth, and they were getting rich off my efforts, I said, ‘I can do this on my own.’”



Frustration with corporate life

Not all women who start businesses are looking for greater work-life balance. Some of them feel limited creatively and professionally in a corporate setting. Poor leadership can make them feel unappreciated and undervalued. Their manager may not listen to their ideas, or they may see little opportunity for advancement.

“When I left and I started my own business, I had no idea what I was doing,” said Sheila, the founder of a custom packaging firm. “When my corporate employer didn’t want to pay me what I was worth, and they were getting rich off my efforts, I said, ‘I can do this on my own.’”

Not all women who start businesses are looking for greater work-life balance.

Our research shows that women who push through toward success find business ownership can build confidence and rekindle their passion for their careers. One founder of a pet care industry company remembered, “I was pregnant and leaving an abusive relationship with the baby's father and also finishing my degree. I thought, ‘What else do I love?’ I really love animals. I thought, ‘I can absolutely make this a real business.’”

The inception stage is a challenging time emotionally for women founders. A common shared experience among them is

a sense of dissatisfaction with their current employment and a strong desire to do more for themselves, both personally and professionally. It can also be a terrifying time, considering whether they're ready to take that leap.

Founding a business is a challenging experience for everyone. But the additional barriers women founders face can make it seem all the more daunting. However, it has been a source of incredible empowerment and pride for many women who have managed to succeed.



Chapter 2

The Planning Stage

“In the year I started my business, I started setting up bank accounts and a credit card, filing the paperwork for my LLC, organizing shipping and reaching out to clients. I had taken a month off after leaving my job and then spent two months to get it all in line. Then when I was ready, I came back prepared and correct.”

Regina, NY, Jewelry Wholesaler

Turning an idea into a business takes planning. In this stage, women make their business a reality by writing a business plan, lining up clients, networking with suppliers and mentors, and assessing financial needs.

Determining day-to-day business functions can be an exciting phase. Our research showed that these entrepreneurs take great pride in building businesses that reflect their values and passions.

The planning process enabled our entrepreneurs to shape their businesses so that they offered the flexibility, balance and fulfillment lacking elsewhere. These women are not motivated by financial concerns alone but have more holistic aims. They share a common mindset characterized by creative problem-solving, compassion and a determination to do and be better for themselves, their families, customers and employees.

However, the business owners we spoke to also acknowledge their unique challenges as women. Like many business owners at this stage, most required more business knowledge when they started this process. They also needed more peers or mentors to rely on to determine how their business would operate. All of the founders we interviewed wished they had more support during this stage.

Unfortunately, even friends and family discouraged women from launching their own companies. Many female business owners felt guilty because their loved ones disapproved, especially if they were mothers or already in successful careers. Yet by taking on the challenges of planning a business, step by step, these entrepreneurs gained confidence and skills.



2.3% of global venture capital and private equity financing went to women-owned businesses in 2020¹



35% estimated GDP gain from closing the gender gap in labor force participation in regions with low current labor force equality²

¹[National Women's Business Council - Annual Report 2021 - NWBC. Nwbc.gov.](#)

²[Ostry, Jonathan D., and Christine Lagarde. "The Macroeconomic Benefits of Gender Diversity." CEPR, 5 Dec. 2018.](#)

“Once I decided what I wanted to do, I launched into market research. I just started researching who’s out there, who’s doing this, what are the rules.”

For instance, when Priyanka began taking steps to start a prescription services business, she faced opposition from her family, who wanted her to remain a practicing doctor. What did she know about technology, getting financing or running a company? But despite these pressures, she pushed on, developing the skills she needed to succeed.

Many women business owners learn as they go. Chun, who founded her New York-based pet grooming and daycare business, said she studied similar companies to develop a business model. “Once I decided what I wanted to do, I launched into market research. I just started researching who’s out there, who’s doing this, what are the rules,” she explained.



Most women, like many business owners at this stage, had little business knowledge when they started this process.



Finding the right resources

Women business owners feel they need more resources in the planning stage than at any other time. But they needed help finding the industry information, financial education and network connections that they needed. They often had to take a do-it-yourself approach to build their business.

Many women business owners turned to LinkedIn and Facebook groups for business advice and support. However, they found these offered only general information, not the industry-specific answers that would help them structure their businesses. Others joined associations, but many felt these did not provide the information or networking opportunities they promised.

Amanda, a venture capitalist (VC) who invests in women-owned companies, said that women could find what they need, but it may take some digging. “What I’ve found is that there’s actually an abundance of resources: It’s almost like too many resources. The issue is it’s hard to figure out what is the right resource for you.”

The internet has been a godsend for Jo, who heads a New York-based property management business. “I really looked for resources, but now with the internet, everything is so much easier. Google is my best friend,” she said. “I Google everything or look on YouTube if I don’t know how to do something. I just take more time on the internet and look for what I need.”

With the prevalence of information available online, the challenge of not just finding information but verifying it and ensuring that

it’s coming from a credible source adds a new layer to the equation.

Accessing financing

Even the smallest, newest businesses require a sound financial foundation. The women business owners we spoke to found financial matters incredibly challenging. These women often needed to become more familiar with financing options like business credit cards and loans. Many could have benefited from solid contacts with bankers or other financial providers.

As a result, many participants used their own funds to start their businesses rather than borrow. Several started their businesses without initial overhead, which reduced their need for investment funds.

Essential Topics for Business Ownership

As entrepreneurs, it’s important to continually learn and grow to achieve success. However, many participants in our study mentioned gaps in their knowledge that can hold them back. Some topics require deeper study, including:



Forecasting



Payroll



Investing



**Lead
Generation**



**Exit
Strategies**

5 REASONS WHY WOMEN FUND THEIR OWN VENTURES



A strong desire to make it on their own without relying on a financial institution.



Worries about owing money if their business wasn't successful.



They thought it would be easier to rebuild savings than to pay off a loan.



Distrust of banks to be understanding and reliable.



The lack of a financial relationship contact.



The planning phase is where the work truly begins — scouring the internet and social networks, doing independent research and talking to peers. Women business owners at the planning stage have had to work harder to access the resources they need to start their businesses on the right foot.

Often moving through this stage in their business with a level of distrust in financial institutions, many founders have made

financial sacrifices to get their businesses off the ground — whether it be self-funding, dipping into savings or taking out personal loans. Finding access to the right financial resources at this stage is crucial — something the industry must confront if it genuinely wishes to support the growth of the next generation of women business owners.



Chapter 3

The Startup Stage

“One thing that owning a business has taught me is that you have to have a voice, and you have to be heard. If you don’t ask, you don’t get.”

Lisa, NY, Toy Store Owner

Shanice, who founded an entertainment business, values communication. “I have an open-door policy, of course. Employees can talk to me about anything: their concerns, raises, anything.”

Traditional childhood experiences taught many women to be quiet observers rather than active participants. That changes when a woman starts a business.

During the startup phase, women business owners must learn to advocate for themselves, their companies and any employees. This is an opportunity for women to learn to stand up for their beliefs and decide who they want to be as managers, colleagues and friends.

They do this while also handling the many details and challenges of running a company. They make sure they have inventory, fine-tune business strategies and put their ideas into action while also dealing with the financial stresses of financing their businesses. But even at these early,

exhausting stages, women business owners tend to take a longer view, putting in place a culture and support system for themselves and their employees.

These women want to be better bosses than the ones they had. They often seek to foster a sense of friendliness, openness and equality among their staff so that everyone feels comfortable learning and growing. Nancy, who leads a multimillion-dollar agricultural technology firm, explained, “Work-life balance is important to me. I want to give the same experience to the employees as well. I think that comes from the values of being a woman.”





**Knowing what you know
and don't know**

Entrepreneurs at this stage start to understand their strengths and weaknesses better. They know what they're good at and where they need additional help. "Many entrepreneurs, especially women, already feel comfortable with marketing and feel comfortable with product and product development, but they have a lot of gaps on the legal side and the financial side in particular," said Amanda, a VC who invests in women-owned companies.

Although women business owners understand many aspects of their businesses thoroughly, our research suggests that they would like to learn more about specific topics like forecasting, payroll systems, investing, lead generation, career planning and how to make the most of referrals.

Surviving the lean years

The startup phase also tests business owners' perseverance since many companies don't turn a profit for several years after the launch. Many women business owners live off personal funds and loans during this period. A few we talked to saved money by working from a relative's or parent's home. Any profits went right back into the business.

However, many new business owners could have made better use of their revenues during this phase because they needed someone to advise them on cash management strategies. Access to quality business advice continues

to be one of the most significant barriers facing women business owners. Finding those resources is a crucial part of the future success of a business.

This is also the stage where many companies start looking for outside investment — a historically male-dominated arena that many women business owners find particularly challenging. These women must prove themselves to people who doubt their business because of their gender. A reliable network of peers and mentors is vital through this process.



An emotional rollercoaster

The startup phase is full of ups and downs. Business owners often find themselves swinging wildly from confidence to self-doubt. Those supporting family members may feel especially anxious as they face setbacks, wondering if they were selfish to choose entrepreneurship over a steady paycheck.

For this reason, it's important to develop a support system of key employees, suppliers and fellow business owners. They can serve as a sounding board and a reality check on the progress of a new company. But while most business owners face obstacles, growing a company can be its own reward.

Jamila, who started a furniture restoration company, said that few people believed in her early on. She needed basic business knowledge but was determined to learn and

prove people wrong. Jamila believed in her ideas and her value as a business owner. She knew owning her own business would give her freedom. Today she takes pride in her work and company, one of Georgia's leading furniture restoration businesses.

Unfortunately, the startup stage is where many business journeys end. The harsh realities of the business world can often prove too much, even for the best ideas. At a financially challenging time, it's common for women business owners to begin to doubt themselves at this stage.

Those we spoke to who found success at this stage were able to find a way to work through that doubt — whether it was finding their grooves as business owners, leaning on a network of mentors and partners, or just plain perseverance.



76% of the founders of women-owned businesses nationally (U.S.) used personal or household savings as their primary source of capital



6% obtained a business loan from a bank or financial institution

[Factors Influencing the Growth of Women-Owned Businesses. Nwbc.gov, Dec 2018.](https://www.nwbc.gov/dec-2018)

Chapter 4

The Growth Stage

“Bringing on a manager to handle day-to-day operations was life-changing for me. Before, I was constantly on my phone, every second of the day. Hiring a manager has allowed me to take a step back and think big picture.”

Chelsea, CT, Founder of a Vocal Instruction Business

FOUR WAYS TO LOOK AT GROWTH

Business owners can define growth in any number of ways, but we found that most women business owners fell into four broad categories:



Profitable

Some focus on profitability first, seeking to maximize income from operations before expanding with new locations or hiring. These business owners expressed interest in learning more about how to project annual profitability.



Organizational

Others aim for organizational growth. They understand that adding employees, customers or locations may require them to rethink their businesses. This could lead to new tools for managing staff, a vendor network or customer relationships.



Internal

A third group put a premium on internal growth. These business owners want to help their employees learn and grow with carefully chosen benefits, training and a culture that supports personal growth. Many of these entrepreneurs told us they wanted to hire more people to strengthen and build their staff. They were looking for a way to delegate some of their work to employees, so that they could focus on building their companies.



Personal

Among all the focus on the business and its success, personal growth is also something that many entrepreneurs start to value at this stage. They have come a long way from having the idea that sparked their business ownership journey. After years of working hard, learning and growing their business, looking back on how that experience has changed them over time can be rewarding.

Even within these categories, we saw a great deal of variation, as women business owners discovered the kind of growth that best fit their vision. The growth stage is about dreaming big and taking concrete steps that will allow a business to reach its potential.

Long-term planning and goal setting

Business owners constantly react to short-term problems and opportunities, but success during growth requires a longer view. It's important to step back from the day-to-day and set long-term goals. How much revenue do they want to earn? Do they want to expand into new markets? If they serve one customer type now, are there others that might be profitable? Are there other products or services that they could offer? Do they have the right team in place to support future growth?

With these long-term goals in mind, business owners can develop a plan for reaching their objectives step by step. How many customers will they have to add to achieve revenue goals? Which locations fit best into their expansion strategy? What other products should they highlight? It's essential to track progress through concrete, measurable data.

Hiring and expanding

Hiring is a critical part of growth for many business owners. It allows them to delegate routine tasks to others, freeing them to focus on strategic issues. However, it's also tricky. Most business owners need help attracting and retaining trustworthy and responsible employees.

Jo, the founder of a New York-based property management company, said she's still working on building her team. "We'll be able to grow more if I can hire more people. It is very difficult now. The people that I have are working so hard."



6.2% of male-owned companies globally have a female as their top manager — 50% for women-owned businesses



25% of employees of male-owned businesses globally are women — 43% of employees of women-owned businesses are female

[Goldberg, Pinelopi, and Gaurav Chiplunkar. "Aggregate Implications of Barriers to Female Entrepreneurship." CEPR, 19 Apr. 2021.](#)



“Retaining talent has been one of my toughest challenges,” said Dolly, who manages a travel consulting business in California. “I was willing to gamble on hiring the right team and keep them for quite a long time and, if possible, forever.”

Finding the right team can be key to any growth strategy, whether entering new markets, designing new products or marketing at scale.

Testing and pushing limits

Business owners in the growth stage often navigate changing external conditions that force them to adapt. For instance, the pandemic affected every business owner we interviewed, some positively and some negatively. To stay afloat, many entrepreneurs closed stores, furloughed employees and altered clientele, services and products. Others pivoted their businesses to suit the new environment.

For Chelsea, founder of a vocal instruction business, the COVID-19 lockdown presented an unexpected opportunity. Chelsea had just opened her singing studio when the pandemic forced her to shut her doors. She quickly shifted her business to offer online lessons. Online classes allowed her to reach

students all over the country, encouraging her to hire a manager for the growing business. Chelsea is looking to hire but plans to cap her business at 30 teachers. Doing so helps ensure she retains the quality of her instruction and the culture of community among her employees.

Although Chelsea’s digital transformation was more dramatic than most, other entrepreneurs also built or augmented their online presence during the pandemic. For some, expanding digital capabilities helped grow their clientele and business.

Continuing to build confidence

In the growth stage, women business owners often begin to feel more confident as they earn more income and gain more experience. As their businesses become more successful, many say individuals who doubted them in the initial stages become more encouraging and supportive.



Although they are building a record of achievement, women entrepreneurs in this phase still grapple with self-doubt and negative feelings. Even if the business is doing well, they will become angry with themselves if they miss an opportunity or make a mistake. It's hard for them to seek help, even in areas where they have limited skills or experience, for fear of appearing weak or incompetent.

At this stage of the business journey, women must find balance and flexibility. They need to learn to delegate more to their employees while remaining involved and aware. This is easier said than done, but striking the right chord brings significant satisfaction. At this stage, women business owners have been able to reflect on where they've come from and start to take that learning and experience to share with others.

Chapter 5

The Maturity Stage

“When you find employees who think out of the box and have a can-do attitude, that is a slam dunk. I found some really great people who didn’t actually have a lot of experience, but they had a phenomenal attitude and were upbeat, enthusiastic and creative.”

Dolly, CA, Travel Consulting Business Manager

In the maturity stage, businesses are stable and profitable. They serve a large, loyal customer base that understands and values their products and services. They have a seasoned team of employees who work well together. These companies may be growing slower than in the past. But they've reached a point where they satisfy an owner's goals for size, profitability, market share and reputation. Now the business owner must maintain that business at this larger scale while building and reinforcing company culture.

Defining company culture

Women business owners who reach this stage are justifiably proud of their success. They are primarily motivated to be the good boss who was missing in their early jobs. As they gain confidence and experience, they begin to work toward a leadership style that promotes compassion, retains talent and sustains organizational quality.

While this is a stage in the business journey where many business owners focus on "hockey stick growth," M&A opportunities or even a public listing, the women business owners we spoke with placed company culture among their top priorities.

Most strive to create a fun but productive work environment. Regina, who owns a New York-based wholesale jewelry company, said her management style "is fun with a serious

edge." Neda, the founder of a California custom stationery company, explained, "We're tight. We're warm. It's like my second family." And Lana, who heads a New York-based travel consultancy, said, "I treat them like they work for themselves."

Reinforcing culture with benefits

Early-stage entrepreneurs typically need help to provide full benefits such as paid time off or health insurance. The business owners we surveyed said that they offered flexible environments and worked with employees when they could on a case-by-case basis to facilitate a sense of camaraderie and accommodate employee needs.

However, as a business grows, benefits can become essential. They help attract and retain the high-quality employees that business owners need while reinforcing a culture that values individual effort. Business owners may require outside expertise to structure a benefits package that meets their needs. For example, many women we interviewed said they would be interested in a service that formulated official benefits, diversity and human resources policies in a written company manual.



At this stage, an experienced banker or financial advisor can help business owners create a sound foundation for their companies. This is also a time in the business owner's journey when personal wealth planning advice can complement their goals. Taking a holistic view can help ensure long-term financial health in the future.

Stability not stasis

Mature companies may have reached the size and level of success that the founder envisioned, but they can continue to evolve. Even at this stage of growth, women business owners need to be able to react to new opportunities and risks. Many mature companies continue to expand by adding employees, locations and business lines. A few reinvent themselves with new products or services that take them to the next level.

Whether women business owners are growing their companies or keeping them stable, this is an excellent time to review processes to ensure they still support the business. For instance, if you set up human resources as a startup with three employees and now have 100 staff members, you may

need to upgrade your capabilities. In the same way, the ad hoc solutions for legal, accounting, IT and other services that got a company off the ground may not work for a mature enterprise. A thorough review can turn up opportunities to improve operations.

This time is also an opportunity to review a company's finances, including cash management systems, debt and equity capital. Entrepreneurs who funded early growth with their personal credit cards will now have an opportunity to borrow on more favorable terms. Companies with a multiyear history of profitability and growth may attract venture or private equity capital. Sophisticated cash management can balance a company's needs for liquidity with the potential for higher yields.

Taking pride and looking forward

In the maturity phase, women business owners come into their own. The company that started with an idea at a kitchen table or cubicle has become a profitable enterprise. These dynamic entrepreneurs now have customers who value them, employees who believe in them, and, in some cases, financiers who want to invest in them. They feel justifiably confident, empowered and supported.

Women who reach this stage should celebrate their accomplishments and acknowledge how far they've come. But as more people depend on their success, it's also an opportunity to seek support, advice

and guidance for both the owner and their employees. Check in with valued staff. Connect with other entrepreneurs. Reach out to vendors and customers.

At this stage, having found success with their businesses, women business owners can serve as great resources for other founders starting their journey. Joining industry associations or networking groups, taking on mentorship roles, or even public speaking engagements about their experience are all ways for successful founders to share their knowledge with the next generation of women-led businesses. These are opportunities to make future founders' paths easier than it was for them.





Chapter 6

The Succession Stage

“A business is yours. You can pass it down. My goal was to build a legacy instead of putting my life’s energy into somebody else’s dream.”

Jamila, GA, *Founder of a Furniture Restoration Company*

For many women, this succession phase is as exciting and nerve-wracking as when they started their company. It's normal to struggle with doubt and fear about such a big change. But remember, just as it was when launching a business, the journey from here is up to the entrepreneur.

Most women business owners find that their company becomes much more than a job. It's an essential part of their identity. They don't like to think about retiring, selling the company or passing the torch to the next generation. But planning for an eventual exit is essential to the business journey. It can ensure that business owners have the resources for the next stage of their lives and can provide a legacy for their families. It can enable their companies to continue successfully even after they are no longer playing an active role.

When asked about their succession strategy, many women business owners said they felt indecisive and overwhelmed. They have poured so much of themselves into their businesses, emotionally, financially, personally and professionally, that it's hard to imagine stopping. However, most acknowledge that someday they would like to step back and spend more time on themselves and their families.



Regina, who founded a wholesale jewelry business in New York more than 30 years ago, has formed long-standing personal and professional relationships. She also refers to herself as a collector of people she considers a part of her professional family. Regina knows it will be difficult to part with these people when it's time to retire, or if she gets an attractive offer to sell her business. But she is also concerned about her ability to keep up with a rapidly changing industry. "The dinosaurs are dying off in my industry, and younger people are coming in.

I'm in the middle, which is a good thing," she explained. "I'm not super techy, and I don't want to learn a whole new technology to run my company. I'm 52, and I hope in my 60s I'm on a beach somewhere."

Some participants feel they are leaving a legacy behind for their children and hope their children will continue with the business. But even if the children are able and interested in taking over, this transition takes preparation.



ENTREPRENEURSHIP IS MORE THAN A JOB

Many women echo the sentiment that the business is not just their job, but who they are. As they continue their journey entrepreneurship becomes integrated with their lives and their identities.

Because of this, many strongly identify with other women business owners and appreciate hearing stories from them.

Practical steps for planning succession



The first step toward any successful transition may seem obvious, but it's often quite difficult. Business owners must identify someone who can and is willing to run the business. A successor can be an adult child or longtime employee. It may even be a competitor ready to buy the business out. One of the most complex parts of succession planning is getting past this first step.



Business owners should list the skills and personal qualities they see as essential to running their company. Then they can begin talking to their preferred candidates and helping them understand the leadership role.



Ideally, there should be a transition period in which the new leader learns alongside the founder. This allows the new leader time to get familiar with the company, staff and business model. After this transition period, some founders stay on in an advisory capacity. Others exit completely.



In a perfect world, succession planning should start on day one. But generally, five to seven years out is a realistic time frame to ensure that everything is in order when it is time to say goodbye.



If the entrepreneur sells a company, they'll need an independent appraisal of its value. The new owner may require financing to purchase the company. A business broker who is managing the sale can present a variety of financing options.



Business owners should also think carefully about what they want to do after exiting their companies. Some may want to retire, travel more or spend time with loved ones. Others may want to start another company and become serial entrepreneurs.

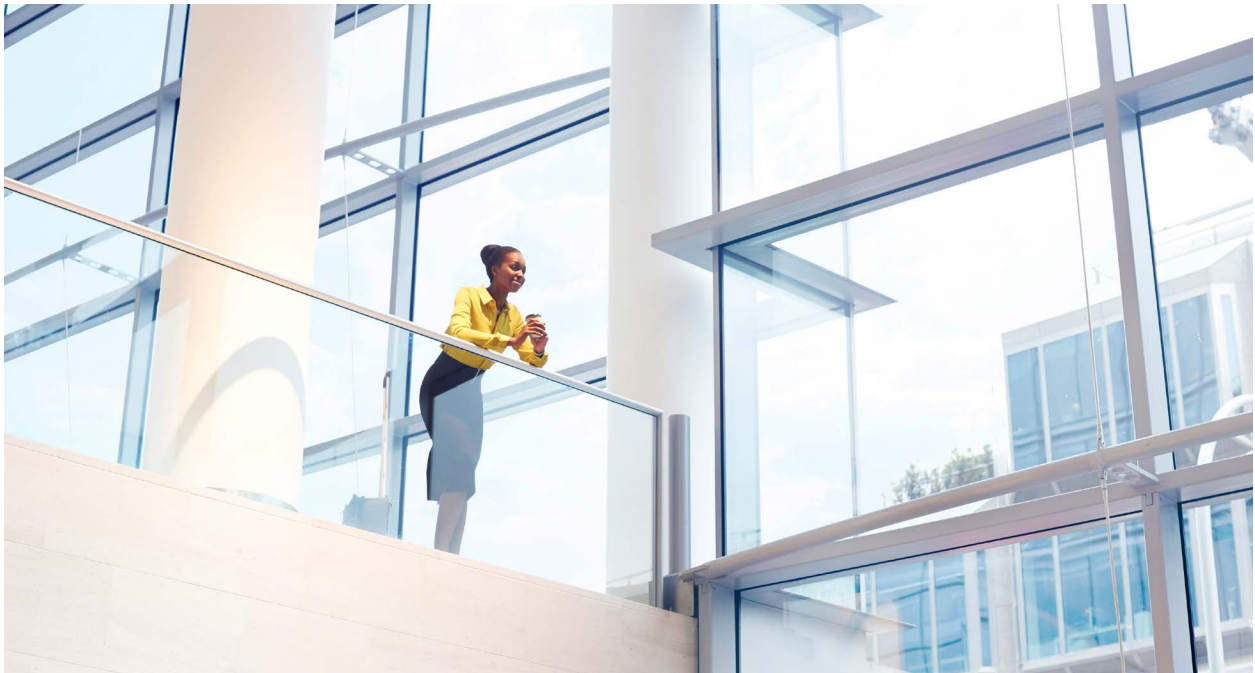
A rewarding path for women business owners

Owning a business can be stressful and exhausting. But the women we interviewed wouldn't trade their experience for any other career path.

Business ownership lets these women balance their lives, creating a better environment for themselves and their families, customers, employees and communities. They did this by finding the right support systems to provide feedback and information and reassure them that they were on the right track. They overcame their fears and anxieties and learned to ask for help from colleagues, other business owners and service providers.

They redefined professionalism on their terms and pushed through obstacles and double standards. And they pursued growth in the ways that made sense to them.

Women business owners may be independent by nature, but that doesn't mean they have to go it alone. They gain knowledge and guidance from those who came before them and shared their own experience with others. They build their own companies and create a collaborative, cooperative model for female entrepreneurial success.



At City National, we know how hard women business owners must work to succeed. We see the value in your ideas, hear your struggles and applaud your perseverance. We are here to help you meet your business goals and fulfill your vision. For more information about how we can help you achieve success, visit us at cnb.com/entrepreneurs.

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