

Social impact of buying from women

Elizabeth Vazquez (www.WEConnectInternational.org)

Many impact investors are identifying creative new ways to invest in women's economic empowerment by investing in social enterprises owned by women. This movement has huge potential for impact because when women's enterprises grow, the women create jobs and tend to invest back into their families and communities.

In addition to traditional ways of thinking about impact investing, a more broad and immediate impact could be realized if people and organizations simply made a conscious decision to buy more products and services from women suppliers. We all make purchases every day.

If just 10% of all spend was with women-owned businesses, we would see an immediate impact on those investments, that in turn would give us an immediate reward in the form of a product or service we want and we will likely buy it again if we like it. This is a market-driven solution to impact investing that is not only sustainable, but it is also a powerful way to get large amounts of money into the hands of women quickly, which ultimately benefits families and communities.

WEConnect International recognizes that women-owned businesses play an important role in boosting the economy. Since 2009, our mission has been to help women-owned businesses succeed in global value chains, and we are proud to provide the knowledge, networks, certification and platform women business owners need to reach their goals.

The research is clear – women business owners are starting to think big, but also face obstacles to reaching their full potential. First of all, women are growing and creating jobs in their communities.

In 2015 with support from Canada's International Development Research Centre, we launched the Growing Women-Owned Businesses in India by Building on Private Sector Initiatives' project. We collected data on the India-based women's business enterprises certified and registered in the WEConnect International eNetwork. Data points included revenues for each company for each year as collected in our in-person assessments: the number of employees; legal incorporation status; the most popular banks with WBEs; access to lines of credit; and market focus.



Elizabeth Vazquez



The research is clear – women business owners are starting to think big, but also face obstacles to reaching their full potential. First of all, women are growing and creating jobs in their communities. WEConnect International certified businesses generate over US\$127 million annually and employ more than 4,600 people across India.

Second, most of the women business owners in the WEConnect International eNetwork are ready to do businesses. The women have secured loans or lines of credit, have submitted tax returns for the last three years, keep up-to-date financial statements and maintain company websites with company email addresses.

...just over one third of the businesses had access to loans or lines of credit through their banks. Given that the women are growing and employing more people over time, global banks are missing a huge opportunity to invest in women with scale up enterprises.

Third, some certified women's business enterprises are eager to grow their businesses. They are keeping documentation for the facilities where their companies operate; seeking multinational partners, agents, and customers; keeping up-to-date governance documents; and implementing payment and invoicing systems.

Fourth, women entrepreneurs are being held back by a lack of capacity for development opportunities and poor access to finance. Though certified women's business enterprises adhere to many common business practices, very few implement sustainability programs, secure insurance, design marketing plans, or document hiring and firing procedures – all of which are important to corporate buyers.

Moreover, just over one third of the businesses had access to loans or lines of credit through their banks. Given that the women are growing and employing more people over time, global banks are missing a huge opportunity to invest in women with scale up enterprises. Two-thirds of the businesses still lack access to a loan or line of credit.

Certified business, Chocolate Philosophy, embodies many of the project's findings. Co-founder Nivedita

Prasad was exposed to her mother's confectionary in her earlier years and this influenced her to open her own confectionary with her friend, Uma Raju, selling premium chocolates at an affordable price. They started out small. They made 100 boxes with chocolates and sent it to their closest friends. The response was so overwhelming that they decided to start Chocolate Philosophy.

Like the majority of women entrepreneurs around the world, Nivedita and Uma did not go to a bank for a line of credit. Instead, they started with a small personal investment and early on lacked the capacity to deliver their product on time.

"We encountered problems in terms of finances and staffing," says Nivedita. "Someone would order 300 boxes to be ready in three days and that was a problem. But when you work with your heart and soul, it motivates your staff and that matters a lot."

In fact, Nivedita and Uma were able to overcome their challenges in large part with support from WEConnect International training and by leveraging our network of member corporations representing over US\$1 trillion in annual purchasing power. The experience has been nothing short of transformative for Nivedita and Uma.

After initially working from their home and subsequently renting out a house, today Nivedita and Uma run their business from a 900-square-foot workshop. They have ten employees to help manage delivery and administrative functions. They have moved from producing a few hundred boxes a year to over 10,000 boxes. In the past fiscal year, they have doubled their profits.

It is important to highlight that, as with many business owners, supporting the community is a large part of Nivedita and Uma's company mission. 'Many of our staff come from economically disadvantaged backgrounds,' explains Nivedita. 'We help and encourage them through giving them tasks such as billing and using Excel. We need to do more for our people and our community.'

Imagine the impact that Nivedita and Uma could have in their community if they had better access to markets, finance and capacity development opportunities. Now consider that according to the IFC,

a US\$300 billion gap in financing exists for formal, women-owned businesses, and more than 70 percent of women-owned small and medium enterprises have inadequate or no access to financial services.

Imagine if we could level the playing field so that those women have the same opportunity as their male counterparts to design and implement business solutions that create wealth and ensure the sustainable

prosperity of their communities. Research by McKinsey & Company indicates that the global GDP could rise by up to 28 percent or US\$12 trillion by 2025.

The evidence connecting women's empowerment with economic growth shows us that we can no longer afford not to invest in women. And one of the best ways to do this is to simply buy more from them.

Elizabeth A. Vazquez is the President, CEO, and Co-Founder of WEConnect International, a corporate led non-profit that helps to empower women business owners to succeed in global markets. She is a serial social entrepreneur and world leader in global supplier diversity and inclusion.

Ms. Vazquez is the co-author of the book, 'Buying for Impact: How to Buy from Women and Change Our World.' The book includes information on women business owners and ways to support and leverage their potential to create a more sustainable and inclusive global economy.

Ms. Vazquez sits on several Boards of Directors, including the Global Banking Alliance for Women, the Cornerstone Capital Group, and the Eisenhower Fellowships Board of Trustees. She is an Advisor to the Clinton Global Initiative, a member of the International Council on Women's Business Leadership, a W20 Representative to advance G20 commitments, and sits on the International Advisory Council for the Walmart Global Women's Economic Empowerment Initiative. She is a speaker and has trained leaders in all regions of the world on a range of issues—supplier diversity and inclusion, women's entrepreneurship and economic empowerment, and corporate and government sourcing policies and practices.

In 2014, Ms. Vazquez accepted an award on behalf of WEConnect International from the Women's Business Enterprise Hall of Fame for its "stellar record as an outstanding advocate in the women's business enterprise community."

Ms. Vazquez was born in Mexico, has a Bachelor of Arts in Political Science from Arizona State University, and in 2013 the Barrett Honors College honored her as an Inspiring Alumni for making significant contributions in her career and community. She has a Master of Arts in Law and Diplomacy from the Fletcher School at Tufts University where she studied development economics and international negotiation as a Woodrow Wilson Fellow. She also completed graduate seminars at Harvard Law School and the Kennedy School of Government, the Heinz School of Public Policy and Management at Carnegie Mellon University, and Sookmyung Women's University in South Korea.