

Number of startups led by women rising

More resources available to women entrepreneurs.

By Anne Field

August 8, 2011

Childhood pals Tracey Solomon and Katrina Carroll-Foster had long batted around the idea of starting a business. Then, last year, the two women—both busy professionals in jobs demanding frequent travel—realized that others in their situation needed quick, easy access to certain products, specifically, panty hose and knee-highs.

“When we thought of the most annoying, time-consuming things, running to CVS to pick up panty hose because we had a run was at the top of the list,” Ms. Solomon said.

Last December, with \$25,000 raised from an angel group, they formed Hoseanna, a Manhattan-based online subscription service for ordering hosiery. It went live in April.

Ms. Solomon and Ms. Carroll-Foster have plenty of company. Entrepreneurship among women in New York is on an upswing. According to recent statistics from American Express Open, the number of women-owned startups in the state rose 58% between 1997 and 2010, versus 50% nationally. New York ranks among the Top 10 states for women entrepreneurs.

The trend holds in the five boroughs, which could very well account for the lion's share of the state's female entrepreneurial activity, according to observers.

“The increased startup activity in New York state most likely is because of an increase in women-owned startups in New York City,” said Bruce Bachenheimer, director of entrepreneurship and clinical professor of management at Pace University.

MALE-DOMINATED VC

The surge is certainly not attributable to an abundance of venture capital funding. Nationally, an average of 8% of VC-backed launches last year included at least one woman founder; that figure is 7% in New York state, according to research firm CB Insights.

“VC firms are still dominated by men, as are the companies they invest in,” said Kay Koplovitz, chair of Koplovitz & Co., a Manhattan-based media advisory and investment firm.

Nonetheless, national numbers show an increase in women-run startups overall, and local small business experts also see a rise.

Elisa Balabram, director of the Brooklyn Enterprise Center, for example, reports a 10% to 15% increase in the number of women that have sought help launching a business since 2009.

A reason for the trend is the expansion of resources available to entrepreneurs in general and women specifically. Experts point to city-sponsored incubators, which include one launched last year by the Council of Fashion Designers of America; another, providing kitchens and other

tools for fledgling food entrepreneurs; and initiatives that provide assistance for startups in less traditionally female industries.

Mei Shibata, a former advertising industry executive, and her scientist husband, Jun Shimada, started up Manhattan-based ThinkEco in 2008 to develop and market an energy-saving technology for electronic devices. For 18 months beginning in late 2009, the founders tapped the intellectual resources of the city's Accelerator for a Clean and Renewable Economy.

Though ThinkEco didn't use space at the incubator, Ms. Shibata and Mr. Shimada sought insights of venture capitalists on ACRE's advisory board. According to Ms. Shibata, the cachet of being part of ACRE also helped attract investors and provided the company with leverage to negotiate better terms. The couple ended up raising \$3 million from an angel group.

Ms. Shibata won't disclose revenues—the product only recently went on the market—but says the number of employees has risen to 18 from five in six months.

A critical mass of savvy professionals with an understanding of business, along with advances in technologies that make it easier and cheaper to use the Web, have also contributed to the growth of local women-owned startups, say observers.

Her years as a management consultant working with a variety of companies helped Ms. Solomon develop a sophisticated knowledge of what makes a business successful. She and Ms. Carroll-Foster hope to create what she called an “online convenience store for women.”

FIELD OF CONCENTRATION

While women-run startups in New York cover the full range of businesses, they tend to be concentrated in content-focused technology, bioscience, fashion and media, according to Peggy Wallace, managing director of Golden Seeds, a group of female angels that invests in women-run companies.

Of course, the downturn created a small army of unemployed women that decided to turn to entrepreneurship; others are eager for alternatives as their chosen professions start to go the way of the horse and buggy.

Sherry Russo, for example, launched Sherry's Shortcakes in September after watching demand plummet in her job of 22 years: as an agent for commercial camera operators.

Renting kitchen space from an incubator in Long Island City, Queens, which also provided legal and other advice, Ms. Russo began making bite-size vegan treats, selling them to individual clients and hair salons, and catering private events.

With revenue of “well under \$100,000,” Ms. Russo hasn't given up her day job, but she hopes to do so in a year.

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