

## Breaking Down Biases Towards Women-Owned Businesses



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**Announcer:**

Welcome to Paychex THRIVE, a Business Podcast, where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

**Gene Marks:**

Hey everybody, and thanks for joining us again at the Paychex THRIVE Podcast. My name is Gene Marks. I appreciate you taking the time and listening and/or watching. I am here with Catherine Davie, who is the head of social impact at LegalZoom. Catherine, first of all, I am a LegalZoom customer, so treat me well. We use the platform a lot in our business and I recommend it a lot. LegalZoom has been around for a while now. I remember when the platform just first started and thinking it was a great idea and it's one of those services that have been... It's really held its own. How long have you been with the company?

**Catherine Davie:**

I have been here six and a half years.

**Gene Marks:**

No kidding.

**Catherine Davie:**

So, a while.

**Gene Marks:**

Yeah, that's like six and a half more years than most people stay at a typical job. There must be something to this job. Have you always been in the role of social impact or something else?

**Catherine Davie:**

No, in fact, I often joke I've built various practices here since I started. I have a brand strategy and marketing background. When I joined the company back in 2017, there wasn't a dedicated brand department. So, started that department and then most recently, in the last year and a half, started the social impact practice, which I'm excited to talk to you about today.

**Gene Marks:**

Very cool. Yeah. Did you personally start it or was it started for you and then somebody threw you into that role? Which typically happens at companies.

**Catherine Davie:**

Yeah. Well no, and that's the beauty of our culture here is I did start it however, with the support of my bosses, our CEO, who's very passionate about this type of work. It's something I'd been pitching here a long time because if you think about, like you said, we've been around for so many years. With a mission like democratizing law just lends itself so nicely and almost just really forces us to do something more than just sell products and how we can bring more equity and equality to small business owners everywhere. Not just in the products we sell, but with things like capital and grant programs.

**Gene Marks:**

Equity and equality. I thought social impact man, you were just organizing parties and giving out booze to people and I got it now. Okay, so we want to talk about the survey that you guys recently do. I do want to talk about the Fast Break for Small Business. I promise you're going to get to that, but let me at least just give you a couple minutes. Go ahead and tell the world about what LegalZoom is doing and what you're doing for social impact. I'd like to hear that.

**Catherine Davie:**

Yeah, sure. LegalZoom has been around just over 20 years. We started out very much known as the "documents company". I mean, back before we existed in 2001, you had to go down to a courthouse and drive there and get documents or work with an attorney and go to the office. We thought it shouldn't be that hard. We had easy downloadable documents, wills, and contracts and everything else. And over the years we've evolved so much more to where now you can actually complete all your legal paperwork for your small business, or your will, or your intellectual property. We take care of everything with automated technology, we have customer care and support.

**Catherine Davie:**

In the last almost 10 years now, we have attorneys all over the country who are there to support. You actually can work with an attorney for a fraction of the cost that it would cost you if you were to hire an attorney in your community. We've also added tax practices and have many business partners and have made some acquisitions recently to really round out all that small businesses need. It's one thing, great, you got your LLC, you got your paperwork, but now what? There's so many things to stay compliant. There's questions you're going to have. We have experts and products to help you along your journey. We've come a long way in the last 20 years.

**Gene Marks:**

No doubt. And the social impact side of this that you just started up, tell me what activities you guys are involved in.

**Catherine Davie:**

It's really divided into a couple of things, partnerships and programs. Then on the internal side, all of our employee engagement and diversity, equity and inclusion. You joke about the parties, but we do have a lot of internal events that are around social impact. We have two non-profit partnerships, one with Accion Opportunity Fund, which is a CDFI bank, and then another one with DeFi Ventures who helps entrepreneurs who are in prison, who are incarcerated. Their goal is to reduce the rate of recidivism. So, we provide training and products to them so they are set up for success upon release.

**Catherine Davie:**

Then of course, we have our partnership with the NBA and WNBA and that's all around our grant program, which is a three year deal and twice a year we have grant cycles, we have \$10,000 grants to small business owners. Anyone can apply. We do focus on underrepresented communities, so women, people of color, immigrants, because we know that those barriers exist and it's harder for many people in those communities to get access to capital and support services for their small businesses.

**Gene Marks:**

What is the partnership with the NBA and the WNBA have to do with that? I mean, are you tapping into local communities of the teams? Is that what drives it?

**Catherine Davie:**

Yeah, that's a great question. When we were thinking about this about a year and a half ago and we were looking at the sports leagues and sports partnerships are such a great way to get visibility. At the time, it was when George Floyd was murdered and we loved the way the NBA and the WNBA responded to that and we thought that they were best in class when you look at all the big sports leagues. So, we reached out to them and it was pretty cool actually because we're a pretty small company, we're just over 1,200 people. We pitched this with a social impact angle. That was the root and that was the foundation of this program. To my surprise, they hadn't really done anything like that before. NBA does a ton of philanthropic work, but a lot of their sports partners... their corporate partners, they don't do something that's rooted in social impact. So, we're the first for them and it's been really fun.

**Catherine Davie:**

The grant program, we call it Fast Break for Small Business, it just gets more visibility and more people aware of it so they can apply. Our non-profit partner, Accion Opportunity Fund, fulfills the grants. It's a great way to extend our partnership. It drives business to Accion Opportunity Fund, which means it gets more loans into the hands of underrepresented communities who need it the most.

**Gene Marks:**

It's called Fast Break for Small Business. This is the NBA and WNBA partnership that you guys have. I guess if you Google it, you can find it. Who can apply for this? These are grants that you're giving out and who's eligible for these grants as well? I'd like to learn a little bit more about that.

**Catherine Davie:**

Sure. It's been open to everybody. However, we've been encouraging people who are either people of color, women, or immigrants. We do two cycles a year and we've shifted who we focus on for that grant cycle. At the start of the WNBA season in May of this year, we focused on women in the LGBTQ community. Given that both of those groups there's a lot of inequality when it comes to access to capital-

**Gene Marks:**

Which we're going to get to in a minute, keep going.

**Catherine Davie:**

Around the WNBA season, it just made sense given the audience and we wanted to celebrate women in the LGBTQ community as well. We've committed \$6 million in grants and free products. We give away product as well. We do two cycles a year. The next one will be coming up in February, of 2023.

**Gene Marks:**

In February 2023, I mean if I'm a woman, small business owner, need not apply? Will it just be focused on maybe people of color or can everybody still apply for the next one?

**Catherine Davie:**

Yeah, for the next one we're going to focus on Black-owned businesses.

**Gene Marks:**

Black-owned? Okay.

**Catherine Davie:**

Yes. That's around Black History Month. We are going to focus on that only. We're really excited. It's also a focus of the NBA. They do a lot around Black History Month. We're excited to do this in partnership with them.

**Gene Marks:**

Okay, that's great. It's a great program and obviously we'll do our best to promote it on this side. And obviously if you're a Black-owned business owner and you're watching or listening to this podcast, keep your eyes open on February. These are grants that are becoming available, which is free money really for... And free legal services from LegalZoom. That does sound great.

**Gene Marks:**

Okay. Let's pivot back to the women, right? You did a survey, it's called Women and the Boss Survey. It came out recently. It was really the end of August. First of all, give me some of your takeaways from that survey and then I've got some data from that I picked out of the survey that I wanted to ask you about, but just your general... I mean, obviously this was your baby. What was your takeaway from this survey about women in small business, and entrepreneurs?

**Catherine Davie:**

This survey, we really wanted to get at, what are women doing in the workplace and why are they leaving their jobs and what is the sentiment around why they decided to start their own business? There's some macro trends that are happening everywhere with everybody. But, you go back to the Sheryl Sandberg days and it was, "Climb the corporate ladder and be the boss woman in your company." There's been a major shift in that over the last, I'd say five years, where that's not as important to women and our findings found that. They really want to be their own boss and start their own thing. That's happening everywhere, not just with women, but particularly amongst women. Out of the thousand people that we surveyed, 73% of them started their own companies in the last year and many of them started as side gigs while they had their corporate jobs, but had the goal in mind to try to make that a full-time gig as they nurtured and grew their business.

**Gene Marks:**

Yeah, it's pretty amazing. I mean, that is a huge number of people. You surveyed a thousand women and 73% of them started businesses in the last three years. What is your take on women entrepreneurs now in 2022? To me, it seems like so much of a better environment, but they still face a lot of challenges. Financing is one of them, a big one that was mentioned in the survey, but I'm curious what your thoughts are on female entrepreneurship nowadays?

**Catherine Davie:**

Yeah, I have a lot of thoughts, but if you go back and look and think about... to put it in context, in 1988, if you were a woman, you could not get a loan without the signature of a man.

**Gene Marks:**

It's unbelievable. It's 1988.

**Catherine Davie:**

And that's true, it wasn't that long ago was it?

**Gene Marks:**

It's crazy. That's unbelievable. Okay.

**Catherine Davie:**

In the early seventies, women owned about 400,000 small businesses nationwide. Today, it's about 13 million. A lot of growth, so that's something to celebrate and be happy about. However, a lot of the misogyny, a lot of the harassment, all of that still exists. What we've seen since the pandemic start, is that more women businesses shut than men's, and the access to capital is still a huge, huge problem. Generally speaking, women only get about 4% of capital part to men, which is just such a tiny number. It doesn't need to be that hard. It's another reason why we have Opportunity Fund as one of our partners because they make sure that women get the loans that they need and that there's no... There's none of the biases that exist at many traditional banks.

**Gene Marks:**

I got to jump into that. I said I pulled out some data from here. You nailed it exactly. Your survey said that 71% of women believe that society views women business leaders more positively today than they did just two years ago. And yet only 4% of women get access to small business funding from traditional financial institutions... banks. Obviously, there are other sources of funding. Can I ask you to dig a little deeper on that? Why? That doesn't make sense to me. I mean, you just said that we went from 400,000 female-owned businesses, 30 years ago, to 13 million now. Women are so much more represented in the workplace. There's countless stories of successful female entrepreneurs and business owners and senior managers. And yet I hear that banks are only lending to 4%... Or at least 4% of the women in the survey said that they can get traditional funding from banks.

**Gene Marks:**

First of all, I know it's your survey so I can't ask you whether you believe the number or not. I don't believe the number. I find it hard to believe. Give me your thoughts on that.

**Catherine Davie:**

Yeah, well that number actually, the 4% number, is a much larger study that was done some time ago. That's for small businesses and you may or may not believe this, but if you go into the venture capital world, that number's actually much smaller.

**Catherine Davie:**

If I walk into a bank and ask for a loan and there's a man standing next to me ask for the same loan, there's a good chance that... And we're in the same situation, there's a good chance that he may get that loan and I may not. There are some factors that aren't dissimilar to women in the workplace in general. You hear a lot about women, to go for that promotion, they think they need to have more experience or be more prepared or have accomplished more, where men are more likely to go with it because they have more confidence because they've been built to have more confidence. They've been treated better than women in the workplace and oftentimes go into banks or do not go into banks because they think they have to have the business fully thought out and have to have it perfect, whereas many men come in without even having a concept and apply for a loan and get a loan.

**Catherine Davie:**

If they do get a loan, many women pay higher interest rates than men. These are just the systemic biases that have existed for a long time. Going back to the 1988 comment, I mean, we've made a lot of progress and women are certainly make up a huge percent of small business owners. There's a lot of success and things to celebrate there, but it takes a long time for those biases to go away. I think it's on banks, I think it's on lenders to really address this just as you would in your own internal culture like unconscious bias training, thinking about that for your external customer as well.

**Gene Marks:**

Doesn't risk have something to do with it as well, Catherine? I mean, banks are risk averse. Venture capitalists obviously are going to invest in the least risky they can get for the most return. That's what their goal is. Your survey said that 15% of women, 15% define a successful career as reaching the executive level in a corporate setting. That means 85% of women don't really define a successful career in that way. If you're an investor, a venture capitalist or a banker, do you think it's more risky investing in a woman-run business when only 15% of women really want to make their career getting to that high corporate level? Do you know what I'm saying? Women face all these other challenges at home, there's all the other things that women have to deal with. Don't you think that men are, do you think they're viewed as less risky to invest in or to loan money? It's a hard question but I'm curious to hear what your thoughts are.

**Catherine Davie:**

I would say yes, I think they're viewed as less risky but not because they are going to be more successful or will be more successful than women. That 15% number came from people who... women entrepreneurs who they do not have any interest of going into a corporate setting. That's just not the job for them, hence them wanting to start their own business and be their own boss, where that has nothing to do with success. I think they would want to be successful at that. That's really building off a trend that we're seeing and not just with women but with men. People don't see corporate America and the big companies as their career paths as much as they used to. There's so many different ways to make money now and there's a big shift particularly around millennials and Gen Zs.

**Catherine Davie:**

Just pausing and saying, "Well, maybe I can start something of my own." There's other ways to get income through things like TikTok and other platforms, and YouTube. They're more open to those and are willing to explore those paths before, whereas people in my generation and older just didn't have those options when they were younger.

**Gene Marks:**

Yeah, they didn't. You didn't cover this, I think because you're in the technology world, in the tech space, I'm curious what your thoughts are as well on women in the technology... on the technology side as well. It's a bro culture that you find in Silicon Valley. It's tough to be a woman in that space. Then again, there's an argument to be made that, are women wired differently? Is the reason why there aren't more women in tech because women are more nurturing? And people make that argument. You're in technology. I'm curious to hear your thoughts on that. Do you think it is a nature versus nurture issue with women in technology or do you think that just has to be something that just ultimately has to change because women there is more of a role for women in tech?

**Catherine Davie:**

Yeah, I think you're talking about engineering specifically, so-

**Gene Marks:**

Well, I'm going to give you an example only because I have to jump in. My son graduated from university as a mechanical engineer and Catherine, there were... in his class of 200, there was literally 10 women. I mean, crazy. Meanwhile, my daughter just graduated from vet school just this past year. In her class of 150 there were 10 guys. It's science but it's a different... I'm curious what your thoughts are on that? Do you feel that women are discouraged from going into practices like engineering because of the biases that have always existed? Or do you think it's a conscious choice?

**Catherine Davie:**

Yeah, I think, gosh, getting into wiring and I'm not a psychologist so-

**Gene Marks:**

I'm just curious.

**Catherine Davie:**

...my unprofessional opinion on that. Look, I believe anyone can do anything and I think people are drawn to things. In groups, you certainly see trends and stereotypes. I hate to make assumptions on those stereotypes because there are so many brilliant women engineers out there and they either choose not to go down this path because it is such a bro culture as you put it. Or, they do. We're starting to see that more and more. I think it's on companies to set goals for themselves when it comes to hiring and make sure for engineering specifically, you have a representative culture because it will only make the products better.

**Catherine Davie:**

We have an employee resource group here at LegalZoom called Women in Tech and they're focused on that and they work with our HR team and work with us too, to recruit a more diverse engineering team. We've hit our goals this year and we're very proud of that. You could pick any industry and you probably see differences in men and women. I think a lot of this is what people were conditioned to believe growing up. Sure, there's probably some piece of it that's just biological or physiological where you're drawn to something more, but it's really hard to say. I think the important thing is just to recognize that, is to throw that all away and just really encourage people to dig deep into what they want to do. I think it has to start there.

**Catherine Davie:**

If you're a young girl and you're wanting to get involved in engineering, that young girl may have been discouraged before but now they're not. You have awesome organizations like Girls Who Code that are just bringing more and more women into this field who are flourishing. I'll be curious to see technology being a relatively new industry in this world, years from now, will people even be having this conversation?

**Gene Marks:**

Yeah, I'm optimistic that we're not going to be having this conversation. I really do think these things take time. It's not something that just happens overnight, it just takes time. It's funny, I was speaking to a National Association of Funeral Directors down in Florida, a couple of months ago and I killed it in that presentation by the way... It's a joke. Anyway, I sit around, I listen to what's going on in that industry and huge growth in female funeral directors. It is one of the fastest growing occupations for women. Again, it gets back to that nurturing thing and all that. Again, I don't want to generalize, but it's just interesting to see what industries attract women more.

**Gene Marks:**

Which gets me to my next question is just this, where do you see women entrepreneurs succeeding in the future? I mean, I think they're going to have all sorts of choices, but do you see any particular industries that you got from the survey that you did, or the entrepreneurs that you talked to, female entrepreneurs that they're gravitating more to certain types of businesses?

**Catherine Davie:**

Yeah, it's a great question. We didn't segment by industry. However, I know from our customer base and working with Opportunity Fund, generally speaking, I think women own more storefront and we have a lot of customers who are bakers, who run services, and consulting, but that's just really anecdotal. We'd have to segment it all out. I mean, first, I think women are doing awesome right now. Again, if you look back at the statistics over the years, and women contribute \$1.9 trillion of revenue to the U.S. economy every year. They're also tend to be more optimistic than men, which helps in their growth. I think, once we provide equal opportunity, and that's really what this comes down to is providing opportunity. I mean, look at any industry or anything like... Look at sports. 50 years ago, look at women in sports, look at it today. You have leagues like the WNBA, you have so many professional sports and women's soccer and all these great things getting attention. I think so will be it for small business owners as well.

**Catherine Davie:**

I am incredibly optimistic about the future and I think be it retail, be it consulting, be it services or professional services, I think in every industry we'll see more and more growth, and more and more success there. Really the most important thing is providing that opportunity and not just the things, it's not just the loan, or it's not just the legal services, it's the legal services, the loan, and also people around you who are there to support you and give you advice along the way. We know that communities of color, women, immigrants oftentimes don't have that as much as men do. That's a huge proponent for growth is having that network that you can tap into.

**Gene Marks:**

Catherine Davie is the Head of Social Impact at LegalZoom. Catherine, what's coming up next? You said in February is the Fast Break for Small Business for Black-owned businesses. Is there any other things that you're working on that we can expect to see in 2023?

**Catherine Davie:**

Yeah, we're doing a couple of great things. With Accion Opportunity Fund, we're just about to launch some new research, which I'd love to come back and talk to you about around Black-owned businesses specifically. Then with DeFi Ventures, the non-profit partner, we are funding the cohort in the women's prison, up in the Central California Women's Facility, which is in Chowcilla, California. We are funding that cohort and so they'll be graduating early next year and so we'll have a lot of great stories coming from that. Then, we're also funding their Entrepreneur Pathways program, which is national. So post-release, making sure that you'll get the coaching and resources that they need to continue growing their business post-release-

**Gene Marks:**

I have to say so important for prisoners coming out, ex-convicts, we have such a tight labor market. It is such a resource for potential entrepreneurs and employees for existing small businesses that the more we can learn about that population, the more you can help that population, the entire small business community will benefit from. The Black-owned businesses, I'm also fascinated. I mean, I live in Philly.



In Philadelphia, I mean, more than half our population is Black and yet it's still white-owned businesses dominate this city. That's similar issue to women. That's just because of history and it's going to take some time to change, but what more can be done to provide the opportunities for Black entrepreneurs to do their thing? I'm seeing it all over the place. They're getting way better than it was years ago, but still a long ways to go.

**Gene Marks:**

Hey Catherine, thank you so much. Yeah, we will definitely have you back. Next survey that comes out will be fun to talk about and I just love hearing your insights on this stuff. I think our audience does as well. Thank you very much for joining.

**Catherine Davie:**

Thank you so much.

**Gene Marks:**

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**Announcer:**

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