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Eurochambres Conference

“CHASE –Chambers against stereotypes in employment”

**The role of mentoring in the promotion
of women entrepreneurship**

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I. INTRODUCTION

Ladies and gentlemen,

I would like to thank Eurochambres and its Women's Network for having invited the European Commission to contribute to this Conference devoted to the presentation of the results of the **CHASE** project (CH.A.S.E. - Chambers against stereotypes in employment).

I would like to congratulate Eurochambres for this excellent initiative which will inspire our future work in the field of promoting female entrepreneurship.

It is a pleasure to see how the Eurochambres Women's Network (EWN), which was set up in September 2003, has developed and reinforced and the impressive activities carried out so far. As you know, the Commission has fully supported the creation of this Network from its very origins and has built up a very fruitful co-operation with it.

We are glad to see this Network's active participation in discussing together the results of our projects and looking at the way forward. This Network has been involved and contributed actively to the different activities organised by our services to promote female entrepreneurship and we are looking forward to our further cooperation.

II. Promotion of women entrepreneurship

Before addressing the issue of mentoring, I would like to present to you briefly our **new framework to promote SMEs policy and entrepreneurship**. The Commission adopted a **Communication on the modern SME Policy for growth and jobs** in November last year. Among many other issues, this Communication foresees the follow up in the field of promotion of women entrepreneurship.

Objectives of the new SME Strategy

The objectives of this new Strategy are the following:

- Ø Promoting entrepreneurship skills and bringing enterprise culture to all
- Ø Promoting a favourable legal framework for SMEs
- Ø Ensuring better regulation
- Ø Promoting SMEs' growth performance
- Ø Improving dialogue and consultation with stakeholders

Main components of the new SME strategy with regard to women entrepreneurship

Let me introduce now very briefly two issues that are part of our core businesses of today with regard to **promotion of women entrepreneurship**.

The Communication foresees to follow up the work undertaken under the Entrepreneurship Action Plan and to continue to address the areas of **access to finance** and **entrepreneurial networking** in collaboration with Member States. Both issues are very important for business creators. I wish to start with finance and come later to the role of networking.

(1) Access to finance

The issue of **financing** is taken on board by the Communication through several initiatives. Improving access to finance remains a priority for Commission's actions. We all know that SMEs continue to face difficulties when applying for loans and they often have no sufficient collateral to provide to their financial institutions.

The forthcoming **BASEL II** requirements conduce banks to request more information from their SME clients. The undercapitalised women-led enterprises could see a deterioration of their credit conditions.

This situation can be partially relieved through the use of guarantees. In this respect, the EU has provided guarantees (in addition to those offered by National schemes) through the European Investment Fund. These actions have benefited more than 200.000 SMEs (led by both male and female entrepreneurs) of which more than 90% have less than 50 employees.

The Commission plans to **increase significantly this financial support** through the future Competitiveness and Innovation Framework Programme. This programme will also offer **new guarantee instruments** to boost the availability of equity and mezzanine finance for SMEs.

(2) Networking and mentoring

Now let me come back to the agenda of this Round Table and allow me to say some words about the role of **networking and mentoring for female entrepreneurs**.

Although expanding around the world, women entrepreneurship is still insufficient in Europe: women-owned businesses have a share of 25% - 35% of all businesses, their share in start ups is around 30%, and the share of

women in the workplace is 45%. This means that there is scope for more women led businesses.

Moreover, two thirds of women admit that they have never thought about **setting up** a business or taking the steps to that end. Therefore, there is a huge need to encourage women to set up their own business. Moreover, as regards **taking over** the existing businesses, women take over existing businesses when they are normally familiar with the companies' activities (because of heritage, separation or divorce from a business partner, etc).

In this respect we could say that women are considered to be **more cautious** than men and **the risk of failure** are more developed. Of course, one should understand that these facts are linked to the need of better reconciling business and family obligations and to the part-time schemes followed often when starting up. This means that women often get fully involved in the business after a longer test period.

As you know, an important **failure factor** for business start-ups and transfer of business is the fact that most business creators or successors of small enterprises **lack general management skills**. This is, in particular, relevant to women would-be entrepreneurs. They neither **know how to get appropriate advice** nor how to get in contact with successful women entrepreneurs or relevant business organisations.

It is clear that to be truly effective, business planning needs to be seen in the wider context of the **support and advice services** available to female entrepreneurs. It is important to give them an overview of what steps need to be taken, what type of specific advice is available and where to get it (e.g., one-stop shops, online information portals, self-assessment check-lists, access to finance). Therefore, having access to **networking and to**

mentoring schemes can be crucial in encouraging women to go ahead with their business ideas and starting up from feasible and realistic basis.

Definition of Mentoring

By “**mentoring**” we mean the systematic advice from one **experienced entrepreneur or business adviser** to a new entrepreneur, who just started her own business or is in the process of starting it, over a certain period of time. Obviously mentoring from an experienced entrepreneur is the best solution. However, we have to admit that most of them are over busy and only a small number is prepared to share experience with business creators. Therefore, business advisers for SME organisations often take over the role of a mentor.

Mentoring covers all those areas an entrepreneur has to know, i.e. all the necessary knowledge and information he/she needs in the process of successfully running, starting or taking over an enterprise (e.g., business planning, human resource management, financial planning, etc.).

A broad variety of **measures and support schemes** provided by **public authorities, chambers of commerce and industry, business support organisations** (non-profit or non-government organisations) exist in the EU Member States. However, the coverage across the different categories of support measures is uneven between Member States, and indeed within them.

An example of the mentoring programme for women entrepreneurs

With regard to such measures, I would like to mention one **example of the mentoring programme** for women entrepreneurs that in 2002 received the “Best practices” mark from the European Commission. It has received a lot of publicity and attracted a lot of attention even internationally.

In Finland the **Women's Enterprise Agency in Helsinki** has developed models for women entrepreneurs in both **pair and group mentoring**. Its mentoring model contributes considerably to making women entrepreneurship visible.

This mentoring model builds on the **practical needs of the newly started** female entrepreneurs. In regularly arranged, confidential discussions, the personal mentor – a carefully chosen experienced female entrepreneur – supports the mentee, i.e. the new entrepreneur, with her knowledge, experience and contacts, and, thus, offers individually tailored advice and support. A pilot project with 15 pairs was carried out in 1998. Since then the model has become a product and 20 mentoring projects have been carried out in different parts of Finland and in some other countries as well. At the moment almost 500 companies have participated in mentoring.

Commission activities with regard to mentoring

Finally, I would like to inform you that by request of the European Parliament we shall launch this year a **Pilot project “Transfer of expertise through mentoring in SMEs”**. A call for tenders will be published before the summer break.

This project will aim at laying down principles for an expanded mentoring scheme to enhance the knowledge and core competences that are essential for the successful transfer of business ownership. We would encourage your organisations to participate actively in this call for tenders.

III. Conclusion

- Europe needs more women entrepreneurs. Women still lack behind despite the encouraging increasing of women-led businesses noticed in the last decade. And it is clear that we need to find new ways for encouraging more women to become entrepreneurs and also to lead the existing women-led companies to growth. We definitely need more dynamic women able to create and expand competitive firms and we need to encourage them to participate more and more in the decision-making processes at all levels.
- For achieving these objectives, we have to increase women awareness about entrepreneurship and improve access to information and to networking and support them through better framework conditions such as mentoring programmes for female business creators.
- I hope we will be able to find out these solutions through the renewed SME strategy whose general lines and objectives I have just presented.
- I thank you very much for your attention.