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WOCstar Fund general partner Gayle Jennings-O'Byrne says larger funds should work with smaller VCs with better access to diverse founders.

By Emilia David · 2 days ago

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Women founders have a hard time getting the capital and support needed to scale their businesses and they need investors to do more to help them grow, according to [WOCstar Fund](#) founder and general partner [Gayle Jennings-O'Byrne](#).

New York-based WOCstar, which stands for “women of color stars,” focuses on companies with female founders or have a diverse executive team. It invests in early-stage start-ups within digital media, health and wellness, supply chain management, fintech and sustainability in the US. WOCstar is also gearing up for a second fund which Jennings-O'Byrne said will be more global than its first.

Jennings-O'Byrne cited [data from American Express released in 2019](#), which found the number of companies owned by women of color accounted for 50 percent of all women-owned businesses in 2019. The number of minority-owned companies grew 43 percent from 2014 to 2019, while all-women-owned companies grew 21 percent during that period. She said this fast-growing sector is also increasingly looking to access venture capital given growing awareness that it's possible to tap into the sector.

But even though more female founders know they can approach VCs for help growing, they still have a hard time accessing funds that actually guide them to scale.

“As a society, we have glamorized venture capital and there are enough companies out there to be invested in,” she said. “But VCs are not investing in them in meaningful ways. What needs to happen is we need more LPs and investors with more real talk and action around investing in diverse companies.”

She added that more established VCs need to invest in companies or founders out of their comfort zone.

For Jennings-O'Byrne, many larger VCs don't have access to companies with diverse founders. They may not have the same type of meaningful conversations with them, as it's usually smaller VCs like WOCstar that are better connected with the founders.

One of her solutions is to open WOCstar to work with any of these larger companies and act as a feeder of sorts.

“Big funds have to start thinking differently about how they interact with a new fund like ours,” she said. “So much of what we hear is ‘let's co-invest,’ but that's a 2008 way of thinking. What they should think about is if there's a way they can work with funds like mine where we could be a feeder for them.”

She said if bigger funds became sort of like an LP in smaller funds, it provides not just access to diverse founders, but smaller VCs also help de-risk companies early on.

Jennings-O'Byrne started WOCStar with Paily Aditya in 2018, and the firm made its first investment in 2020. WOCStar now has nine companies in its portfolio, including sustainable agriculture company Re-Nuble, education start-up Possip and zero-waste grocery platform Zero.

WOCstar counts among its investors Jacki Zehner, founder of Women Moving Millions, Dalila Wilson-Scott, executive vice-president and chief diversity officer of Comcast, the Karp Foundation, Motley Fool Ventures and other family offices and institutions.

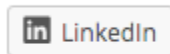
WOCstar plans to start investing outside of the US. Jennings-O'Byrne said it is in conversations with companies in Latin America, the Middle East and Africa, and added that she expects success stories soon from the first fund but declined to give details.

Jennings-O'Byrne said investors need to make sure the funds they allot to companies are meaningful and genuinely help the company grow.

“I think there’s a call to action for investors and fund managers and participants in the venture space,” she said. “The headlines that we’ve seen from Black Lives Matter, from Georgia and the summer of protests, there’s a lot of companies that were making commitments to communities of color.

“But how much has been deployed? How much has gone into direct investments into diverse-lead companies and what does hiring look like? We need to come together as a group to do more and to make those commitments come alive.”

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