



## Credit Risk Ready Podcast

### Host Linda Keith CPA With Kathleen Burns Kingsbury *Banking and Lending to Women Entrepreneurs: Busting the Myths*

Hi, this is Linda Keith CPA with Credit Risk Ready, a podcast where we interview senior credit and lending professionals from community financial institutions across the United States, their regulators, and banking advisors to better understand and mitigate credit risk.

In this episode, we focus on banking and lending to women entrepreneurs. We will shatter — and I do mean shatter — three myths which are getting in the way of your success and benefiting from women who own their own business.

To help us with this, my guest is Kathleen Burns Kingsbury, founder of KBK Wealth Connection. Kathleen is a wealth psychology expert, host of the Breaking Money Silence podcast, and author of *Breaking Money Silence: How to Shatter Money Taboos, Talk Openly about Finances and Live a Richer Life*. She is passionate about empowering women entrepreneurs, and business owners, and the advisors that serve them.

Welcome back, Kathleen.

#### **Kathleen Burns Kingsbury:**

Thank you, Linda. It's great to be back.

#### **Linda Keith:**

Well and, of course, you are a woman business owner. I am a woman business owner. So, we do have some lived experience here. I think both of us probably have shattered a few myths in our time along the way.

I do know women entrepreneurs are one of the fastest growing segments of the economy, but they often feel misunderstood or overlooked by their lenders. Kathleen, what are banks missing when it comes to better serving women entrepreneurs?

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## *Banking and Lending to Women Entrepreneurs: Busting the Myths*

### **Kathleen Burns Kingsbury:**

Well, yes, I am an entrepreneur of 20 years and I happen to be a woman. So, I have some lived experience. I also have a lot of experience in terms of the training and the research that I use as part of that training.

So, in general, the trends that I have seen over the past couple of years have been that women entrepreneurs are a hugely underserved market. That they often come in to meet with their commercial lenders, or their bankers, or work with someone in private wealth. And they often come in when their businesses are new. So when you compare when a woman entrepreneur walks in the door and asks for a loan or asks for help from their banker versus, traditionally, the male entrepreneur, you'll find that they come in at a different point in their growth cycle.

### **Linda Keith:**

Who are the men going to when they're starting out? Not to their banks?

### **Kathleen Burns Kingsbury:**

Well, in general, no. They are actually figuring out how to get their business to a certain level and then they come in when they are credit worthy and they're ready to take financial risk. So what ends up happening, because many women go into bankers sooner, they're looking for support. They're looking for education. They're looking for how to get funding, and they are often perceived as not as serious or the potential isn't necessarily there. As a result, I think a lot of women entrepreneurs are misunderstood.

### **Linda Keith:**

Wow. So, Kathleen, this is reminding me of men who won't ask directions when they're lost, but women will. It's like men are not accustomed to asking for help. And women, in my experience, don't see that as a negative. So they may be willing to go ask for help, including getting their business off the ground, way earlier than men would be. Am I off base here? Does that sound right?

### **Kathleen Burns Kingsbury:**

No, you are not off base. My only caveat is these are generalizations. We want to make sure that every man and every woman is considered a unique individual in how they're approaching their business. But in general, women are collaborative. We learn through verbalization and connection. Men have been socialized to be independent in that process. And so that way in which we are in the world is reflected in how we start a business, grow a business, and at what point we're reaching out to bankers for support. It's a longer-term investment in that client relationship.

Instead of writing a woman entrepreneur off because she's not ready or she came in too early, it's building that relationship. Engaging over time. Then knowing that, "If I play it right, she actually is going to get to a point where it's going to make a lot of sense for this bank to engage her in a big way." So, you want to do that from the get-go.

You want to let go of the assumptions that we're going to talk about in a minute about what women entrepreneurs are. Because no matter what your gender is, you can be very successful in business. More and more women are really putting up a shingle and saying, "I want this because I'm not happy with what my options are in the corporate world or in the world in general."

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### **Linda Keith:**

Let's talk about some of those myths and how they impact a lender's ability to foster that trust with a client. Which is what you just said is one of the most important things to do. Especially when a woman entrepreneur first shows up at the bank.

### **Kathleen Burns Kingsbury:**

Yes, so I'll take it myth-by-myth and I'll tell you what the truth is right afterwards.

One of the things that we hear all the time, Linda, is the idea that women entrepreneurs are risk averse. Now, there is research out there that says that women in general are risk averse. Well, I actually believe that women entrepreneurs, and there is some research — I can certainly get to the link for anybody who's interested in reading this study — women entrepreneurs are actually people who just take calculated risks. In other words, they're risk aware. They factor a lot more into their risk analysis than just financial return on investment. So, as they are approaching and thinking about risks in their business, they're thinking about it in a much more holistic way than the traditional male entrepreneur might be thinking of it.

I would replace the idea. Let's not assume that women are risk averse. Because, first of all, you're not offering them a host of things that might benefit their business if you're just putting them in a certain category of risk. Second of all, instead of making any assumptions, ask them, "How do you perceive risk? What goes into a decision around risk?" What you'll find a lot of women will say is, "Yes, it's financial return on investment. But it's how confident am I in making this financial decision? What does my family life look like? Does this make the most sense for my family? And do I feel like I'm ready to expand in this way?"

So it's just a different viewpoint. Women aren't risk averse. Women are risk aware and actually do pretty well, because they do take this holistic view. I just think bankers need to meet them where they're at.

### **Linda Keith:**

I wonder... When I'm talking to a banker, I'm editing myself as I talk because I don't want them to see me as, I don't know, weak or whatever. I wonder if everything the woman thinks about in terms of how she assesses risk is something that she actually wants to tell her banker? I mean, you might want to not tell your banker, even though it's true, that one of the ways I assess it is whether it's going to get in the way of homeschooling my kids. Right? Or something where you're concerned about that.

### **Kathleen Burns Kingsbury:**

Timeout. So how is that a weakness?

### **Linda Keith:**

Good point. It could be perceived as a weakness from the other side that apparently I'm not serious about my business if I'm more interested in my kids than my business.

### **Kathleen Burns Kingsbury:**

Okay, so part of what has happened is for many years, you have been in a male-dominated business. And so it is perceived in the male-dominated world, not all men, but in general, as a weakness if you put your kids before your business.

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Now with the next generation, a lot of millennials don't feel this way. And we have to start thinking about it that that is either conscious or unconscious gender bias. So not only the banker, or the people who are listening to this might fall into that, but also the women entrepreneurs, like you just admitted, might withhold stuff. The goal is to open it up and let them know that you want to know about all parts of their life and how that impacts them. And that is just a fact for them to factor in. It isn't necessarily a weakness.

Now, it's tricky, because I don't think we're there yet societal-wise, but that's a really interesting example. Because that leads to the next myth, which is women entrepreneurs don't understand business, or we're not that serious. So, we're really just doing this as a hobby. Now, Linda, have you ever run into that? Where, "Oh, isn't that nice that you have this business?"

### **Linda Keith:**

Well, no, but that's because my business is training banks across the United States. So, it doesn't sound like it's a craft or it's a little hobby thing at all. I'm a CPA so that adds to the seriousness side of it. But I definitely know that that does happen to women. Well, women and men. Sometimes it depends on what their business is. If your business is china painting, it's going to be hard to get a banker to take you seriously, even if you're a serious business in china painting.

### **Kathleen Burns Kingsbury:**

Well, yes. And also, I recently interviewed someone on my own podcast, Breaking Money Silence, it was two business partners. They're African American. They are starting a new business. It's an app. And it is a really cool app. It's not super public yet, so I'll leave it at that. But the idea is brilliant. When they went in to meet with the bankers and when they have gone in to meet with, you know, VCs, what has ended up happening is people have said, "Well, why aren't you a nonprofit?" Or, "Do you plan on building this up and then selling it? Because someone else can take it further." And so their perception is that they are not considered serious. Because people are really looking at them and saying, almost a metaphorical pat on the head of, "Well, this is a nice idea, but somebody else should handle it." I'm not even sure that's what the folks mean to say. But that's how it's coming across. So that's a big turnoff.

These women have a phenomenal idea. I hear stories like this all the time. Whether you are in something like china painting, or whether you're in tech, that this bias that comes across of thinking we ultimately are going to put something else before our business and somehow we can't do that.

So, I think it's just being aware. Women are serious. And so the question, if you want something tactical, ask a woman entrepreneur, "How did you decide to start a business?" That story is going to allow you, Linda, to figure out, "Is she somebody like myself..." and it sounds like you... "that really is passionate about business and enjoys building a business? Is she someone who got laid off so she had to start a business and she plans to go back to the corporate world the minute she can? Or is it some other situation? Like maybe it's a side gig, because she financially isn't in a position yet to take it full force."

So, it's really looking at, "What is your motivation? How do you view your business?" And to put the judgment aside as to how serious or not she is. And really just meet her where she's at to understand what she needs.

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And either way, I think a bank can serve a woman entrepreneur. Whether you're going to be like the next, I don't know, Oprah Winfrey, or whether you're going to be, you know, Suzy Smith who has a side business, I think banks can help both types of entrepreneurs.

### **Linda Keith:**

I think you said this in another one of the episodes that we've done and that is, "You just can't make assumptions." You just can't. You can't assume they're serious. You can't assume they're not. You can't assume either way. You have to ask questions.

### **Kathleen Burns Kingsbury:**

What's hard about assumptions is we're all going to make them. That's being human. It's what you do with the assumptions. So if you start to notice that you're really getting this person, and you really understand them, and you haven't talked to them that much, just that is a red flag to go, "I need to ask more questions. Let me ask questions to check out my assumptions to gather the data." And I love that question of, you know, "What is it that I haven't asked that you think it's important for me to know?"

### **Linda Keith:**

Ooh, I love that.

### **Kathleen Burns Kingsbury:**

It often gets you really rich information.

### **Linda Keith:**

Right. To go back to my question about whether potential borrowers are a little nervous about revealing too much to lenders, you just wanted to sort of keep your cards close to your vest sometimes. But if you ask that question you just mentioned after they've opened up about a lot of other things, they'll have the confidence to actually tell you the real answer.

### **Kathleen Burns Kingsbury:**

Right. And actually, you know, it's up to your borrower what they decide to share and what they don't decide to share. But again, really, like you just mentioned, it's about building that trusting relationship.

I want to get to the third myth so we make sure we get to all three. So, the last one is women entrepreneurs are not interested in growing their businesses. So, it's similar to not serious. Part of this is a myth and some of it may be a slight reality.

Okay, so the myth part is that women that I know, and the research shows, we are a force to be reckoned with. We definitely want to grow our businesses. We want to scale our businesses. We want to figure out how to get big and have a big impact. Now, with that said, sometimes women, and I'm going to argue younger men, make decisions to not scale, or to not grow, and to have a different type of business. I'll use myself as an example. Right? So KBK Wealth Connections is a training, consulting, and speaking company. Early on, I had a vision of this big educational platform with a lot of employees. And at some point in my life, I decided I didn't want to do that because I knew what I was passionate about. Now, I leveraged myself in different ways through licensing, through online platforms, through other methods. But I'm not somebody who is going to go public and sell stock. So, I think it's also looking at that some women entrepreneurs don't want to do that. But that does not mean that they don't want to grow their business and they don't want to be successful.

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The last thing I'll say about this particular myth is sometimes women don't know as much as their male counterparts as to the different ways in which they can get funded. There's certainly the commercial lending. There's the VC. There's all sorts of creative new ways that people are getting funding as well: private investments, crowdfunding. Really kind of cool, different options. It's really understanding that women are serious. They do want to grow their businesses. Many do want to scale, but they're going to come in to you a little bit sooner with a little bit of a different perspective on risk than maybe your traditional male business owner.

### **Linda Keith:**

Well, and the loan originator/relationship manager, whatever we want to call them, it's part of their responsibility. I believe if there's something that a woman entrepreneur wants to do to grow her business, and for whatever reason she's not bankable right then to do that, it's the responsibility of the lender to say, "But here's some other things that I know might work for you." Maybe it is the VC route. Or maybe it is some other type of funding, or some other way to collaborate with someone else, or partner or license as you pointed out.

And if the relationship manager lender doesn't know about those things yet, and yet they are banking business owners of any type, that's another actionable item for loan originators to really understand. What are the options when we can't do something? What are some of the other options that any business owner might be able to avail themselves because if that banker comes up with a solution, even though they're not the one to deliver the solution, they may be able to stay in the role of the banker to this business owner. Even though in this particular circumstance, they weren't the ones who directly provided the funding.

### **Kathleen Burns Kingsbury:**

I completely agree. Because if you build that trust and you actually support a woman entrepreneur that way, she will not forget. Keep in mind, if she's successful, she's going to need a payroll service. She's going to need checking. She's going to need health insurance, you know, the accounts, HSAs. She's going to need all of these different types of things. Not to mention, at some point, a private wealth advisor.

So, I really believe there's a way to say to an entrepreneur, "Right now" — and I wouldn't use the word bankable — "right now, we're not going to be a good fit. But here are three other options. I'd like to check back with you, you know, maybe in three months, maybe in a year. What would be a good time for me?" To keep that relationship open.

The other thing is, you have no idea who she'll eventually be in business with and the connection she will have. And women love to share what works for them. Whether it's a hairdresser. Whether it is childcare, like a good nanny. Or whether it's a great banker. So keep in mind women give two to two-and-a-half times more referrals. And all it requires is goodwill.

### **Linda Keith:**

And bankers can develop that goodwill by understanding. And then not giving into these myths that are really just getting in the way of building the relationship and providing the services.

### **Kathleen Burns Kingsbury:**

Yes. When in doubt, just ask and let her tell you how she thinks, what's important to her, and how you can be most helpful.

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### Linda Keith:

Thank you so much for joining us again, Kathleen. I appreciate it.

### Kathleen Burns Kingsbury:

Thank you, Linda.

### Linda Keith:

Thanks for joining us on the Credit Risk Ready podcast. Subscribe, comment, or share on social media to stay connected and spread the word. Join me next time as we bring our bank, our customers, and our communities through the recession safe and sound.

Take care.

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## Resources

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- Websites:
  - [KBKWealthConnection.com](http://KBKWealthConnection.com) (advisor-facing)
  - [BreakingMoneySilence.com](http://BreakingMoneySilence.com) (consumer-facing)
- Breaking Money Silence Podcast:  
[podcast.breakingmoneysilence.com](http://podcast.breakingmoneysilence.com)
- Breaking Money Silence Learning Lab Negotiation Course:  
<http://breakingmoneysilence.com/negotiating>  
**Coupon Code 10% off: Negotiate10**  
*This course, designed by Kathleen Burns Kingsbury, makes a great client gift. Show your women entrepreneurial clients that you care and want to help them talking more openly about money and negotiate more effectively by giving them the gift of learning about their money psychology. For listeners of this podcast, just enter "Negotiate10" to receive 10% off the course.*
- Carlton University Research Paper on Women Entrepreneurs and Risk:  
[https://static1.squarespace.com/static/536948c6e4b001654189fa95/t/572895e97c65e4dbdad4a79e/1462277611091/A\\_Force\\_To\\_Reckon\\_With\\_3.30.16.pdf](https://static1.squarespace.com/static/536948c6e4b001654189fa95/t/572895e97c65e4dbdad4a79e/1462277611091/A_Force_To_Reckon_With_3.30.16.pdf)

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### *About Kathleen Burns Kingsbury*

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Kathleen Burns Kingsbury is a wealth psychology expert, founder of KBK Wealth Connection, host of the Breaking Money Silence podcast, and an internationally published author and speaker. *Breaking Money Silence: How to Shatter Money Taboos, Talk Openly About Finances, and Live a Richer Life* is Kathleen's fifth book.

Named one of nine amazing conference speakers in 2017 by Investment News, Kathleen is a sought-after keynote speaker and consultant on the topic of women and wealth and couples and money. Her mission is to empower women, couples, and families (and the advisors who serve them) to shatter money taboos and communicate more effectively about financial matters.

As an expert on financial psychology, Kathleen has appeared on television and written for consumer and trade publications. Her work has been featured in The New York Times, The Wall Street Journal, PBS News Hour, Money Magazine, TODAY Money, Forbes, and CNBC.

Kathleen is an adjunct lecturer at the McCallum Graduate School of Business at Bentley University and a guest lecturer at the Personal Financial Planning program at Texas Tech University. She received an undergraduate degree in finance from Providence College and started her career in retail banking before becoming a commissioned bank examiner with the FDIC. Due to her desire to coach executive management on improving performance, she attained a master's degree in psychology, became a Certified Professional Co-Active Coach, and founded her consulting firm KBK Wealth Connection.

When she is not working, Kathleen is an avid alpine skier who lives for the next powder day. In the off-season, she enjoys mountain biking, kayaking, and laughing with her friends. She lives with her husband and her cat, Avery, in the Mad River Valley of Vermont.

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### *About Linda Keith*

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Linda Keith CPA draws on her 30-plus years of experience consulting with and training lending institutions; background in public accounting; 15-plus years as CFO of the family residential construction company; and experience as an Examiner with the Washington State Auditor's Office and as adjunct faculty in Accounting Principles and Managerial Accounting to help lending and credit professionals say "yes" to good loans.

Of course, you know those are not consecutive years or she'd be over 100 by now!



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Linda is known by her clients to be both practical and funny. In fact, there is a movement afoot to change the 'P' in CPA to stand for 'Playful'. The fact is, people absorb ideas and learn better when they are having a little bit of fun. So, Linda brings the fun along with her practical knowledge and depth of understanding to provide credit analysis training and presentations that make a difference.

She is the founder of [Lenders Online Training](#), a virtual classroom approach to improving tax return and financial statement analysis capabilities; the host of the [Credit Risk Ready Podcast](#); and a [consultant/trainer on credit risk](#) to banks and credit unions across the country.

[www.LendersOnlineTraining.com](http://www.LendersOnlineTraining.com)

[www.LindaKeithCPA.com](http://www.LindaKeithCPA.com)

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