Diminished Diversity in Entrepreneurial Pipelines

Abstract

This study examines the sociodemographic characteristics and representation of LGBTQ+ individuals across various stages of StartOut's entrepreneurial pipeline. We hypothesized that certain groups appear to face greater drop-offs during more competitive stages of the founder experience. Data from StartOut members were analyzed to assess diversity in sexual orientation, sex/gender, and race/ethnicity at different stages: Leads ("Initial Contact" phase), Contacts, Applied to Founders, Accepted to Founders ("Registered Founder" phase), Applied to Growth Lab, and Accepted to Growth Lab ("Accepted Fellow" phase). Key findings reveal significant over-representation of gay men and under-representation of certain racial groups, such as African American/Black individuals, at advanced stages. Gender disparities were notable, with men being predominantly represented while women and gender non-conforming individuals faced higher attrition rates. Additionally, non-cisgender individuals, e.g., transgender and gender non-conforming participants, were over-represented as compared to the United States population in early stages but faced barriers in progressing further. The analysis underscores the need for specific recommendations: enhanced outreach & recruitment, tailored support programs, equitable funding opportunities, and intersectional data collection. These findings highlight the importance of continuous monitoring and proactive measures to support the diverse needs of LGBTQ+ entrepreneurs, ensuring their full potential is realized within the StartOut community.

Introduction

“Being part of an underrepresented group adds unique challenges. It’s not just about access to funding but also navigating ecosystems where networks, mentors, and decision-makers often lack representation… This can make it harder to build the connections that often pave the way for acceptance into such programs.”

- Nicolas Noriega, co-founder of Prompta AI

The stages of startup development are often characterized as a pipeline, whereby reaching key stages includes specific objectives and milestones. A business development pipeline often begins with outreach and awareness efforts aimed at informing potential applicants about available opportunities through marketing campaigns, webinars, and community events. This is followed by the application submission stage, where detailed proposals and necessary documentation are collected. Initial screening ensures applications meet basic eligibility criteria, while the evaluation and review stage involves thorough assessments by panels or committees, often facing challenges of bias and inconsistency. The decision-making stage selects the most promising applications for funding, requiring transparency and accountability to avoid the unequal distribution of opportunities and resources. Once funded, monitoring and reporting assists in the evaluation of the investment and the refinement of performance metrics to improve future endeavors.

Diversity in executive teams is regularly and repeatedly shown to enhance almost all outputs of business ventures.[1] Addressing the inherent challenges at each stage is essential for creating an equitable and efficient funding pipeline that supports diverse and inclusive initiatives. The unequal representation of different stakeholders or groups across these stages has been characterized as the “leaky pipeline” phenomenon. As a critical equity issue, the leaky pipeline highlights the presence of non-random systemic barriers and biases that, in turn, disproportionately affect the inclusion and equitable participation of marginalized groups across different stages of the funding process, including women, racial/ethnic minorities, and LGBTQ+ funders. These barriers often stem from implicit biases, discriminatory practices, and institutionalized inequities that favor more privileged groups.

LGBTQ+ founders created 36% more jobs, 114% more patents, and 44% more exits, despite raising 16% less funding compared to the average founder.[2] Consequently, the leaky pipeline perpetuates a cycle of disadvantage, hindering the potential of talented

[1] McKinsey & Company. Diversity matters even more: The case for holistic impact. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-matters-even-more-the-case-for-holistic-impact

[2] StartOut. 2023 State of LGBTQ Entrepreneurship Report. https://startout.org/index/

and innovative LGBTQ+ individuals and organizations to contribute to social progress and economic development. Addressing this issue is crucial for fostering a more inclusive and equitable funding environment that ensures equal opportunities for all, regardless of race, ethnicity, gender, or sexual orientation.

StartOut is a national networking community for LGBTQ+ founders, professionals, and allies. They enable members with curated access to resources, expert support, and engagement to accelerate their ideas and grow their businesses. To advance the representation and inclusion of LGBTQ+ Founders, StartOut launched the StartOut founder pipeline - a series of programs (free and/or paid) designed to develop members' entrepreneurial acumen as they grow as business leaders. Companies are selected based on internal criteria around investor readiness, stage of development, CEO commitment, and more.

Recognizing the importance of monitoring whether their suite of programs were mitigating the larger issues related to the leaky pipeline in the field, StartOut connected with the Eidos LGBTQ+ Health Initiative at the University of Pennsylvania in the fall of 2023 and requested a systematic review of the representation of members throughout the StartOut pipeline. In this report, we detail the process and findings that Eidos undertook using StartOut's membership demographics to examine the representation of racial/ ethnic, and sexual and gender minorities across the StartOut pipeline.

Methodology

Data Collection

The dataset for this study consists of StartOut members across the nationwide pipeline, from 2015 to April 2024. StartOut members are invited to share demographic information about themselves and their company when they join an email list or attend an event. They are prompted to share this demographic information again when creating a user profile. They are asked about the industry they're in, company size and scale, funding history, and location in addition to founder-specific questions about their orientation, gender, and racial or ethnic origin.

For inclusion in this report, we included individuals from StartOut membership lists who reported on three demographic questions: their sexual orientation, gender identity, and race and ethnicity. We limited our data set to members that had answered all three of the identity fields across all stages, which ultimately gave us a total of ~12k records to work with.

Level	All Records	Records with Complete Demographics
Leads (“Initial Contact” phase)	Est. 39,000	8,128
Contact	Est. 14,000	4,056
Founders Program (FP) Applicants	n/a	1,335
FPs Not Approved	n/a	2,273
FPs Approved (“Registered Founder” phase)	n/a	1,908
FP Scholarships	n/a	434
Growth Lab Applicants	764	478
Growth Lab Founders (“Accepted Fellow” phase)	81	81

The StartOut Pipeline

Overall, StartOut seeks to develop scalable, investment-ready companies working in the technology or finance fields and limits their selections to organizations that meet those criteria. The StartOut Pipeline consists of four discreet stages, with two internal selection filters determining entrance to the two highest levels.

1. **Leads (“Initial Contact” phase):** Entry level engagement characterized by having attended an event, and/or signing up for the newsletter.
2. **Contacts:** Converted leads that have taken the initiative to set up a profile within the StartOut portal.
3. **Founders Program (“Registered Founder” phase)**: Individuals who have been screened by StartOut staff and been accepted into the paid benefits tier ($125/yr) based on a submitted application and meeting selection criteria. Criteria include: (a) a working company website, and preferably a LinkedIn page; (b) suitable answers to company questions; (c) three challenges or goals they’re hoping StartOut will help address; (d) company goals, value proposition, competitive advantage, and market space; (e) willingness and readiness to be introduced to investors; (f) acknowledging that there’s a payment or scholarship required.

4. **StartOut Growth Lab (“Accepted Fellow” phase)**: Members are accepted based on a submitted application and internal selection criteria into an accelerator program. Criteria include those listed for the Founders Program, as well as (a) a tech-enabled, market-disruptor business with a high growth potential, (b) VC-backable companies, and (c) a full-time CEO

Membership records were pulled from the master Salesforce CRM based on the application results of members to various stages. We tracked how far along the pipeline each member got using anonymized user IDs, which gave us a comprehensive founder development pipeline, and a discreet location for each member. Participating in an application process was treated as an advancement step regardless of outcome in determining this ranking.

Data Curation

Prior to analyses, we engaged in a data curation process to ensure that the data was consistent, accurate, and reliable. This was especially important as the demographic characteristics under study were recorded differently over time. We undertook several steps in our data curation process. First, we reviewed the dataset and removed entries with missing values, inaccuracies, and duplicates. Out of 54 duplicates, 12 had multiple entries within Converted Contacts; 7 were rejected from the Founders Program; 4 successfully reapplied to the Founders Program; 16 became Approved Founders; 6 applied to growth lab; one was accepted to Growth Lab; and finally, one founder was accepted to the Founders program on two occasions, for two separate companies.

The next step of curation involved a data harmonization process to standardized terms and categories given their variability in use across different time periods. This required us to align and collapse varying labels and categories into a unified framework that allowed for data fields to be mutually exclusive from one another. By converting older, less inclusive categories into more current and comprehensive ones we were able to reconcile disparate sources and formats, ensuring that individuals' data were accurately represented. This thorough curation process strengthened our ability to undertake a robust analysis of the leaky pipeline, enabling meaningful insights into trends and patterns observed in the data while respecting the diversity and complexity of the identities represented.

In the original dataset, identity tags were not mutually exclusive, which led to grouped categories. For example, in the orientation data field, users could select gender identities such as 'Transgender' or 'Two Spirit' within the same category as sexual orientations like 'Gay,' 'Lesbian,' and 'Bisexual,' as well as collective group terms. Similarly, race and ethnicity descriptors were combined, and both fields allowed for

multiple selections. This approach suggests a more nuanced minority landscape than initially apparent.

Harmonizing answer categories. Users had the option to choose as many relevant categories as desired when answering sociodemographic questions. The fields combine sexual orientation labels along with gender identity markers and our first step was to differentiate these descriptors. We created two new fields to differentiate gender:

1. One variable which preserved gender minorities identities as specified by users (e.g., transgender; two spirit)
2. One variable to collapse gender minorities labels into a single binary variable (i.e., non-cis). This decision not only reflects modern demographic conventions but brings much-needed affirming nuance to describing non-cis populations. Specifically, this separation of gender identity from sexual orientation makes way for trans people to identify their orientation effectively outside of their gender (ie, trans people who may be straight or T4T).

We repeated a similar process for sexual orientation values to eliminate redundancies and create mutually exclusive categories. In total, we identified 1221 cases (30%) where we had to recode multiple sexual orientation selections into a single category (e.g., “lesbian and LGBTQ+” into “lesbian”); 30 cases were collapsed into bisexual, 35 cases were collapsed into gay, and 46 cases were collapsed into the lesbian category. Additionally, 18 were collapsed into queer, and 14 collapsed into LGBTQ+. We used LGBTQ+ as the most expansive category and made it the label for anybody who specified “transgender” without further orientation tags.

Race and Ethnicity were reviewed in a similar fashion. Consistent with new OMB racial categories, we created a “LatinX” category for race. This gave us 411 LatinX members, or 10.1%. For all records that included more than one racial category, we created a “Multiracial” category. In total, we identified 227 cases (5.5%) where we had to recode multiple racial categories into the Multiracial single category.

Final Measures

Table 2: Final		
Demographic Characteristic	Select:	Selections
Orientation	Single	Gay; Lesbian; Bisexual; Queer; Ally; LGBTQ+; Other; Decline to Answer; Not Listed; Other

Gender Presentation	Single	Male; Female; Gender Nonconforming; Not Listed
Gender Minority	Single	Yes/No
Race	Single	African American/Black; Caucasian; Asian; Native; Multiracial; Not Listed; LatinX; Decline to Answer

Analysis Plan

After data curation and harmonization, the data were entered into SPSS version 28 (IBM Co., 2024). We computed overall descriptive statistics, followed by sociodemographic characteristics of participants within their current pipeline stage. Bivariate analyses were then used to examine whether there were statistically significant differences in membership representation across our sociodemographic variables. In these comparisons, we examined whether respondents in a discrete stage of the StartOut pipeline were comparable to those in the Contacts stage. Likelihood ratio chi-square tests were used to examine whether there were differences between the counts observed versus those expected at each stage. A two-tailed significance value of $p < .05$ was used for all analyses.

RESULTS

The StartOut Pipeline

Of the 12,193 unique records in the data, there were 8,128 entries (66.7%) categorized as Lead and 4,065 entries as Contacts (33.3%). We used the Contacts denominator as the starting point for our pipeline analysis. 2,269 individuals applied to the Founders program (55.8%), with 2,005 being accepted (49.3%). Further along the pipeline, 517 applied to the Growth Lab (12.7%), and 81 were accepted (1.99%). Notably 1,961 members, or 75%, successfully entered the Founders program following an initial rejection and subsequent reapplication.

Discrete Stages	**n Pool**	

Leads	8,128*	[Baseline]*
Contacts	4,065	100%
Applied to Founders	2,269	55.8%
Accepted to Founders	2,005	49.3%
Applied to Growth Lab	517	12.7%
Accepted to Growth Lab	81	1.99%
Unique Records	**12,193**	

Overall sociodemographic characteristics of StartOut Leads

In terms of sexual orientation, the largest group identified as Gay, accounting for 2,009 respondents (24.7%). This is followed by individuals identifying as Allies (n=1885, 23.19%) and Decline to Answer (n=1743, 21.44%). Smaller percentages identified as Lesbian (n=673, 8.28%) Queer (n=664, 8.17%), and Bisexual (n=534, 6.57%), with minimal representation from those identifying as Other (n=308, 3.79%) or Not Listed (n=202, 2.49%). A small portion of respondents chose LGBTQ+ (n=110, 1.35%)

Gender distribution showed that most respondents identified as Male (n=4013, 49.36%), with Females (n=3360) comprising 41.3% of the sample. Gender Non-Conforming individuals (n=320) accounted for 3.9%, while those who chose Not Listed or Decline to Answer represented 19 respondents (0.23%) and 417 respondents (5.1%), respectively.

Most participants identified as cisgender (n=7889, 97%). Non cisgender individuals comprised 240 respondents (2.9%), with 20 members identifying as Two-Spirit (n=20, 0.2%), or choosing Not Listed (n=19, 0.2%).

Racial and ethnic representation was also diverse. The largest group identifying as Caucasian (n=2,994, 36.8%), followed by African American/Black (n=1349, 16.6%) and Asian (n=1295, 15.9%). LatinX individuals made up 973 respondents (11.9%) of the sample, Multiracial individuals included 373 respondents (4.5%), and those identifying as Native Hawaiian/Pacific Islander or Native/Indigenous were minimally represented at 48 members (0.5%). A small portion chose Not Listed (n=233, 2.8%) though more selected Decline to Answer (n=863, 10.6%).

Overall sociodemographic characteristics of StartOut Contacts

In terms of sexual orientation, the largest group identified as Gay, accounting for 1,942 respondents (47.8%). This is followed by individuals identifying as Lesbian (n=607, 14.9%) and Bisexual (n=405, 10.0%). Smaller percentages identified as Queer (n=321,

7.9%), Ally (n=428, 10.5%), and LGBTQ+ (n=167, 4.1%), with minimal representation from those identifying as Other (n=30, 0.7%) or Not Listed (n=24, 0.6%). A small portion of respondents chose to Decline to Answer (n=141, 3.5%).

Gender distribution showed that most respondents identified as Male (n=2,399, 59.0%), with Females (n=1,253) comprising 30.8% of the sample. Gender Non-Conforming individuals (n=317) accounted for 7.8%, while those who chose Not Listed or Decline to Answer represented 45 respondents (1.1%) and 51 respondents (1.3%), respectively.

The majority of participants identified as cisgender (n=3,502, 86.2%). Transgender individuals comprised 284 respondents (7.0%), with Gender Non-Conforming participants representing 188 respondents (4.6%). Fewer cases were observed for members identifying as Two-Spirit (n=32, 0.8%), or choosing Not Listed (n=14, 0.3%) or Decline to Answer (n=45, 1.1%).

Racial and ethnic diversity was also notable, with the largest group identifying as Caucasian (n=2,130, 52.4%), followed by African American/Black (n=520, 12.8%) and LatinX (n=499, 12.3%). Asian individuals made up 394 respondents (9.7%) of the sample, Multiracial individuals 201 respondents (4.9%), and those identifying as Native Hawaiian/Pacific Islander or Native/Indigenous were minimally represented at 5 members (0.1%) and 22 members (0.5%), respectively. A small portion chose Not Listed (n=137, 3.4%) or Decline to Answer (n=157, 3.9%).

Sociodemographic characteristics by Stage in Pipeline

Applied to Founders

The largest group of respondents identified as Gay, constituting 50.1% of the total respondents (n=2269). This was followed by individuals identifying as Lesbian (n=365; 16.1%) and Bisexual (n=285; 12.6%). Smaller percentages identified as Queer (n=208; 9.2%), LGBTQ+ (n=106; 4.7%), Ally (n=97; 4.3%), with minimal representation from those identifying as Other (n=14; 0.6%) or Not Listed (n=10; 0.4%). A small portion chose to Decline to Answer (n=48; 2.1%). There were observed statistical differences by sexual orientation (Likelihood Ratio=286.96, df=8, p<.001). Ally (4.3% vs 18.4%) were under-represented at this stage. Bisexual (12.6% vs 6.7%) and Queer (9.2% vs 6.3%) were over-represented. Gay (50.1% vs 44.9%), Lesbian (16.1% vs 13.5%), and LGBTQ+ respondents (4.7% vs 3.4%) had comparable representation.

Gender distribution showed that most respondents identified as Male (n=1332; 58.7%), with Females (n=659) comprising 29.0% of the sample. Gender Non-Conforming individuals (n=213) accounted for 9.4%. Those who chose Not Listed (n=35) or Decline to Answer (n=30) represented 1.5% and 1.3% respectively. There were observed statistical differences by gender (Likelihood Ratio=32.11, df=4, p<.001). Gender Non-Conforming respondents were overrepresented at this stage (9.4% vs 5.8%).

Males (58.7% vs. 59.4%) and Females (29% vs. 33.1%) had comparable representation at this stage.

The majority of participants identified as cisgender (n=1881; 82.9%). Transgender individuals (n=207) comprised 9.1% of the respondents, and Gender Non-Conforming participants (n=120) represented 5.3% of responses. Those identifying as Two-Spirit (n=25) represented approximately 1.1%. Members who chose Not Listed (n=10; 0.4%) or who Declined to Answer (n=26; 1.1%) accounted for the remaining 1.5% of the sample. There were observed statistical differences by trans experience (Likelihood Ratio=55.00, df=5, p<.001). Cisgender respondents were under-represented at this stage (82.9% vs. 90.3%), whereas Transgender (9.1% vs 4.3%), Gender Non-Conforming (5.3% vs 3.8%), and Two-Spirit (1.1% vs 0.4%) were over-represented.

Racial and ethnic diversity was varied. The largest group identifying as Caucasian (n=1157; 51.0%), followed by African-American/Black (n=328; 14.5%) and LatinX (n=299; 13.2%). Asian individuals (n=184) made up 8.1% of the sample, Multiracial individuals (n=119) comprised 5.2% of the sample. Those identifying as Native Hawaiian/Pacific Islander (n=3) or Native/Indigenous (n=11) were minimally represented at 0.1% and 0.5% respectively. The remainder of respondents chose Not Listed (n=86; 3.8%) or Decline to Answer (n=82; 3.6%). There were observed statistical differences by race (Likelihood Ratio=34.63, df=8, p<.001). Asian respondents were under-represented in this category (8.1% vs 11.7%), whereas African American/Black were over-represented in this category (14.5% vs 10.7%). Caucasian (51.0 vs 54.2%), Latinx (13.2% vs 11.1%), Multiracial (5.2% vs 4.6%), and Native Hawaiian/Pacific Islander (0.1% vs .01%) and Native/Indigenous (0.6% vs 0.5%) had comparable representation at this stage.

Applied to Founders

In terms of sexual orientation, the largest group identified as Gay (n=147, 55.9%), followed by individuals identifying as Lesbian (n=44, 16.7%) and Bisexual (n=24, 9.1%). Smaller percentages identified as Queer (n=21, 8.0%) and Ally (n=19, 7.2%). Minimal representation was seen from those identifying as LGBTQ+ (n=3, 1.1%), Other (n=2, 0.8%), and Not Listed (n=3, 1.1%). There were observed statistical differences by sexual orientation (Likelihood Ratio=25.11, df=8, p=.001). Gay (55.9% vs 47.2%) were over-represented at this stage. Ally (7.2% vs 10.8%) and LGBTQ+ (1.1% vs 4.3%) were under-represented at this stage. Lesbian (16.7% vs 14.8%), Bisexual (9.1% vs 10.0%) and Queer (8.0% vs 7.9%) respondents had comparable representation.

Most respondents identified as Male (n=167, 63.5%), with Females comprising 76 respondents (28.9%). Gender Non-Conforming individuals accounted for 18 respondents (6.8%), while a small portion chose to Decline to Answer (2 respondents,

0.8%). There were no observed statistical differences by gender (Likelihood Ratio=8.27, df=4, p=.08).

The majority of participants identified as cisgender (n=234, 89.0%). Transgender individuals comprised 17 respondents (6.5%), with Gender Non-Conforming participants representing 10 respondents (3.8%). A small portion chose to Decline to Answer (n=2, 0.8%). There were no observed statistical differences by trans experience (Likelihood Ratio=7.30, df=5, p=.20).

The largest racial group were Caucasian (n=153, 58.2%), followed by LatinX (n=35, 13.3%) and Asian (n=23, 8.7%). African American/Black individuals made up 18 respondents (6.8%) of the sample, Multiracial individuals 15 respondents (5.7%), and those choosing Not Listed represented 7 respondents (2.7%). A small portion chose to Decline to Answer (12 respondents, 4.6%). There were observed statistical differences by race (Likelihood Ratio=16.22, df=8, p=.04). African American/Black (6.8% vs 13.2%) were underrepresented, whereas Caucasian (58.2% vs. 52.0%) respondents were overrepresented. Asian (8.7% vs 9.8%), LatinX (13.3% vs. 12.2%), and MultiRacial (5.7% vs. 4.9%) respondents had comparable representation. Native Hawaiian/Pacific Islander and Native/Indigenous respondents were not included at this stage.

Accepted to Founders

In terms of sexual orientation, the largest group identified as Gay (n= 989; 49.3%), followed by individuals identifying as Lesbian (n=321, 16.0%) and Bisexual (n=261, 13.0%). Smaller percentages identified as Queer (n=187, 9.3%), Ally (n=78, 3.9%), and LGBTQ+ (n=103, 5.1%). Minimal representation was seen from those identifying as Other (n=12, 0.6%) or Not Listed (n=10, 0.5%). A small portion chose to Decline to Answer (n=44, 2.2%). There were observed statistical differences by sexual orientation (Likelihood Ratio=263.44, df=8, p<.001). Respondents in the Ally (3.9% vs 17.0%) category were underpresented, whereas Bisexual (13.0% vs 7.0%), LGBTQ+ (5.1% vs 3.1%), and Queer (9.3% vs 6.5%) respondents were over-represented. Gay (49.3% vs 46.3%) and Lesbian (16.0% vs 13.9%) respondents had comparable representation at this stage.

Gender distribution showed that most respondents identified as Male (n=1165, 58.1%), with Females comprising 583 respondents (29.1%). Gender Non-Conforming individuals accounted for 195 respondents (9.7%). A small portion chose to Decline to Answer (n=27, 1.3%) or Not Listed (n=35, 1.7%). There were observed statistical differences by gender (Likelihood Ratio=39.14, df=4, p<.001). Female respondents (29.1% vs 32.5%) were underpresented, whereas Gender Non-Conforming respondents were over-represented (9.7% vs 5.9%). Male respondents (58.1% vs 59.9%) had comparable representation.

Most participants identified as cisgender (n=1647, 82.1%). Transgender individuals comprised 190 respondents (9.5%) and Gender Non-Conforming participants represented 110 respondents (5.5%). Those identifying as Two-Spirit (n=25, 1.2%) accounted for a small proportion of the sample. Some participants chose Not Listed (n= 10, 0.5%) or to Decline to Answer (n=23, 1.1%). There were observed statistical differences by trans experience (Likelihood Ratio=63.61, df=5, p<.001). Cisgender (82.1% vs 90.0%) respondents were under-represented at this stage, whereas Gender Non-Conforming (5.5% vs 3.8%), Transgender (9.5% vs. 4.6%) and Two-Spirit (1.2% vs 0.3%) respondents were over-represented at this stage.

Racial and ethnic diversity was also notable, with the largest group identifying as Caucasian (n=1,004, 50.1%), followed by African-American/Black (n=310, 15.5%) and LatinX (n=264, 13.2%). Asian individuals made up 161 respondents (8.0%) of the sample, Multiracial individuals 104 respondents (5.2%), and those identifying as Native Hawaiian/Pacific Islander or Native/Indigenous were minimally represented at 3 respondents (0.1%) and 11 respondents (0.5%), respectively. A small portion chose Not Listed (n=78, 3.9%) or Decline to Answer (n=70, 3.5%). There were observed statistical differences by race (Likelihood Ratio=45.25, df=8, p<.001). African American (15.5% vs 10.2%) and LatinX (13.2% vs 11.4%) respondents were over-represented at this stage. Asian (8.0% vs 11.3%) and Caucasian (50.1% vs 54.7%) respondents were unrepresented at this stage. Multiracial (5.2% vs 4.7%), Native Hawaiian/Pacific Islander (0.1% vs 0.1%), and Native/Indigenous (0.5% vs 0.5%) respondents were proportionally represented at this stage.

Applied to Growth Lab

In terms of sexual orientation, the largest group identified as Gay (n=266, 51.5%), followed by individuals identifying as Lesbian (n=84, 16.2%) and Bisexual (n=70, 13.5%). Smaller percentages identified as Queer (n=53, 10.3%), Ally (n=15, 2.9%), and LGBTQ+ (n=14, 2.7%). Minimal representation was seen from those identifying as Other (n=4, 0.8%) or Not Listed (n=3, 0.6%). A small portion chose to Decline to Answer (n=8, 1.5%). There were observed statistical differences by sexual orientation (Likelihood Ratio=68.24, df=8, p<.001). Bisexual (13.5% and 9.4%) and Queer (10.3% vs 7.6%) respondents were more likely to be proportionally overrepresented in this step. Gay (51.5% vs 47.2%) and Lesbian (16.2% vs 14.7%) individuals had comparable representation; however, LGBTQ+ (2.7% vs 4.3%) and Ally respondents (2.9% vs 11.6%) were proportionally under-represented at this stage.

Most respondents identified as Male (n=321, 62.1%), with Females comprising 143 respondents (27.7%). Gender Non-Conforming individuals accounted for 46 respondents (8.9%), while a small portion chose to Decline to Answer (n=2, 0.4%) or Not Listed (n=5, 1.0%). There were no observed statistical differences by race (Likelihood Ratio=8.61, df=4, p=.07).

Many participants identified as cisgender (n=447, 86.5%). Transgender individuals comprised 34 respondents (6.6%), with Gender Non-Conforming participants representing 27 respondents (5.2%). Those identifying as Two-Spirit represented approximately 7 respondents (1.4%). A few participants chose Not Listed (n=1, 0.2%) or Decline to Answer (n=1, 0.2%). There were no observed statistical differences by race (Likelihood Ratio=9.60, df=5, p=.09).

The largest group of respondents identified as Caucasian (n=252, 48.7%), followed by African-American/Black (n=82, 15.9%) and LatinX (n=72, 13.9%). Asian individuals made up 46 respondents (8.9%) of the sample, Multiracial individuals 30 respondents (5.8%), and those identifying as Native/Indigenous were minimally represented with 1 respondent (0.2%). A small portion chose Not Listed (n=17, 3.3%) or Decline to Answer (n=17, 3.3%). There were no observed statistical differences by race (Likelihood Ratio=11.74, df=8, p=.16).

Accepted to Growth Lab

In terms of sexual orientation, the largest group identified as Gay (n=50, 61.7%), followed by individuals identifying as Bisexual (n=12, 14.8%) and Lesbian (n=11, 13.6%). Smaller percentages identified as LGBTQ+ (n=5, 6.2%) and Queer (n=3, 3.7%). There were observed statistical differences by sexual orientation (Likelihood Ratio=33.00, df=8, p<.001). Gay (61.7% vs 47.5%) and Bisexual (14.8% v 9.9%) respondents were more likely to be proportionally overrepresented in the GrowthLab cohort when compared to the larger pool of Bisexual respondents included in the Contacts stage. Lesbian (13.6% vs 15.0%) and LGBTQ+ (6.2% vs 4.1%) individuals had comparable representation; however, Queer respondents (3.7% vs 8.0%)were proportionally under-represented at this stage. There were no respondents from the Ally category included in this stage.

More than two thirds identified as Male (n=57, 70.4%), with Females comprising 22 respondents (27.2%). Gender Non-Conforming individuals accounted for 2 respondents (2.5%). There were observed statistical differences by gender (Likelihood Ratio=10.03, df=3, p=.04). Males were over-represented at this stage (70.4% vs 58.8%). Females had comparable representation (27.2% vs 30.9%). Gender Non-Conforming respondents were under-represented (2.5% vs 7.9%).

Most participants identified as cisgender (n=78 respondents, 96.3%). Gender Non-Conforming, Transgender, and Two-Spirit individuals each comprised 1 respondent (1.2%). There were observed statistical differences by trans experience (Likelihood Ratio=12.33, df=4, p=.03). Cisgender respondents were over-represented at this stage (96.3% vs 85.9%). Two-Spirit (1.2% vs 0.8%) had comparable representation, whereas Gender Non-Confirming (1.2 vs 4.7%), Transgender (1.2 vs 7.0%) were under-represented.

Racial and ethnic diversity was also notable, with the largest group identifying as Caucasian (n=43, 53.1%), followed by Asian (n=15, 18.5%) and LatinX (n=11, 13.6%). African American/Black individuals made up 4 respondents (4.9%) of the sample and Multiracial individuals 2 respondents (2.5%). Those choosing Not Listed represented 5 respondents (6.2%). A small portion chose to Decline to Answer (n=1, 1.2%). There were observed statistical differences by race (Likelihood Ratio=16.46, df=8, p=.04). Asian respondents were more likely to be proportionally overrepresented in the GrowthLab cohort when compared to the larger pool of Asian respondents included in the Contacts stage (18.5% v 9.5%). Caucasian and Latinx were comparable in their representation; however, African American/Black respondents (4.9% vs 13.0%) and Multiracial respondents (5.0 vs 2.5%) were proportionally under-represented at this stage. There were no Native/Indigenous or Native Hawaiian/Pacific Islander respondents, respectively, included in this stage.

Conclusions & Implications

“Growth lab was a chance to exchange ideas and push each other - to challenge each other - and to help each other. I saw my fellow LGBTQ entrepreneurs at conferences and events and made an effort to reach into our alumni and get their help. I loved the feeling of support, encouragement, and empowerment during a challenging year for all startups.”

- Michael Tringe, founder of CreatorUp

Historical context shows that economies have traditionally marginalized certain groups, and without a conscious effort to recognize and address these overlapping biases, diversity initiatives can inadvertently perpetuate the very inequities they aim to dismantle. Historically, LGBTQ+ founders have under-raised funds for their ventures compared to their heterosexual and cisgender counterparts. This is ascribed in part to challenges accessing traditional sources of business support and startup capital. LGBTQ+ founders may face bias from investors based on their gender or orientation, while many are excluded from the social structures that tend to provide fiscal and emotional resources for starting a company. However, despite initial funding and startup challenges, LGBTQ+ founders of all racial and ethnic backgrounds on average outperform their cis, straight, white counterparts. This success can be attributed to their unique perspectives, resilience, and innovative approaches that often arise from navigating and overcoming systemic barriers. One dollar invested in LGBTQ+ founders goes six times further in positive economic impact. This remarkable multiplier effect is

due to the unique challenges these entrepreneurs overcome, which foster innovative problem-solving skills and a deep understanding of diverse market needs. Inclusive support for LGBTQ+ entrepreneurs of all backgrounds provides a vital space and platform for these founders to showcase their ideas, talents, skills, and potential. Such support systems are crucial for nurturing their growth and ensuring they can contribute maximally to the economy.

“The program provided us with valuable resources, mentorship, and connections that helped us to accelerate our growth and take our business to the next level.

One of the most impactful aspects of the program was the opportunity to connect with the LGBTQ+ community. As an LGBTQ+ founder, I often felt isolated and struggled to find a supportive network. But StartOut provided me with a welcoming environment where I could connect with other LGBTQ+ founders and industry professionals. This connection has not only helped me to grow our business but also given me a sense of belonging and community.”

- Salu Ribeiro, founder of Bay PLS

The persistent inequities in access to funding and resources continue to hinder their full potential. Equitable funding, and by extension economic empowerment, for minoritized founders is imperative if we wish to see long-lasting societal improvements in social justice, health inequities, and economic development. Equitable funding ensures that LGBTQ+ founders receive the necessary capital to scale their businesses, drive innovation, and create jobs. This financial support can catalyze transformative changes within communities, addressing health inequities by funding startups focused on inclusive healthcare solutions, and promoting social justice through businesses that advocate for marginalized voices. Furthermore, by empowering these founders, we stimulate economic development, as their success can lead to a more diverse and resilient economy. In essence, supporting LGBTQ+ entrepreneurs not only fosters individual business growth but also contributes to a more equitable and prosperous society.

To address these ongoing challenges, StartOut has created a series of programs and services to enrich the experiences and resources of LGBTQ+ founders. StartOut's ongoing efforts to support diversity amongst their minoritized founders are endemic to the DNA of the organization. Their active outreach and volunteer base make for a

welcoming, nationwide presence and network for accessing community, funding, and mentorship. Creating inclusive funding opportunities for LGBTQ+ founders contribute significantly to the success of the startups they engage. By fostering an environment that supports diversity and inclusion, StartOut ensures that LGBTQ+ entrepreneurs have the resources and support they need to thrive in a competitive business landscape. We analyzed data from StartOut members participating across discrete stages: Leads, Contacts, Founders Program, and Growth Lab and examined whether there were differences in representation across three demographic variables: sexual orientation, gender identity, and race/ethnicity.

Overall, StartOut members were highly diverse across the various stages of the pipeline; however, the data revealed disparities in representation at various stages of the pipeline, indicating the presence of a leaky pipeline. This leaky pipeline illustrates how individuals from these communities may encounter obstacles at various points, from the initial application to the final disbursement of funds, resulting in their underrepresentation and limited access to essential resources. This can result in a one-size-fits-all approach that fails to address the specific needs of additionally minoritized LGBTQ+ founders, and unintentionally perpetuate existing inequalities regarding resource allocation, and limit the overall impact of diversity initiatives. By adopting an intersectional approach that considers the complex interplay of race, ethnicity, gender, and sexual orientation, diversity initiatives can more effectively support LGBTQ+ founders and ensure that all voices within the community are heard, valued, and supported. This comprehensive and intersectional inclusivity not only enhances the effectiveness of these initiatives but also promotes a more equitable and just entrepreneurial ecosystem. Moreover, the findings underscore that, while diversity initiatives are essential for fostering inclusivity, they are not immune to structural forces that can undermine efforts to ensure inclusive membership and representation among LGBTQ+ founders and startups.

This study is an example of the steps that StartOut has taken to effectively support and uplift minority founders. By recognizing and addressing the unique challenges faced by these entrepreneurs, StartOut not only promotes a more equitable entrepreneurial ecosystem but also sets a precedent for other organizations to follow. Their commitment to diversity and inclusion ensures that LGBTQ+ founders have equal opportunities to succeed, thereby driving innovation and economic growth within the broader startup community. Currently, StartOut is addressing equity challenges by offering scholarships to their Founders Program for gender, racial, and ethnic minorities within the LGBTQ+ umbrella. This initiative eliminates one of the fiscal barriers founders face, allowing them to allocate precious resources towards their company rather than fundraising efforts. The impact of these scholarships has been extensive and positive. For instance, an internal study found that the scholarship significantly increased the presence of LatinX founders in their final applicant pool. This direct impact highlights the effectiveness of

StartOut's approach in promoting equity and inclusion. At present, however, we are unable to test whether the scholarship program is helping address the leaky pipeline. Examining how the scholarship program impacts both the representation and success of grantees in the future may be warranted.

Limitations

There are some limitations to this study. First, the current analysis employed a cross-sectional design; therefore, inferences about causality should be avoided. Second, our comparisons by members' sociodemographic data focused on race/ethnicity, sexual orientation, and gender, respectively. We recognize that the analysis of StartOut's pipeline from an intersectional perspective may offer additional insights on what groups are being over or underrepresented. Unfortunately, given limited sample sizes in some of these subgroups, we were unable to make these intersectional categories with the existing dataset. Future research employing an intersectional approach that integrates these characteristics and allows for subgroup analyses to be carried out may uncover additional trends (e.g., the representation of White lesbian transwomen vs Black cisgender gay men). Third, the way demographic questions were assessed may also have influenced the clarity and precision of the data. While we engaged in a data curation process, we recognize that our analytic decisions to categorize members into distinct categories may not fully represent how members self-identify. Future research efforts should focus on expanding the sample size and revisiting how demographic data are collected to enhance the validity and reliability of the findings. Finally, beyond sociodemographic data, we recognize that other factors may contribute to a leaky pipeline (e.g., type of business; founders' years of experience; sector where they work). Future efforts to systematically collect and curate these data may be warranted for future analyses.

RECOMMENDATIONS

Based on the information provided, here are several recommendations for StartOut to address their leaky pipeline and enhance support for LGBTQ+ founders across various stages:

1. Enhanced Outreach and Recruitment

- Tailor Outreach to Underrepresented Groups: Increase efforts to reach out to underrepresented groups, such as transgender, gender non-conforming, and non-cisgender individuals, as well as specific racial/ethnic minorities.

- Intersectional Approach: Adopt an intersectional approach to outreach that considers multiple aspects of identity (e.g., race, gender, sexual orientation) to ensure a more comprehensive and inclusive recruitment strategy.

- Equitable Funding Opportunities: Develop funding opportunities that specifically target underrepresented groups, ensuring that these founders have easier access to capital.

- Promote Success Stories: Highlight and promote the success stories of diverse founders to inspire others and demonstrate the potential for success within the StartOut community.

2. Tailored Support Programs

- Customized Workshops: Design workshops and training sessions that address the specific needs of different groups within the LGBTQ+ community. This includes offering sessions on overcoming systemic barriers and navigating the unique challenges faced by these founders.

- Mentorship and Networking: Continue to develop, evaluate and refine mentorship programs that specifically address the unique challenges faced by different groups within the LGBTQ+ community. This includes pairing founders with mentors who share similar backgrounds and experiences.

- Resource Allocation: Provide targeted resources and support for underrepresented groups at critical stages in the pipeline. This could include dedicated funding opportunities, workshops, and tailored business development services. For example, increase the availability and scope of scholarships for underrepresented groups to reduce financial barriers. Ensure these programs are widely advertised and accessible.

- Advocacy for Inclusive Practices: Advocate for more inclusive practices within the broader entrepreneurial ecosystem, encouraging investors and other stakeholders to support diverse founders.

3. Data Collection and Analysis

- Standardize sociodemographic data: Revisit the collection of sociodemographic data to align with existing recommended standards by the U.S. Office of Management and Budget’s revised race and ethnicity categories, and the National Academies of Science, Engineering and Medicine’s recommended standards for the collection of sex, sexual orientation, and gender identity and expression.

- Intersectional Data: Collect and analyze data in a more intersectional manner to identify specific barriers faced by subgroups within the LGBTQ+ community. This can help in designing more effective interventions.

- Feedback Mechanisms: Implement regular feedback mechanisms from participants at all stages of the pipeline to understand their experiences and challenges better. Use this feedback to continuously improve programs and support.

- Continue to Track Progress: Continuously monitor and evaluate the representation and success rates of different groups within the pipeline. Use these data to identify areas for improvement and to measure the impact of implemented changes.

Report Presented By:

Eidos
The Eidos LGBTQ+ Health Initiative at the University of Pennsylvania engages leaders from community, academic, civic, and business spheres to co-create innovative solutions that ensure impact for LGBTQ+ communities. We take an action-oriented, world-class evidence-based approach to further the sustained well-being of the LGBTQ+ community.

StartOut
StartOut accelerates the growth of the LGBTQ+ community to drive its economic empowerment, building a world where every LGBTQ+ entrepreneur has equal access to lead, succeed, and shape the workforce of the future.
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