Challenges Faced by **Underrepresented Founders**

AgeTech Collaborative™
FROM **AARP®**

In the rapidly growing field of technology, promoting diversity and inclusivity is not just a matter of social responsibility**—it's a key driver of innovation and success.**

Over the last 18 months, the AgeTech Collaborative™ from AARP® has undertaken an initiative to speak to start-up founders from underrepresented segments of the population. This paper aims to encapsulate the valuable insights gained from these candid discussions with 18 founders hailing from diverse backgrounds and industries. The knowledge shared in these conversations offers a glimpse into the challenges and triumphs the founders faced while navigating the entrepreneurial journey and highlights the support they need to thrive as entrepreneurs.

Challenges Faced by Underrepresented Founders

Part of our work at the AgeTech Collaborative™ from AARP® is to champion an unparalleled innovation ecosystem that brings cutting-edge thinkers together to create meaningful advances in the AgeTech space. The Collaborative was launched in 2021 with the aim of making aging easier for everyone. By investing in an accelerator program and ecosystems for AgeTech startups, the AgeTech Collaborative is able to work closely with some of the brightest innovators in the AgeTech category. This hands-on approach enables a unique vantage point into the inner workings of startups and the obstacles that they face. Through our conversations, we learned the predominant challenges faced by underrepresented startups are largely similar to those that plague the modern startup world, but are amplified due to biases, discrimination, and other disparities. From having limited access to funding to facing countless bouts of rejection, the startups represented in our conversations have faced numerous challenges and rebounded, stronger and more knowledgeable than before.

The AgeTech Collaborative conducted a series of interviews and open discussions with a range of innovators and startup founders from underrepresented populations across the AgeTech space. Based on these conversations, we identified a common set of challenges:

① Preconceived bias

Without fail, the startup founders we interviewed experienced either ethnic or gender-based disparities as a primary challenge when getting their ideas to market. The challenges and risks associated with starting a new venture were, therefore, compounded, leading to slower growth and more difficulty attracting attention from investors and prospective customers.
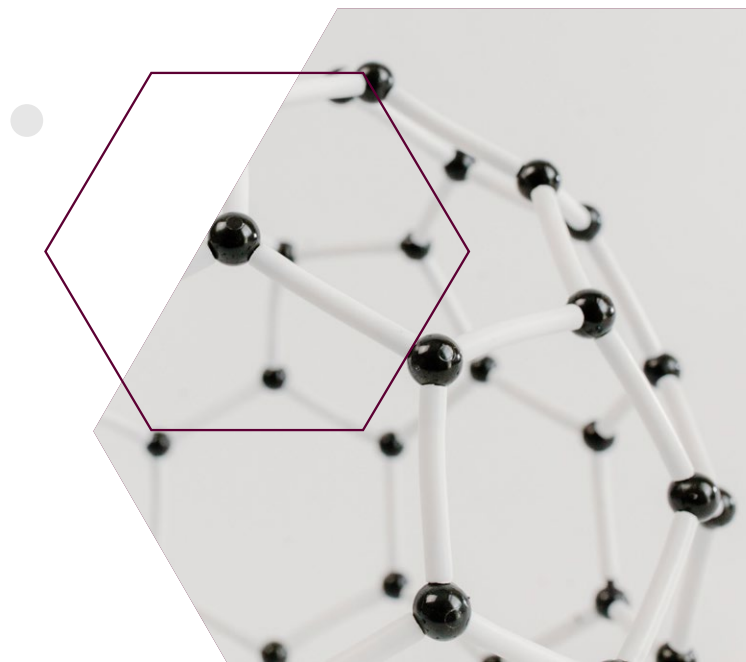
> The processes and strategies often touted in even the most prestigious accelerators and online resources starkly contrast with the realities we, as minority founders, confront.... **the lack of personal financial resources to fuel our entrepreneurial journeys is a significant barrier,** leading many talented founders to abandon their dreams prematurely.
>
> Those of us who persevere carry a weighty sense of responsibility. This immense pressure, while motivating, also underscores **the critical need for a more inclusive and understanding support system within the startup community.”**

– DAPHNEY VICK, FOUNDER CAREFLUENT

> **I need mental health support...** It's not that I am scared to fail. It's that getting up is so hard. How do I get up strong? Even though the marketing mentoring support was valuable, emotional support and encouragement would have been more valuable to me.”

– SHAUN CHAVIS, LVNGBOOK

② Networking challenges

In addition, the founders and entrepreneurs whom we interviewed were at a disadvantage when it came to networking, which often leads to funding. Without an established network, initial attempts at relationship-building relied heavily on chance, and these startups were often denied financing in favor of more familiar, safer opportunities. Investors naturally resort to familiar and known circles when choosing potential projects to support; underrepresented founders often fall outside of those circles. Similarly, startups struggled to discover existing ventures with related ideas and goals, stunting potential growth and partnerships. The benefit to those ventures with access to more robust and established networks meant that startups run by the underrepresented tended to be in greater need of assistance.

③ The mental toll

A rarely considered impact of disparity is the toll it takes on the people behind the startup. These people often dedicate all their available time to their startup dream of supporting families, uplifting communities, and ultimately changing society. The emotional toll multiplies when their work goes unfunded; it grows and festers when their ideas are entertained simply as a courtesy. Things are already tough, and constant rejection keeps many startups from reaching their true potential.

④ Unnecessary roadblocks

A common refrain among the startups with which we spoke was: *"We're over-mentored and underfunded."* The proliferation of new ventures and businesses has driven an increase of red tape surrounding participation in mentorship and accelerator programs. Various founders relayed that the time they spent registering and attending startup programming could have been better used searching for trustworthy investors and funding.

As with many issues, there isn't a single, all-encompassing solution. But many of the startups that face these problems are typically the same ones that rise above them and eventually find success.

In our discussions with these startups, we have collectively unearthed a practical set of solutions and countermeasures designed to assist in navigating the murky waters of the startup landscape:

② Focus on funding

When it comes to unearthing funding sources, persistence is crucial. Shail Mehta, founder of GameBoard, a social gaming console that brings generations together to counter social isolation, is an entrepreneur who is more than casually familiar with rejection. Her advice? *"Be okay with being told no."* Her rationale? Every no is one step closer to a yes. Finding organizations that actively invest in businesses led by underrepresented founders with revenue share models might give you the start you need.

③ Support yourself

Between hiring teams with similar goals and finding comfort in the counsel of a friend or family member, there are many ways to ensure you've got the support you need along the way. Shouldering the burden of responsibility alone will only lead to burnout. A large percentage of startups we interviewed brought up the importance of support. Shain Khoja from Thriving.ai, an app that brings together an individual's circle of care, attributes her success to the support she received from friends and family members who kept an eye on her 87-year-old mother as she traveled in search of funding.

① Keep mentors in good company

Having access to mentors who are willing to share their experiences will alleviate some of the pressures that a startup might face. Regular meetings with either specifically chosen mentors or a close group of peers in the industry have many benefits, including the opportunity to discuss new ideas and hear about what has worked for them and what hasn't.

Anurag Gupta, the founder of Tembo Health, which provides passive remote patient monitoring, care management, and 24/7 virtual emergency care for seniors living with dementia, cites his time at Entrepreneurs Roundtable Accelerator in NYC as especially useful. Incubation events, meet-ups, and mentorship programs can be just the breakthrough a startup needs to set it on the right course. When a startup finds a mentor or group that works, investing quality time in keeping that connection healthy for the long run can pay off.

In Conclusion

An observably distressing takeaway from each startup interviewed by AgeTech Collaborative from AARP was that startups led by underrepresented founders struggle to get their innovations to market. The social change the world is witnessing now will take some time to trickle down to become the "new norm." However, most of the startups we interviewed eventually rose above their challenges with determination, grit, and a little support. It's a matter of choosing where to place your focus, how to handle the stress of disparity, and, ultimately, knowing where to find the best support system to make it to the next level.

Although the roads seem rougher for startups owned by underrepresented founders, they prove traversable for an increasing number of entrepreneurs each year. Therefore, it's crucial to appreciate the inherent value of diverse business leaders with a unique outlook on new and existing problems.
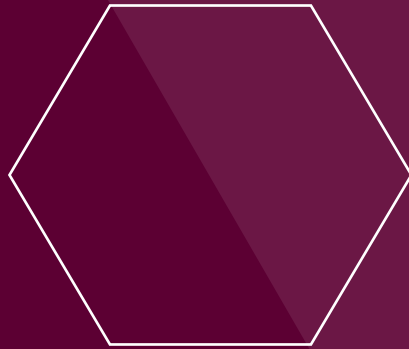
Implications

The success of startups from diverse founders is essential for innovation. Acknowledging and addressing existing disparities is critical for creating an inclusive and supportive startup ecosystem. By fostering diversity, providing equal opportunities, and bolstering support networks, it's possible to unleash the full potential of innovative ideas and contribute to a brighter future.

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