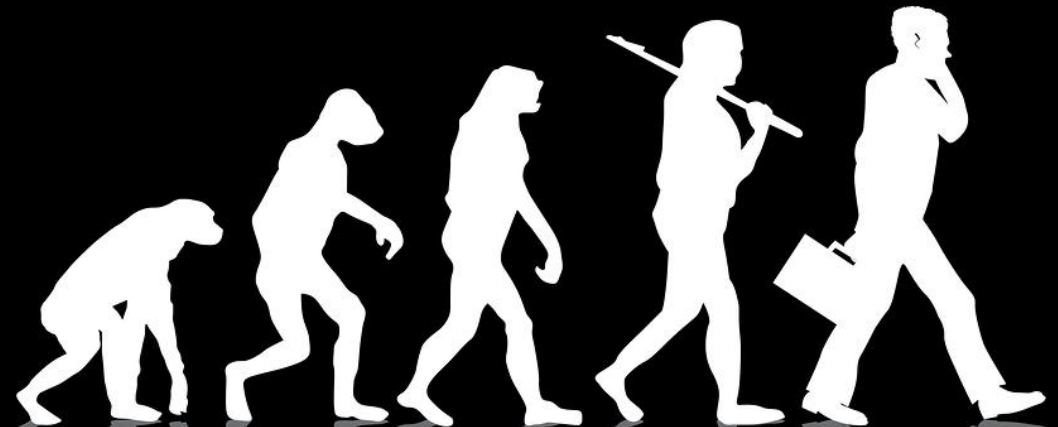


The Metamorphosis of ...

BUSINESS PLAN COMPETITIONS



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BPCs have thrived, grown in the past 25 years.
(22% per year)

Rice University Business Plan Competition

- Founded in 2001
it started with
9 universities competing for
\$10,000 in prize money.
- In April 2012,
42 universities competed for in excess of
\$1.5 million in prizes in front of more than
250 judges

MIT Entrepreneurship Competition

- Started in 1990 as the \$10K competition
1996 the \$10K evolved into the \$50K,
2006 rebranded as the MIT \$100K.

helped more than 60 companies with an
aggregate value of greater than \$10.5 billion.

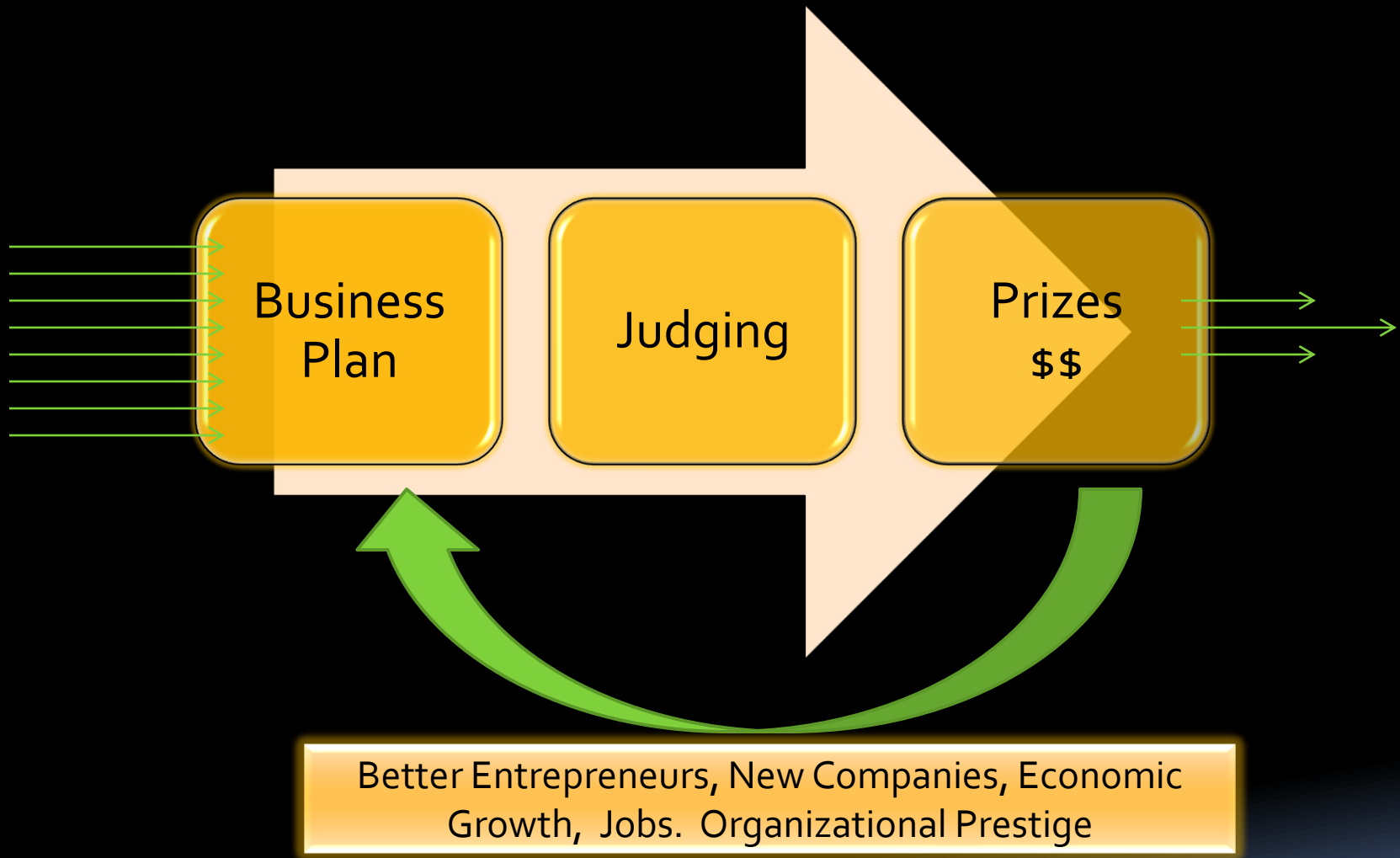
Business Plan



```
graph TD; Product[PRODUCT] --> Price[PRICE]; Product --> Revenue[REVENUE]; Price --> Revenue; Price --> UnitsSold((UNITS SOLD)); Revenue --> Profit[PROFIT]; UnitsSold --> Profit; UnitsSold --> Cost[COST]; Cost --> Profit;
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Business Plan Competitions
What are they?

BPCs - Nutshell





Business Plan Competitions
Are they effective?

Traditionally

- Entrepreneurs write business plans much like a rite of passage
- symbolic act to gain legitimacy
- a necessary chore towards attracting external capital
- a staple of university-based entrepreneurship training,

In the 1990s, **business plan competitions were all the rage.**

I was a judge early on at the MIT \$10k Competition (now the \$100k Competition) and read lots and lots of business plans.

Prominent venture capitalist, Brad Feld (2012)

By 1997, when I started investing as a venture capital investor,

I was no longer reading business plans.

And I don't think I have since then.

Prominent venture capitalist, Brad Feld (2012)

“In the real world, most business plans don’t survive the first few months of customer contact”

- Steve Blank 2009

- 2009 - a study on the importance of business plans for attractive venture capital (Kirch et. al., 2009) concluded:

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 - We find that neither the presence of business planning documents nor their content serve a communicative role for venture capitalists.

- 2009 - a study on the importance of business plans for attractive venture capital (Kirch et. al.. 2009) concluded:

[...] we find that business planning documents may serve **a limited ceremonial role.**

While the number of university-sponsored business plan competitions (BPCs) has **increased rapidly over the last decade,**

... there is **sparse evidence** of BPCs' usefulness in sorting and elevating innovative business models that drive economic development

(Ross and Byrd 2012).

... when asked to name any successful companies that were winners of BPCs,

angel investors, venture capitalists and other influencers could only name

less than 10 companies over a period of 3 years

(Quora 2013)

“Today, it’s clear to me that **business plans** for startup companies are an **historical artifact**

that represented the best approach at the time to define a business for potential investors. “



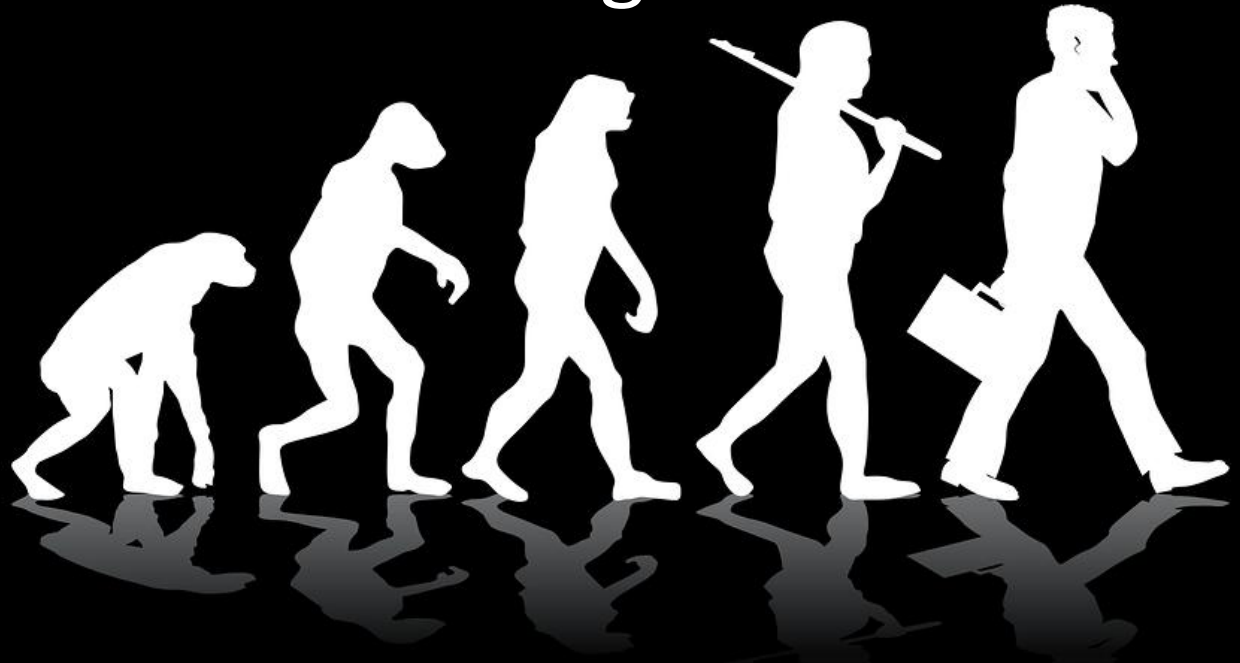
Irony, Dilemma, Oxymoron?

- Business Plans – no longer a practical tool for entrepreneurs
 - a growing consensus that the business plan is becoming 20th century tool in a 21st century world
- BPCs – thriving and on the rise
 - business plan competitions are still very popular with entrepreneurs, universities and investors.

While concept of the **business plan** has
not changed,

business plan **competitions** have indeed
changed

As entrepreneurship has changed,
as *entrepreneurs* have changed ...



... business plan **competitions**
have **evolved** to stay relevant.

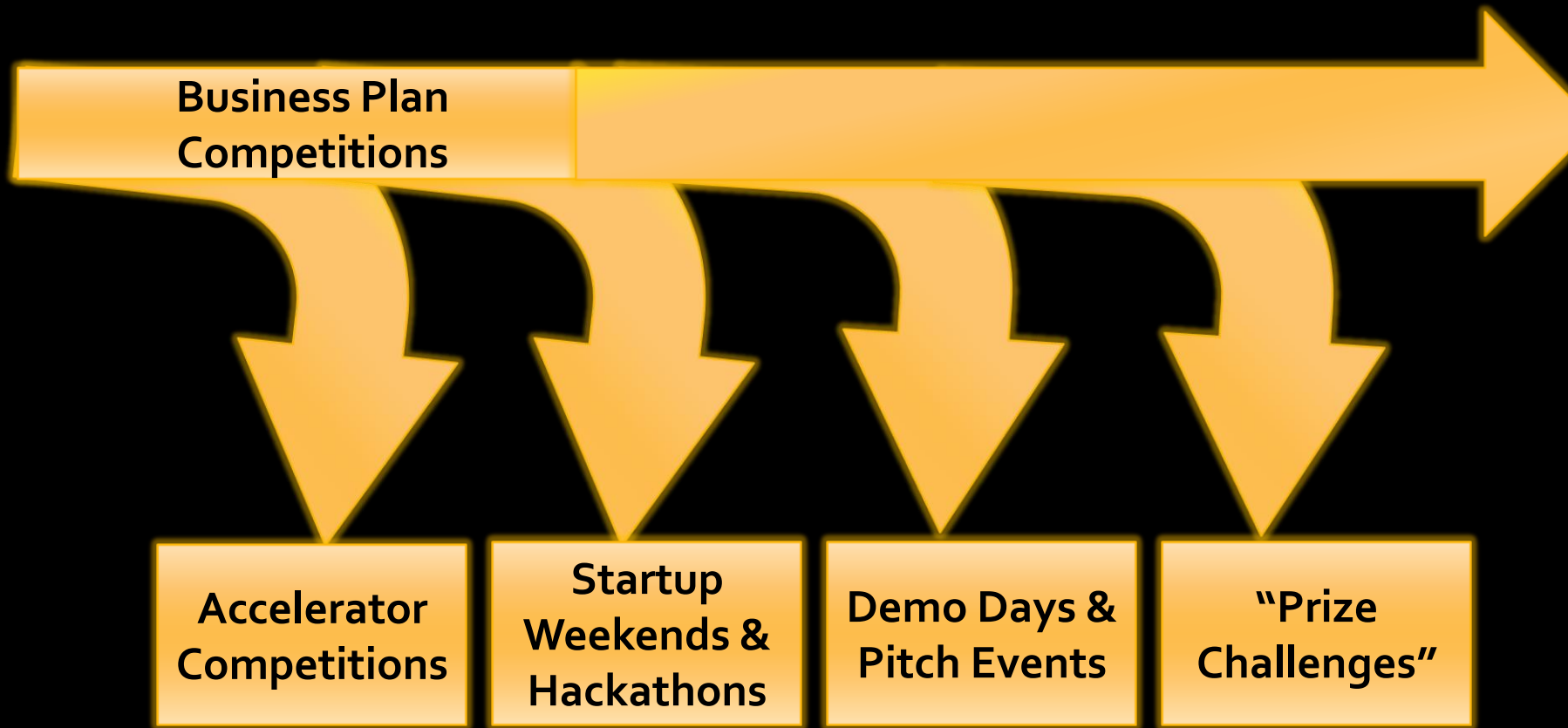
we've **shifted** from a “**tell me** about it”
approach (the business plan)

to a “**show me**” approach
(the Lean Startup).

Evolution

- rampant availability of **inexpensive product development tools**,
- Immediate **access to social networks** – that engage with **customers** and potential customers
- entrepreneurs can go from concept-to-product-to-market without needing significant capital - or any external capital - at all.
- Reaching customers and large markets can be as simple as creating a website and using online social network tools.

Evolution, Metamorphosis



	Business Model Competitions	Accelerator Competitions	Startup Weekends and Hackathons	"Demo Days" & Pitch Events	"Prize Challenges"
Reasons for conducting the competition	Universities: to foster student success, and ultimately to demonstrate credibility. Gov't: economic growth.	Evaluating the best ideas and entrepreneurs to enter 'acceleration' - for eventual investment.	Entrepreneurs encouraging collaboration amongst each other.	Showcasing entrepreneurs and viable ventures to VCs and Angel Investors.	Solving big problems or addressing specific markets.
Judging / Criteria	Faculty, local mentors, entrepreneurs, some investors	Seed-stage Angel Investors. Successful entrepreneurs.	Local entrepreneurs, local business leaders.	Seed Angel Investors, VCs, Successful entrepreneurs.	Professional full time or volunteer committee. Sometimes judged by "the crowd"
Structure	Business Plans submitted, reviewed. Live evaluation of finalists.	Submit basic application. Live pitch/demo at an event.	Collaborate with peers over a long weekend on a technical prototype. Demo and pitch in front of judges.	Successive Rapid pitches in front of judges and audience.	Varies. Often successive judging/pitch competitions.
Entrance Requirements / Criteria	Business Plan.	Application, team, pitch/demo.	Hands-on development skills.	Pitch, basic product demo.	Innovative prototype/product.
Ideal Outcomes (for the entrepreneur)	Cash prize, Recognition.	Seed-capital, participation in a program. Startup development.	Team formation. Prototype development. Idea validation. Cash prize/services.	VC/Angel Investment. Visibility and traction.	Cash prize. Customer validation/Adoption. Visibility.

New Goal of the “Competition:

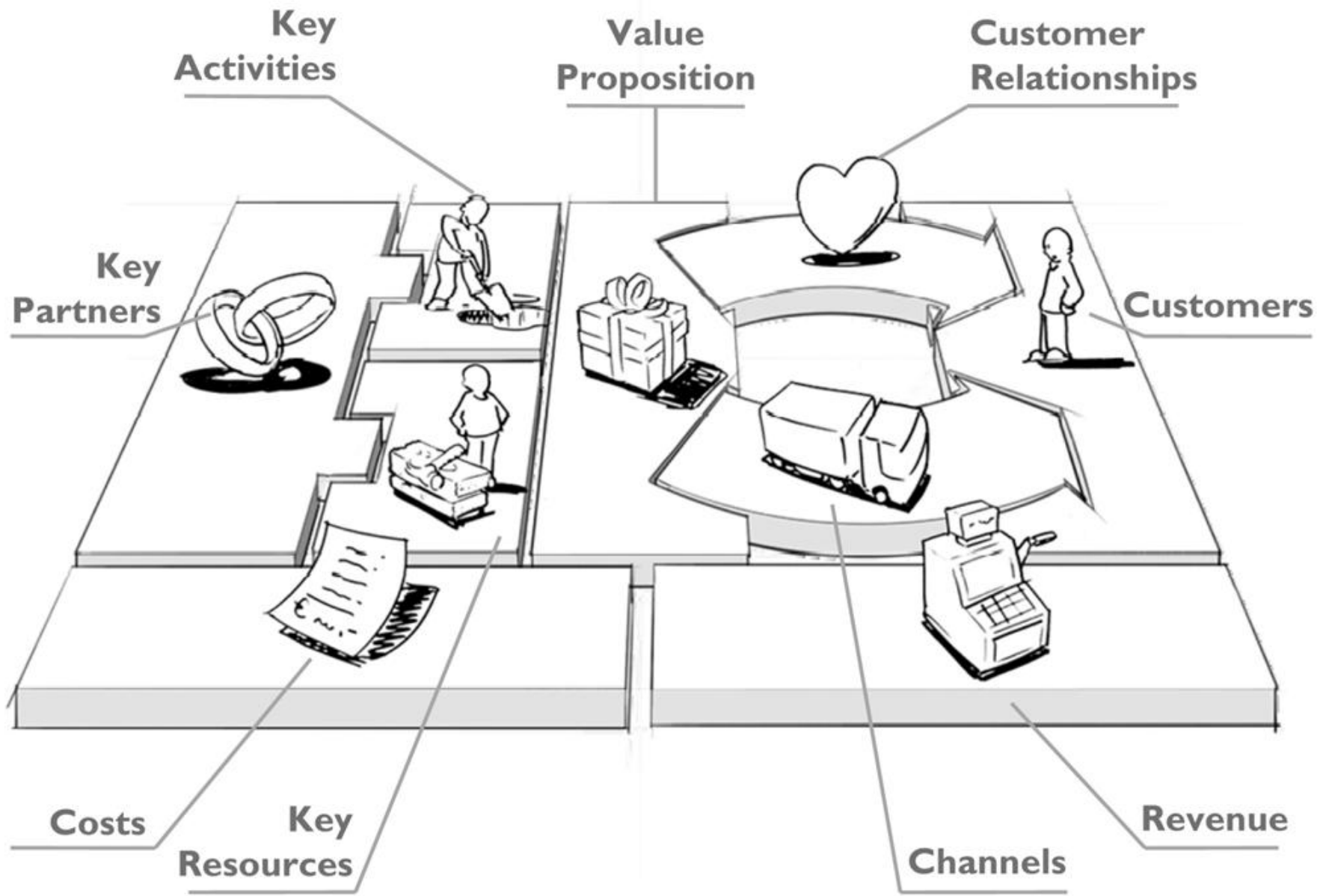
- The new goal of entering an entrepreneur competition is **not** in getting **validation**, or even in "winning" ,

the real prize is in **gaining access:**

New Goal of the “Competition:

- Access to
 - a more in-depth program,
 - investors
 - markets or to customers.

The real prize is to be given the opportunity to develop the idea.



Key
Activities

Value
Proposition

Customer
Relationships

Traditional – Static

Key
Partners

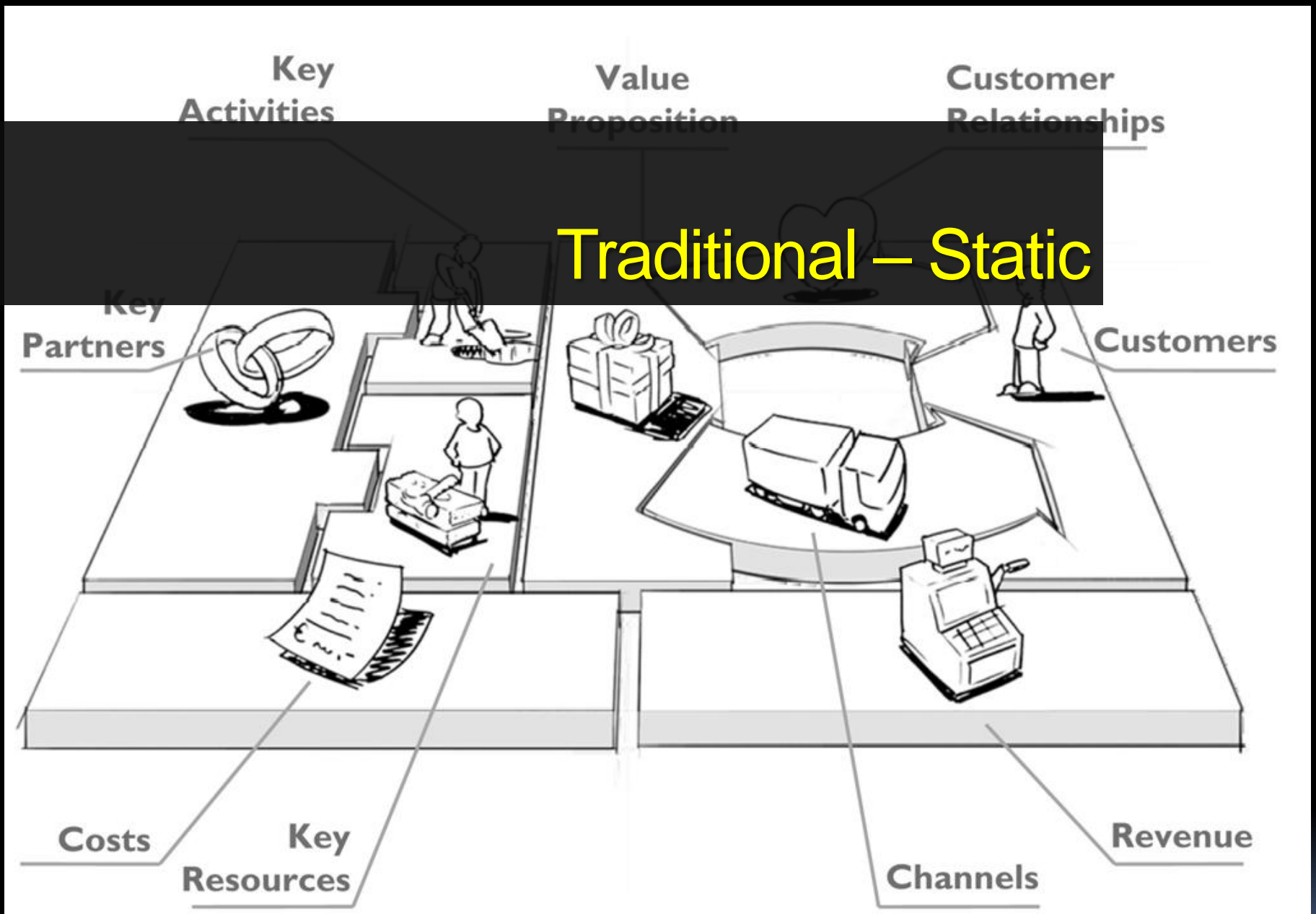
Customers

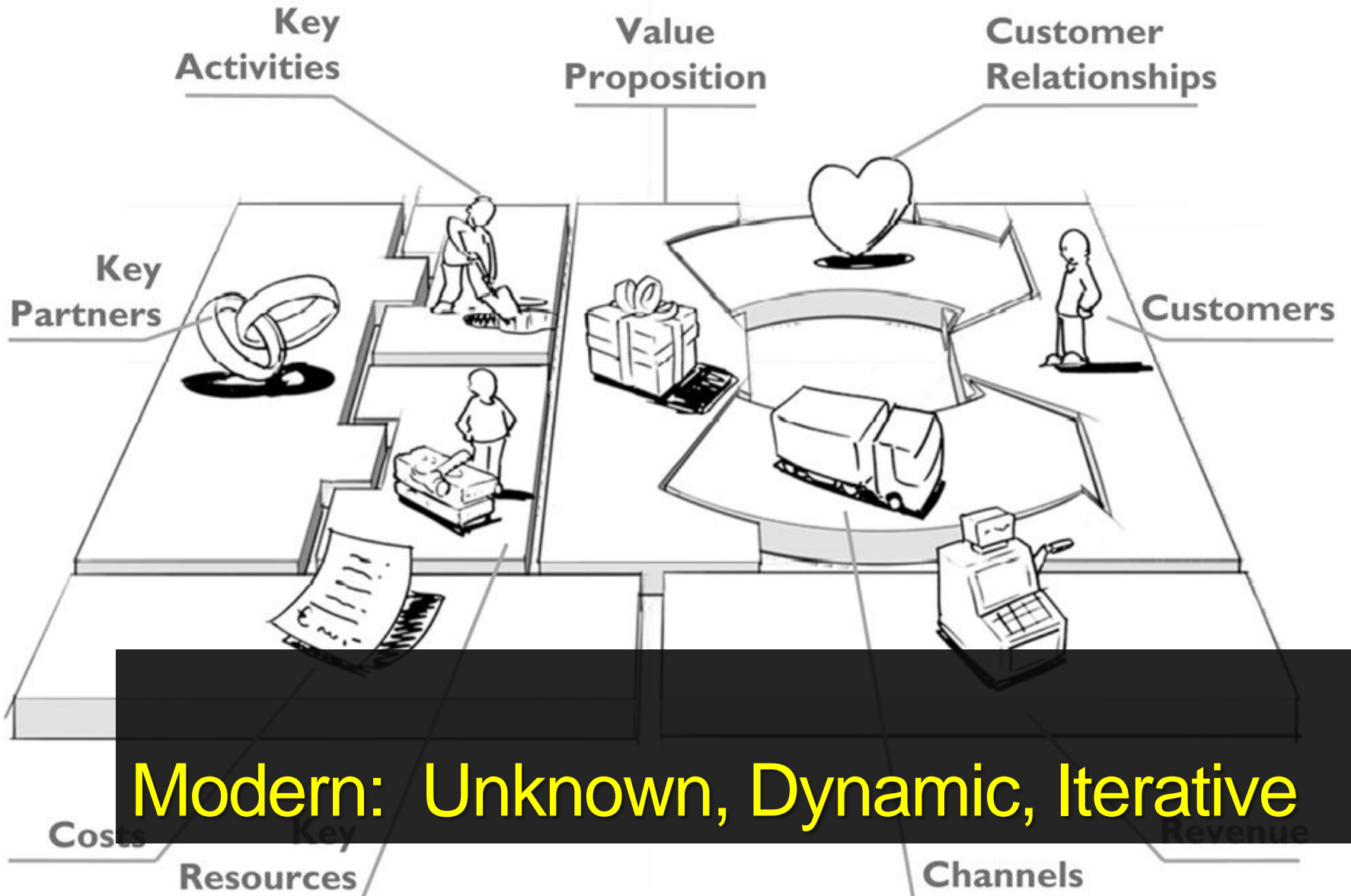
Costs

Key
Resources

Channels

Revenue





Modern: Unknown, Dynamic, Iterative

The new face of Business Plan Competitions:



**HOW DOES THIS CHANGE
ENTREPRENEURSHIP EDUCATION?**

For Students? For Educators?

For Students

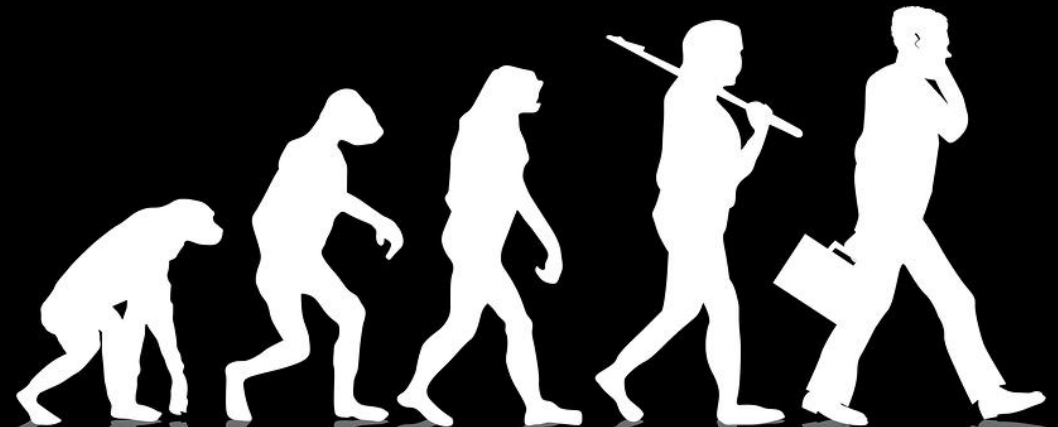
- **Build** –Prototype, Test, Iterate.
- **Interact** – customers, partners , teammates
- **Collect** – data, feedback, evidence, validation
- **Pitch** – Demo, Data

For Educators

- **Teach:** Build – Interact – Collect - Pitch
- ***Business Planning*** – not ***Business Plan***
- Change from **static** “what”
to **dynamic** “how” (processes)
- Plan for speed and flexibility

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