



# Winning

## In the world's growing array of entrepreneurial competitions, students are practicing their pitches, preparing their business plans, and playing to win startup gold.

Once, a business plan competition may have garnered nothing other than a passing mention in a local newspaper and an article in the alumni magazine. No more. These days, single-campus competitions are often well-covered by local media, and larger intercollegiate business plan competitions are big news, receiving coverage in business and mainstream publications.

What's motivating the burgeoning enthusiasm for business plan competitions? Most likely, the fascination with entrepreneurship itself, say educators. The startup stories generated by entrepreneurial competitions show people just what can come from a great idea and a well-conceived plan. At the same time, competitions provide an almost all-in-one educational experience, where participants learn a comprehensive set of business skills, including initiative, innovation, and strategy.

Moreover, such skills aren't just useful to self-employed entrepreneurs. They're also in demand among traditional companies looking for ways to set out in new directions, says Randy Swangard, director of the Lundquist Center for Entrepreneurship at the University of Oregon's Lundquist College of Business in Eugene. The Lundquist Center hosts the New Venture Championship, one of the most prominent plan competitions in the U.S.

"The more traditional companies—the Kodaks and GEs of the world—are beginning to look not so much for 'business as usual' as for 'business as unusual,'" says Swangard. "They're asking, 'How do we move on, how do we adapt,

how do we implement change?' Companies want employees who can recognize opportunity and build a plan that capitalizes on that opportunity." With these competitions, business schools can create people who think entrepreneurially, says Swangard, not just people who are entrepreneurs.

### From Classroom to Craze

The current explosion of business plan competitions began in the early 1980s, when the concept of entrepreneurship was first making the rounds among business school students. At the time, most business school faculty and administrators still did not view entrepreneurship as a skill to be taught; they kept their focus strictly on more traditional business disciplines.

"In the 1980s and even in the 1990s, putting on a competition like this was a radical concept," Swangard says. "Now it's not so radical, but there are still people at every university with an entrepreneurship program who believe that this is a flash in the pan that will eventually go away."

Not surprisingly, the first competitions in the U.S. were launched by students, not faculty. In 1984, two MBA students at the University of Texas at Austin's McCombs School of Business wanted to create a learning experience that taught entrepreneurship to business students in the same comprehensive way that "moot court" trials taught litigation skills to law students. Soon after, they launched MOOT CORP, the competition that is believed to have been the first official plan competition on record. MIT's \$50K (formerly \$10K) at the Sloan School of Management in Cambridge, Massachusetts, followed in 1989. Students at the Lundquist College launched its New Venture Championship in 1991.

Today, there are dozens of intra- and intercollegiate business plan competitions around the world. In fact, competitions have become so *au courant* that Gary Cadenhead, director of MOOT CORP, recently published the book *No Longer MOOT: The Premier New Venture Competition from Idea to Global Impact*. It chronicles the competition's growth from an intracam-

by Tricia Bisoux

illustration by Nick Bertozzi

# Ways

pus project to a global event, with events held on b-school campuses in Europe, Asia, Australia, Africa, and Latin America, culminating in an annual global championship in Austin.

The new realization, says Cadenhead, is that entrepreneurship programs and competitions do what no other business discipline does quite as well. They integrate the entire business school curriculum into a single course and address topics a business curriculum typically does not cover.

“If you want to launch an entrepreneurship program at your business school, it makes sense to start a business plan competition, because students learn topics such as intellectual property and trademarks, venture capital, and guerrilla

marketing,” Cadenhead says. “A competition fills a need that otherwise can only be met through outside speakers or new courses.”

### The Allure of the Entrepreneur

Where prior generations dreamed of landing a top-level job with benefits and a corner office, members of this generation dream of coming up with that one great idea that will allow them to break free of their traditional jobs and be their own bosses. This attitude is a legacy left by the late, great dot-coms, says Patrick Turner, a professor of entrepreneurship on INSEAD’s Singapore campus.

“Two things came from the dot-com era,” Turner says.

## In the Money

When successful entrepreneur and venture capitalist David Geliebter launched his venture capital firm Carrot Capital a few years ago, he was dissatisfied with the entrepreneurial opportunities available to young people. While many business schools had centers dedicated to entrepreneurship, he thought that the vast majority of students in nonbusiness-related majors were being sorely neglected.

So, in 2001, Geliebter established The National Institute for Entrepreneurship (TNIFE) in New York City and launched Venture Bowl, one of the biggest business plan competitions in the United States. Up for grabs is \$1,000,000 in prize money—\$500,000 for first place, \$250,000 for second, and two third-place prizes of \$125,000 each. The competition is open to any team with a member who is currently a full-time or part-time student at any college or university in North America.

“David looked at what was happening on campuses around the country,” says Suzanne Isack, TNIFE’s executive director. “Across the board, he saw that there weren’t enough opportunities for young people outside the traditional business school setting to get involved in entrepreneurial activities.”

With Venture Bowl and TNIFE in place, Carrot Capital was no longer a venture capitalist. It became what its representatives call a venture *catalyst*. “There’s the expectation that students aren’t just competing for bragging rights,” says Isack. “Some real launching is expected to happen.”

New events such as Carrot Capital’s Venture Bowl represent a new phase in the evolution of the business plan competition. What started out as simple classroom exercises have become full-blown competitive showdowns, where ven-

ture capitalists are circling high and students are working the competition circuit, looking to land startup gold. This raises an important question: Has winning a competition become more important than learning from one?

Randy Swangard, director of the New Venture Championship at the University of Oregon in Eugene, says he knows of one team that entered its plan in 12 competitions. “It’s true that the more competitions students enter, the more they can learn, but it can become an obsession,” says Swangard. “It can become more about funding than learning.”

Gary Cadenhead, director of MOOT CORP at the University of Texas at Austin, agrees that the growing number of competitions—and the growing pool of available funding—has produced a fervor among some participants. As a result, MOOT CORP has recently set limits in place.

“Clearly, some teams work the circuit. However, competition is stiff, and no school is able to dominate,” says Cadenhead. Even so, he says that this year’s MOOT CORP directors agreed to allow student teams to enter their plans only once in any future MOOT CORP competition. “This year a couple of teams were able to re-enter their plans in the same competition they participated in during 2003,” says Cadenhead. “That option won’t be available next year.”

With the spotlight on entrepreneurship fairly stable—and interest in startups still on the rise—business plan competitions have become a mainstay in business education, both on and off the b-school campus. As more competitions enter the market, it will be important for students, faculty, and event sponsors to resist the funding fervor, say organizers like Swangard and Cadenhead. These educators hope to keep today’s competitions true to their original mission—teaching the basics of business.

“The first was very positive. It communicated to a generation that it was possible for everyone to start a business. The second was very negative—it gave the impression that it was easy, which it isn’t.”

And although technology is still popular, students are branching out of that sector, says Turner. A recent winner of INSEAD’s internal business plan competition wasn’t a high-flying computer company, but a juice bar chain. “This year, our two finalists were a chain of juice bars in Spain and a sophisticated nano-tagging tracking system,” says Turner. “The second plan was probably the more interesting of the two, but it needed a lot of work to make it viable. The juice bar chain, on the other hand, was well-rounded and the most fundable plan in the contest.”

One of the valuable aspects of a business plan competition, says Turner, is that it teaches students an important lesson about entrepreneurship: In most cases, a great idea is not enough to guarantee success. Through competition, participants learn how to examine their ideas under a microscope to see if they can stand up to market pressure and demand.

In addition, as small business generation becomes more important to the global economy, it will become more important to expose people to entrepreneurship when they are young, believes Sharon Bower, associate director for the Jefferson Smurfit Center for Entrepreneurial Studies at Saint Louis University’s Cook School of Business in Missouri. To reach a younger population, SLU’s Global Student Entrepreneur Awards targets not MBA students, but young undergraduate entrepreneurs who are already established.

Bower hopes that children in elementary and high school will learn about competitions such as the GSEA and be inspired. “Through these competitions, we can show very young kids someone who’s only 20 or 22 and already has a business. That exposure can have a really amazing impact on them,” says Bower. “They realize that it’s not just 40-year-olds who are making money—it’s also students only a few years older than they are.”

### The Cost of Competition

Although business plan competitions have wonderful promotional and educational appeal, they can put a strain on school resources. As small competitions start to grow and big competitions strive to become bigger, weighing the cost of competitions against their benefits has become a concern for business schools.

“On the positive side, donors wholeheartedly support offering this kind of live-fire experience for students,” says Swangard. “However, it’s a major undertaking for a school

## Designs in Afghanistan

Tarsian & Binkley

2003 Winner, Global Social Venture Competition, “Best Blended Plan”

After the fall of the Taliban in 2002, the country of Afghanistan was left in confusion, and its people, especially women, were looking for ways to rebuild their lives and their country. One way came via Sarah Takesh, who has a bachelor’s degree in architecture from Columbia University in New York City and an MBA from the University of California at Berkeley.

Takesh’s company, Tarsian & Binkley, employs Afghan women who sew beautiful clothing for sale in the country and worldwide. In return, they are able to earn a living, support their families, and take pride in their unique designs. “I wanted to blend my love of fashion with a social element,” says Takesh, who now lives in Kabul, Afghanistan. She works with the Afghan Women’s Vocational Skills Learning Center, taking advantage of its existing infrastructure and network.

Takesh conceived her business plan when she visited Afghanistan for an internship in 2002. In 2003, Takesh entered the National Social Venture Competition (now the Global Social Venture Competition), the result of a collaboration among UC Berkeley, Columbia Business School, London Business School, and The Goldman Sachs Foundation.

Takesh is one of a growing number of students who believe that social entrepreneurship will truly make a difference in the world. She now looks almost in awe at what her business has accomplished. “One year later, I’ve graduated and I’m shocked to see this thing is up and running,” says Takesh. “It’s awesome. I think at least 150 people are eating today, just because we’re here.”

Sarah Takesh with Nasrullah Rahmati, head of the Afghan Women’s Vocational Skills Learning Center



to support competitions on a regular basis.”

The Lundquist College, for example, sends about four teams each year to attend between eight and ten competitions each. Supporting the trips costs around \$40,000, Swangard estimates. Then, of course, there’s Lundquist’s own New Ventures Championship, which has grown considerably. “Our prize fund is roughly \$65,000. Then, we have the expenses associated with putting on the event for teams and hosting 50 judges for three days,” Swangard says. “It costs well above \$100,000 to put on the NVC.”

Still, the expense can provide a valuable return on investment, including the good will of corporate sponsors and judges, the appreciation of students, and the attention of the media. And as a successful competition like the MIT

## Fighting Fires

KidSmart Corporation  
2003 Global Champion, MOOT CORP

When Bruce Black and Matt Ferris came to the MBA program at the University of Georgia's Terry College of Business in Athens, becoming entrepreneurs wasn't in their plans. That is, until entrepreneurship professor Charles Hofer introduced them to the inventor of a smoke alarm that woke children not with a siren, but with the voice of a parent.

To date, their company, KidSmart Corporation in Atlanta, Georgia, has won first prize at MOOT CORP, second at the Venture Bowl, second at the University of Oregon's New Venture Championship, and second with *Fortune Small Business* magazine's MBA Showdown. The KidSmart Vocal Smoke Detector also won a New Products Award at the 2003 Consumer Electronics Show.

When the team first began competing, they believed in their product; but that belief meant nothing without evidence. "A product might fail not because people don't like your idea, but because you're not presenting it effectively," says Black. "We had to do the research. Once we could say that 19 out of 20 children don't wake up to an alarm sounding at 120 decibels, it gave us a good leg up."

Black and Ferris are projecting \$9 million in sales for 2004. "You can have a great concept, but it doesn't mean anything to anyone if you haven't developed it," says Black. "With a business plan, you have to take that concept and make it real."

Bruce Black, seated, and Matt Ferris



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\$50K proves, even local competitions have big potential, says Ken Morse, director of the MIT Entrepreneurship Center, which puts on the competition with the school's engineering department. "One thousand students, faculty, and businesspeople get involved with the \$50K every year," says Morse. "It offers a tremendous learning opportunity for everyone involved."

For its part, SLU's GSEA competition used to be limited to students in Missouri—it now has regional competitions in Australia, New Zealand, Sweden, and soon, China. And like MOOT CORP, the GSEA has also generated a book, *Student Entrepreneurs: 14 Undergraduate All-Stars Tell Their Stories*, with another to be published this year on ethics. The competition and the books result in a reputational payoff for the school, says Bower.

"They put Saint Louis University's name out there and bring more attention to our entrepreneurship center," says Bower. "In every regional contest, an article will come out about the winners, and each of those articles includes a paragraph at the bottom stating that the team will compete

for the top prize at Saint Louis University. That kind of global play is good."

### Destination: Specialization

In the future, the educational value of competitions for students promises to become richer and more targeted, believe some competition sponsors. With the competition field becoming more crowded, individual competitions are seeking out ways to set themselves apart. In many cases, that means specializing in one sector such as biotechnology or health care.

"I think we'll see more niche-oriented competitions," says Swangard, pointing to the Global Social Ventures Competition at the University of California at Berkeley, which is built around social entrepreneurship. San Diego State University also holds a targeted competition that focuses on biotechnology. "At Oregon, we're still in the 'mishmash' stage, and that's fine for now. But many of the biggest competitions will slowly have to redefine who they are to maintain their status."

The growing sophistication of students themselves may also push competitions into specialization. In the past, a competition may have attracted business plans that were no more than school projects. Today, students are entering sophisticated plans in industries such as retail, service, and technology.

## An End to Obesity?

Halsa Pharmaceuticals  
2000 Texas Champion, MOOT CORP

*"We believe we've discovered a material that, when injected by a physician into a medically obese patient, causes safe, immediate, and substantial depletion of body fat in that patient."*

Phil Speros says that he and his partners worked at least 25 man-hours to write that 29-word "elevator pitch" for their business, Halsa Pharmaceuticals in Bethesda, Maryland. But that's what it takes to come up with a business plan that will impress both judges and investors, Speros says.

The team members include Speros, Kristen Etheredge, Denise Bynum, and Mark Roppolo—all biochemists who earned their MBAs at the University of Texas at Austin. After they won the Texas round of the MOOT CORP competition in December 2000, the team secured \$5 million in funding to research and develop their promising new product.

"Some argue that writing a business plan is an unneces-

Health care was one of this year's biggest business plan targets, with students writing plans to develop treatments for obesity, cancer, and diabetes, for example.

Swangard believes that specialized competitions may become a necessary way to offer a more sophisticated pool of participants a valuable learning experience. There may come a time, he says, when a panel judge from the manufacturing industry won't have the experience to offer the best advice on a plan for the health care field.

"It really goes back to the learning component of competitions," Swangard says. "The more we're able to include judges with specialized knowledge to provide feedback to the students, the better the students will be able to enhance their business plans and improve their skills."

### Something Ventured, Something Gained

Entrepreneurship educators note that competitions have another important benefit when it comes to teaching business skills—motivation. Although a grade at the end of a course is an incentive for students to do their best, a competition complete with prizes takes that incentive to a much higher level.

This benefit is especially true for social entrepreneurship competitions, says Mat Burton, vice president of university relations with Students in Free Enterprise. SIFE has a net-

sary formality, but that's naïve," says Speros, who also holds a doctorate in biochemistry from Johns Hopkins University in Baltimore, Maryland. "The difference between competing in a business plan competition and running a real business is like the difference between playing touch football and playing real football," he adds. Both teach players the rules of the game, he argues, but only the former teaches them without real-world risks.

During the competition, one MOOT CORP judge joked to the team, "If your product works, you could have a lousy business plan and still make a ton of money!" Still, says Speros, he and his teammates are glad for the experience they gained through competing so they don't have to take that chance.

Mark Robbolo,  
Denise Bynum,  
Phil Speros and  
Kristen Etheredge



## Not Just Nuts

Maisie Jane's Sunshine California Products Inc.  
1999 Winner, Global Student Entrepreneur Awards

Maisie Jane Hurtado of Chico, California, grew up in a family that had raised almonds for four generations. As a child, she often heard her father, grandfather, and uncles discussing the "woes of almonds." A primary concern was that the family was exporting more than 80 percent of their yield to other countries. This meant one thing: Americans weren't eating enough almonds.

When Hurtado entered high school, she decided she could entice America to eat more almonds if she offered something different. As a high school project, Hurtado developed several recipes for baked almonds with more exotic flavorings and educated people about their health benefits.

In 1999, after she'd been running her business for four years, Hurtado entered her company, Maisie Jane's California Sunshine Products Inc., in Saint Louis University's Global Student Entrepreneur Awards—and won.

Hurtado believes that young entrepreneurs may have an edge over those who are already in the workforce. "Most don't have a family to support, so they can grow their businesses slowly and steadily with less startup cash," says Hurtado. "It's rewarding to think I've inspired other young entrepreneurs and reassured them that, yes, they can be young, successful, and happy! These competitions tell young people that if they have a business idea, they shouldn't be afraid of taking a risk."

Maisie Jane Hurtado with husband  
Isidro Hurtado, who is also a co-owner  
and production engineer  
with the business



work of competitions throughout the world, which encourages students to develop projects that will foster free enterprise in disadvantaged populations.

"University students have a natural passion to be part of something positive. They all want to go out and change the world. The challenge is to take that enthusiasm and all they're learning on campus and channel it," says Burton. "So we create a competitive process. Instead of just telling them, 'You ought to go do these things,' we offer competitions where there's accountability. We give them a mission. Then, they aren't just thinking about doing good—they actually accomplish something."

More business plan competitions also mean more entrepreneurial role models for the next generation, says Turner of INSEAD. "Worthy academics have tried to work out what makes one person more likely to become an entrepreneur than another, like you were more likely to start your own business if you were the second child of immigrant parents who divorced before you were 12. That's nonsense," he says.

## Cleaner Water, Better Future

### African Filtration Systems Limited 2003 Winner, Students in Free Enterprise

As a student at West Africa's University of Ghana in Legon, Romeo Tetteh-Jones was thrilled when a chapter of the U.S.-based Students in Free Enterprise was started on campus in 1999. He saw SIFE's central mission—to teach principles of free enterprise to disadvantaged communities—as one way to address the economic problems facing many African nations.

In 2002, SIFE held its first business plan competition at the University of Ghana, and Tetteh-Jones was part of Ghana's first SIFE team. The team went on to win second place at SIFE's Entrepreneurship World Cup in Holland. Inspired by his experience in his first SIFE competition, Tetteh-Jones organized Ghana's 2003 National Entrepreneurship Competition. Next, he conceived a plan of his own, African Filtration Systems Limited (AFS), a company that provides sanitized, potable water to Ghana's rural and urban populations.

Tetteh-Jones' business plan for AFS won Ghana's 2003 SIFE Competition; came in second at SIFE's 2003 World Cup; and won an Innovation Award from the Ronald H. Brown Institute for Sub-Saharan Africa, an organization based in Scientia, South Africa. Tetteh-Jones is now preparing to begin large-scale operations with AFS. Eagle Spring Filtrations of Holly Hill, Florida, will provide AFS with filter components. The company will assemble these components to make economical water filtration units, which Tetteh-Jones estimates could reduce the infant mortality rate due to impure drinking water by 90 percent.

AFS may never have come to be if not for his experience with SIFE and its competition, says Tetteh-Jones. "I'm now networked to business people at 20 companies, who mentor me in my business pursuits," Tetteh-Jones says. "With SIFE, I've developed communication, teamwork, management, and innovation skills that I could not have found in any textbook on earth."

Romeo Tetteh-Jones



## Trading on Success

### iFOX 2000 Winner, European Business Plan Competition

As a broker, Jack Parrish knew it made sense to apply electronic trading to the largely phone-supported interest-swapping business. He just wasn't sure whether the idea would translate into success.

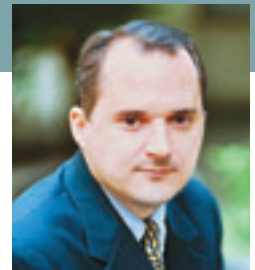
So, Parrish and four partners wrote up a plan for iFOX, an electronic interest-swapping company. In 2000, they entered the plan in the European Business Plan Competition, a joint effort of INSEAD and London Business School, and won. "Entering the competition helped us get through the first level of triage. Winning it helped us validate the idea," says Parrish, who holds an MBA from INSEAD in Fontainebleau, France.

Not many people actually understand the interest-swapping market, Parrish admits. In layman's terms, an interest-rate swap occurs when one company exchanges interest payments for the interest payments of another party. Because companies with poor credit ratings in a market aren't always eligible for the best loan terms, they may opt for a swap to pay less in interest and reduce their costs. Parrish initially bristled when he was advised to simplify his team's plan so the judges would clearly understand its mission. At the time, Parrish thought simplification to be unnecessary, since likely investors would know the market.


He was right—and wrong. Although those who eventually invested were experienced financiers, they may never have heard of iFOX if not for the EBPC.

Today, iFOX has merged with a competitor to create London-based ATFox. Parrish's partners have left for other pursuits and Parrish runs the business. "The competition taught me that you have to exude confidence in your plan to succeed," says Parrish. "Judges and investors must believe that you believe in what you're doing and that you plan to make it work."

Jack Parrish



"In reality, you're more likely to become an entrepreneur if your parents or your grandparents were entrepreneurs, or if you're part of a community where entrepreneurship is a normal thing to do."

The modern business plan competition, then, has become more than an educational tool. It's also a kind of entrepreneurial evangelist, spreading the word that entrepreneurship is an option for everyone. Even more important, competitions remind would-be entrepreneurs that success requires a solid business plan even more than a bountiful bank balance. Once students have truly learned that important business basic, they're not only better prepared to play the entrepreneurial game—they're more likely to end up as winners. 



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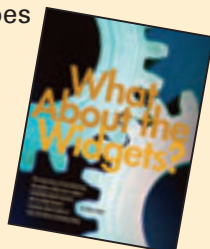
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