



COMPETITION PACKET

FOR STUDENTS OF ALL UTAH UNIVERSITIES AND COLLEGES

Proprietary Information (2007)
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The Utah Entrepreneur Challenge

The Utah Entrepreneur Challenge (UEC) is a business plan competition for collegiate, university, and graduate students throughout the state of Utah. The competition fosters business growth at the college and university level by giving students a chance to organize, direct and present a business plan to a panel of judges. The UEC provides teams with educational forums, mentors, a speaker series and other resources to prepare them for the competition and aid them in the creation and implementation of their business plan. A grand prize of \$40,000 will be awarded to the team with the most plausible and promising business plan. Secondary prizes will also be awarded including cash and in-kind services worth over \$100,000.

The UEC is directed by nine students and involves numerous other students as volunteers. The team of directors is advised by a board of corporate professionals, as well as faculty members of participating schools. The student directors manage the operations of the Challenge which include:

- ▲ Events
- ▲ Sponsor Relations
- ▲ Judges
- ▲ Marketing
- ▲ Mentors
- ▲ Public Relations
- ▲ UEC Outreach

The growth of the UEC over its history has been astounding. This tremendous undertaking has been made possible by generous support from sponsors, mentors, judges and faculty members of participating schools.

Eligibility

Each participating team must be organized and directed by a student at a college or university in Utah, and is enrolled in at least nine credit hours during both semesters of the competition year. It is possible to participate if the student was enrolled for at least nine credit hours in the fall semester of the competition year and completed all of their requirements for graduation (student standing will be verified by UEC). There are no restrictions regarding other team members. Team members may be other students, faculty, family, or professionals and do not need to be residents of Utah. Successful teams have a strong combination of accounting, finance, marketing, and technology skills.

A team-building forum will be held if you seek other skilled individuals to be part of your team. Even if you do not have an idea, come to the forum and join one of the teams. This is an excellent opportunity for students to network and communicate with the business community.

Teams may present more than one plan; however, each plan must be registered separately. Though plans may be from existing companies (two years old or younger at the time of registration), cumulative revenue cannot have exceeded \$100,000 prior to July 1, 2007. Any plan that has already received funding (angel funding, venture capital, etc.) is ineligible.

The Competition Process

Round I: Executive Summary

This phase is open to all contestants who should begin by registering at www.uec.utah.edu under *Registration*. Submit the form with the required information.

Teams must prepare an Executive Summary addressing fundamental issues of interest to potential investors. It should highlight the most important and interesting elements of the business that lead a potential investor to understand why your venture will succeed. For more specific information about the Executive Summary refer to the section under the heading **The Executive Summary**. Twenty-five to thirty semi-finalist teams will be selected for Round II based on their Executive Summaries and will be announced via www.uec.utah.edu. At the discretion of the judges committee additional semi-finalists may be selected. Applications and Summaries are due to the UEC office on *February 15, 2008*.

Round II: Business Plan

The semi-finalist teams must submit a complete business plan by *March 14, 2008*. The Business Plan is a detailed expansion of the Executive Summary. It should include market research and growth projections for at least three years. It should assess prospective markets and investors, establish goals, and identify specific strategies for accomplishing the goals. For more specific information about the Business Plan refer to the section under the heading **The Business Plan**. Ten finalist teams will be selected for Round III based on the criteria set forth under the Business Plans section and will be judged by a panel of business professionals. Finalists will be announced via www.uec.utah.edu.

Round III: Final Presentation

Each of the ten finalists will present their businesses to the panel of judges. Final judging will take place on *April 5, 2008*. Since the time is limited to twenty minutes the presentation must be well-organized and emphasize only the most important features of the business. For more specific information about the Final Presentation refer to the section under the heading **The Final Presentation**. The \$40,000 grand prize and other final awards will be announced at the annual Utah Entrepreneur Challenge Final Awards Banquet.

Samples of each entry and judging scorecards for Rounds II & III, as well as the list of judges, will be available at www.uec.utah.edu under the *Judging* section.

Forums and other UEC events will be held prior to the beginning of the competition to assist competitors in team building, as well as provide instruction on preparing Executive Summaries and Business Plans. Competitors are strongly encouraged to participate. For a schedule of events visit the *Calendar* section at the UEC website.

The Executive Summary

The Executive Summary is a brief document that should address fundamental issues that would be of interest to potential investors. The summary should highlight the most important and interesting points of your business, which should give potential investors a general understanding of why your venture will succeed (see Introductory Paragraph Tips under *Competition—Resources* for aid in writing your paragraph).

The Executive Summary must have a cover page listing the company name, primary contact, mailing address, telephone, and e-mail address. The summary should be no more than seven numbered pages in length including the cover page and any financial information or exhibits such as tables, graphs and photos. No compressed type is permitted. Font size must be 12-point and the page must be set with one-inch margins on all sides.

The following suggested organization is based on the judging criteria as outlined under the **Judging** section.

The Company

Explain the purpose of your business and why your company will be successful. Include a brief history of your company and its current status, including whether the company is publicly or privately held or a start-up. State your company's long-term objectives and strategy (i.e. to go public, to command 10% of the market share after ten years, to reach \$50 million in sales after five years, etc.). If you are currently in business, describe your revenue growth and profitability.

The Product(s) or Service(s)

First, identify specific planned products and projects. Include information about their current status, deadlines, expected product life, and potential revenue. Describe distinctive features and user benefits relative to market needs and the product(s)/service(s) of the competition. Explain any proprietary positions such as copyrights, trademarks, patents, trade secrets, special production processes or technological skills. Discuss pricing and margins both for your product(s)/service(s) and those of your competitors. Carefully consider any governmental regulations and/or environmental issues as well.

The Market and Marketing Strategy

Give a detailed description of the needs in the market that your product(s)/service(s) will satisfy. Consider what market factors or issues are driving the need for your product and identify your consumers. Assess the market size, anticipated growth and any potential changes. Thoroughly assess the competition and their competitive and strategic positions in the market. Explain any unique capabilities that differentiate your company from the competition and that will drive your company's success. Describe your market strategy regarding promotion, pricing and distribution.

Management

Explain the current or anticipated organizational structure of the company and the history of the management team. Provide brief backgrounds of key individuals in your organization including skills relevant to this job, the specific value they add to the company, and past successes and achievements. Assess the synergy between these key individuals and explain why they would be an effective management team. Identify any immediate personnel needs.

Financial Summary

Give a brief history of past investments, if any, and their terms. Specify initial and subsequent funding needs and estimate the timing and nature of expected investor returns. Evaluate, if possible, the returns to investors of similar businesses and indicate an exit strategy (i.e., merger, acquisition, or initial public offering). You must provide realistic projections of sales, revenues, expenses, and income over a three-year period. State and briefly justify the financial assumptions used to generate these projections.

The following questions, provided by the Wayne Brown Institute, may be helpful in preparing your Executive Summary:

Opportunity Statement - How you would present your business verbally to a potential customer or investor in less than two minutes? What generated this idea? Why is now the best time to create the business? What will make your business stand out and survive? What is your product or service concept?

Market Opportunity and Strategy - Who is interested in this product or service? Where is this group of people located? How will you change the lives of your clients? What actions must be taken on your part to ensure public acceptance of your service or product? What initial response do you expect and how will you increase your sphere of influence? What initial proof can you offer to investors and the public that this business will succeed?

Competitive Advantage - Why is your business better than the next one promising the same or similar services or products? How will you protect this advantage? Who are your competitors? What proprietary advantages do you have?

Management Team – Who are you and what is your background? What related experience does your team have? Who have they worked for in the past? What are they doing in the business now? How much have they invested into the business?

Finances – What are the proposed funding needs? How will the money be used? What are your projected revenues for the next three years? If you won money through the contest, how will you use the funds? How will your company generate revenues? What are your gross and operating margins?

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The Business Plan

The Business Plan is a detailed expansion of the Executive Summary. It should include market research and growth projections for the next three years.

The necessary function of the Business Plan is to achieve the following:

- ▲ Present the organizational structure of the business, including detailed information about key individuals in the organization, the team's ability to work well together, and the procedure for necessary restructuring due to growth, merger, etc.
- ▲ Determine and prepare for the risks and benefits of operating the business
- ▲ Identify the resources needed to accomplish day-to-day business
- ▲ Explain the market for the goods or services provided, including a detailed review of the results of thorough market research (market size, anticipated growth, key changes, driving forces of the market, competition, unique capabilities of your company, market penetration, etc.)
- ▲ If applicable, present the findings of thorough patent research
- ▲ Present a positive reason for investors to take interest

The business plan should be easy-to-read, concise, and interesting. It should address specific strategies, goals, prospective markets and investors, and the actions needed to accomplish or obtain them.

The function of the finance section in the business plan is to indicate the expected margins and financial growth. It should indicate how much money is going where and for how long. It should include any planned investments, savings, and necessary expenditures and a realistic projection of sales and revenues. Like the business plan, it should be concise and easy to follow. Charts and graphs are an exceptional manner of presentation. The finance section should support and defend all information presented in the Business Plan.

You must submit twelve (12) copies of your Business Plan (no longer than 30 pages excluding the cover page, table of contents and appendices). The following suggested organization is based on the judging criteria as outlined in the *Competition* section on the challenge website.

Cover Page

- ▲ Company name
- ▲ Contact person and info (mailing and e-mail addresses, phone number)

Executive Summary

- ▲ More brief than the submitted Executive Summary

Company Overview

- ▲ Company history and business description
- ▲ Strategic alliances and/or partnerships
- ▲ Original Equipment Manufacturer (OEM) relationships

Products and/or Services

- ▲ Current products/services and the need/background
- ▲ Features and advantages of products/services compared to competition
- ▲ Production, distribution and facilities
- ▲ Proprietary position, research and development and future products/services
- ▲ Packaging/Fulfillment
- ▲ Service and warranty policies

Market and Marketing Strategy

- ▲ Industry analysis (target market, market size and growth trends)
- ▲ Customer profile and current customers
- ▲ Competitive analysis (include website URL, phone numbers, street address, etc.)
- ▲ Marketing strategy (pricing, promotion, advertising, sales method, distribution, and public relations)
- ▲ Anticipated date of market entry

Management

- ▲ Officers, key employees, and board of directors
- ▲ Accountants, attorneys, bankers, insurance agents, or other external support

Summary Financials

- ▲ Detailed 12-month and 3-year pro forma cash flow statements (source and use)
- ▲ Assumptions about revenue, costs, asset requirements, obtaining funding, etc.
- ▲ Break-even analysis with proposed debt and competition funds
- ▲ Exhibits including marketing materials, company product reviews, clips from industry and trade journals, patents, photographs or facilities, etc

Offering

- ▲ Use of funds (include proposed business application of competition funds)
- ▲ The ROI, structure of the deal, sources for repayment and possible exit strategies.

The Final Presentation

The presentation information does not have to be in any particular order. It is important that you first build enthusiasm for your idea and then prove that you can be successful in the market. A simple, clean PowerPoint presentation is effective. Each team will be responsible to provide any necessary equipment for your presentation. Each team will have ten minutes to present the business and ten minutes to answer questions. Teams will be penalized for not complying with time limits.

You will probably not be able to present everything from your Executive Summary or your Business Plan. Organize your presentation to emphasize the most important features of your business in the time allotted (see *Competition—Evaluation Questions* for helpful hints and possible evaluation questions).

Judging

The twelve-member judges' panel consists of venture capitalists, lawyers, accountants, entrepreneurs, and other successful and knowledgeable business leaders. Judges will not be affiliated with, or involved in the preparation or funding of, any participating team. The decision of the judges' panel will be final and will not be subject to appeal. The overall selection of winners is based on the viability and likely success of the business. The judging panel will be scoring entries for Rounds II and III. The scoring will be consistent with the criteria put forth in the round scorecards. Judging for each round will be unique to the type of entry and to the rounds judging criteria. Competitors advancing in each round will be provided feedback from judges in order to modify and improve their plans.

The Judging Criteria

Each round of judging is done using criteria unique to each round. The judging scorecards are available at www.uec.utah.edu under the *Judging* section. The weighting for the judging criteria were developed by venture capitalists around the country and are indicative of the emphasis that investors place on the various aspects of a business. They are also consistent with similar business competition criteria.

Each criterion is evaluated in consideration of creativity, effort, communication, and presentation. Since UEC is educationally-based, particular attention will be given to the level of student participation in these areas. The top scores will advance to the next round.

Prizes

The Grand Prize, in the amount of \$40,000, will be awarded to the team with the best Final Presentation. Two runners-up will be selected and receive \$5,000 each. The seven other finalists will receive \$1,000 each. The cash prizes are to be used as seed capital. Restrictions apply to the use of these funds. Cash prizes must be used for qualified business operating purposes.

The Grand Prize will be distributed as reimbursements for invoices for qualified business purposes as approved by the UEC financial manager. Claims for payment must be tendered to UEC within one calendar year following the UEC Final Awards Banquet and paid within thirty (30) days thereafter. Any funds not allocated within this timeframe will revert back to UEC.

A variety of in-kind services such as accounting, legal, consulting, staffing, incubator space, and computer services will be awarded to semi-finalists for additional preparation of the Business Plan. These services are distributed solely at the discretion of, and subject to the conditions set forth by the donor.

Resources

The Challenge Website

UEC will provide important reminders of upcoming events, forums, key submission deadlines, and judges' decisions through electronic e-mail and the Challenge website. Subscribe to this e-mailing at www.uec.utah.edu.

Online Resources

Under the *Competition* and *Judging* headings you will find judging guidelines, sample scorecards, and resources for aiding you in round of the competition. Samples entries for each round will also be available. These resources should provide you with adequate help in putting together your competition entries. If you need more assistance or have questions regarding entries and judging contact the Challenge via the website.

Mentors

Semi-finalists and finalists may draw on the expertise and experience of our team of qualified mentors in preparing the Business Plan and the Final Presentation. Mentors have been selected for their experience in a variety of areas, including: business plan writing, patent law, tax accounting and business structure, medical technology, securities law, engineering, small business lending, information systems, software development, etc. Some have successfully written their own business plans, secured funding and patents, and started their own companies. Team members work directly with the assigned mentor(s) and seek guidance in the development of the business. Teams will be matched with mentors by related industry/field and by skills.

Mentors are not involved in the judging of the competition and the use of mentors by UEC participants, while encouraged, is optional. The mentor role is as follows:

- ▲ Provide focus and help identify strengths/weaknesses
- ▲ Discuss management strategies, structure (incorporation, partnership, limited liability, etc.), and business models
- ▲ Review marketing ideas
- ▲ Help the team find technical expertise and provide advice on protecting intellectual property and applying for patents
- ▲ Offer suggestions to improve the Business Plan and Final Presentation
- ▲ Suggest contacts and resources

Confidentiality and Agreements

All directors and judges that will have access to the plans agree verbally to a confidentiality agreement. This agreement is available upon request to the competitors. The judges, experienced venture capitalists, lawyers, accountants, entrepreneurs, and successful and knowledgeable business leaders, express their belief that ideas are only ideas until implemented. The confidentiality agreement includes a non-compete clause for six months after the winners are announced.

As a competitor, you are responsible to protect any information concerning your plan that you share with mentors, team members, and fellow participants of the competition. The UEC takes no responsibility for unwanted disclosure in these instances.

Contestants should be careful about disclosing information concerning proprietary concepts. Although a patent application can be filed in the United States up to one year after the first public disclosure of an invention, many foreign countries do not allow patent applications unless they are implemented before any sort of public disclosure.

Competitors concerned about the protection of intellectual property may contact the University of Utah Technology Transfer Office or look up answers to technology protection questions on the Technology Transfer Office website at www.tto.utah.edu.