

Tulane Business Model Competition

2015 INFORMATION PACKET



We Are Currently Accepting Applications

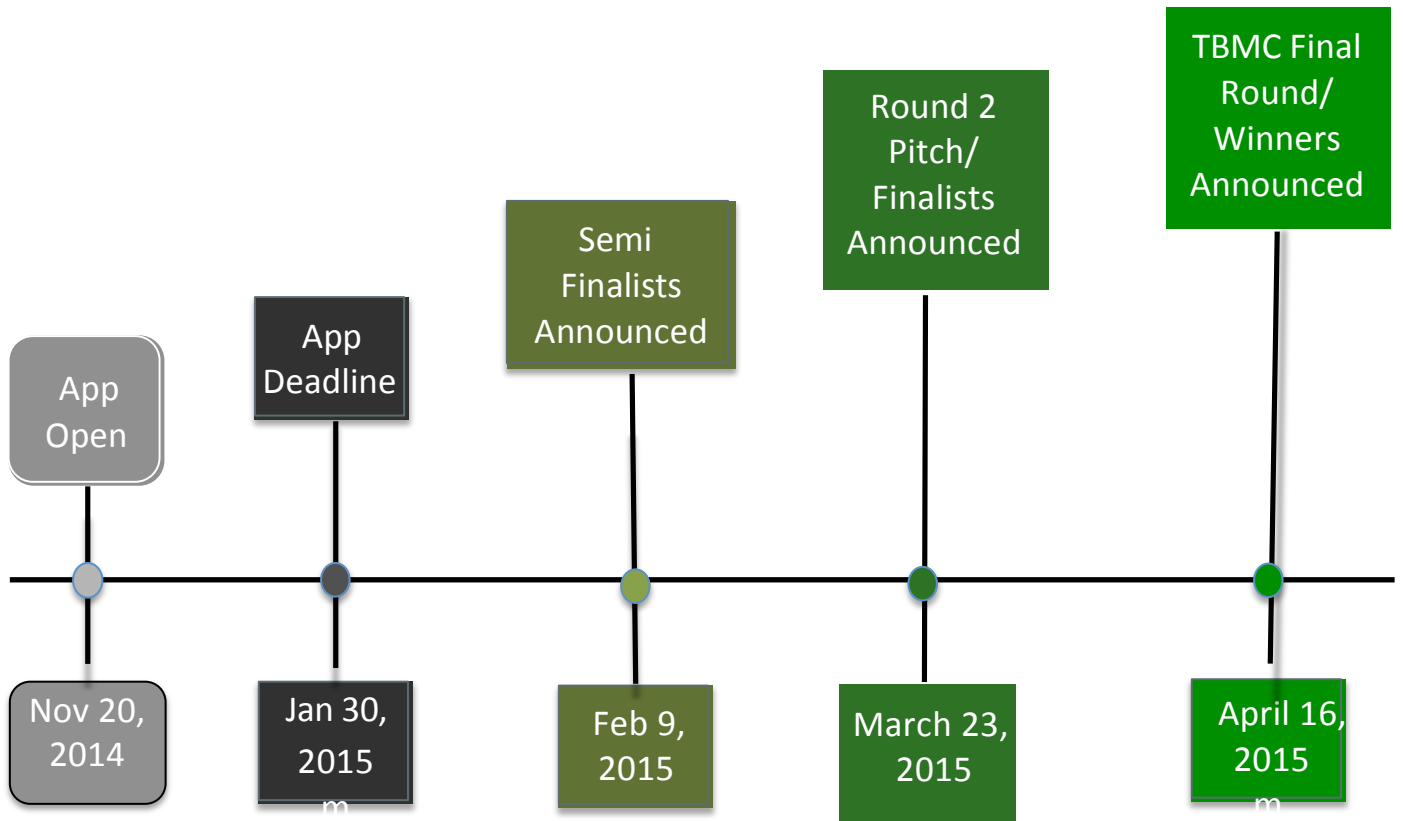
**A.B. Freeman School of Business
Tulane University
7 McAlister Dr.
New Orleans, LA
Tulane University
contact email: LRI@tulane.edu**

TBMC 2015

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2015 COMPETITION TIMELINE



WHAT IS THE TULANE BUSINESS MODEL COMPETITION?

The Tulane Business Model Competition (TBMC) focuses on identifying and precisely defining the assumptions of the new venture, testing those assumptions in the field, and then changing (**pivoting**) based on lessons learned. The TBMC requires a focus on testing assumptions vs. the typical approach of gathering secondary data, developing validated learning vs. writing a business plan, getting outside the building vs. researching inside the building, applying lean development vs. relying on product development, and “reinventing” or changing course vs. executing on the plan. Prizes for the competition are awarded based on the Judging Criteria (see later section in this document).

Your final submission for the competition will be a narrated multimedia presentation (PowerPoint, Keynote, Prezi, etc.) **saved as a video file and uploaded to YouTube** that tells your story. Remember that rather than focusing on a business plan or trying to sell your idea, your presentation needs to focus on telling the story of how you **tested your unexamined assumptions in the field and developed a validated business model**. You will manifest this by demonstrating a deep understanding of customers and revealing the details of how you may have discovered that some of your assumptions were invalid and how you changed accordingly.

ELIGIBILITY CRITERIA

Student Team

Competing teams should consist of at least 2 and no more than 5 degree-seeking students who are enrolled part-time (minimum of 6 credit hours) or full-time in a semester during the competition year.

In general, a member of the student team should be CEO, COO, or President of the venture, or members of the student team should occupy 50% or more of the functional area management positions that report directly to the CEO, COO, or President.

Ownership

The student team must have a minimum of 20% ownership in the venture.

Control

The student team must control a minimum of 51% of the venture's voting rights.

Revenue

Because revenue is often the best form of validation, minimal revenues gained in the process of validation are allowable for the competition. Excessive revenues will be evaluated on a case-by-case basis by the TBMC organizers.

Investment

No more than \$100,000 will be allowed from friends and family, debt (any source -- convertible, venture, traditional), and accelerators. Any convertible debt must be in the form of a standard debt note with a separate agreement specifying the rules for conversion. Conversion cannot occur for at least 2 years from start date of competition.

Nature of Venture

Ventures cannot be a buyout, an expansion of an existing company, a real estate syndication, a tax shelter, a franchise, a licensing agreement for distribution in a different geographical area, or a spin-out from an existing corporation. Licensing technologies from universities or research labs is encouraged, assuming they have not been commercialized previously.

Prior Activity

Ventures may compete in the TBMC only once.

Dropping Out of the Competition – If a team withdraws or does not compete in the competition after accepting a bid, the team and university will be subject to disqualification from competing in the Tulane Business Model Competition for that year and the following year—a two year ban.

Faculty Mentor – We require that all teams have a faculty mentor from the participating institution.

Requirements and Structure

Phase I – Apply: Fill out the submission form on the Tulane Business Model Competition's iStart page:

<http://tulane2015.istart.org/>

Your entry must be submitted before 11:59pm on Friday, January 30th, 2015.

In order to successfully complete this form you will need:

- a brief description of your company
- the link to your narrated multimedia presentation (PowerPoint, Keynote, Prezi, etc.) **saved in video format and uploaded to YouTube**,
- a digital copy of the signed Certifications and Agreements page found in the Appendix of this packet
- contact information for team members and faculty mentor.

Your video must be no more than eight (8) minutes long. If you need help creating your video submission, check out the *Preparing Your Submission* page of the IBMC website: <http://www.businessmodelcompetition.com/preparing-your-submission.html>

Phase II – Semi-Finals: The semi-finalists will have the opportunity to pitch to, receive mentoring from, and network with a variety of lean startup experts on **Monday, March 23, 2015**. These 10 minute presentations should include a visual presentation and detail the business model process in a persuasive and professional manner. Teams should be prepared to answer questions from the judging panelists. The three top business models will be selected as finalists and announced at a reception immediately following the Semifinals. .

Phase III – Finals: The finalists will present their business models at Tulane University in New Orleans on **Thursday, April 16, 2015** from 2:00 pm - 4:00 pm. Each team will present for 10 minutes followed by Q&A from the judging panel. The finalists will also be allowed to present a one minute pitch at the annual 2015 Tulane Council of Entrepreneurs Awards Gala that same evening, where the winners will be announced..

SUBMISSION REQUIREMENTS

Although there is not one format for successful models, we suggest that business model submissions contain certain components to communicate effectively:

- **Title Slide:** Who are you and what does the business do (pain and solution)?
- **Assumption Slides:** What were your initial hypotheses? Did you identify a customer problem? What were the key hypotheses about the business model?
- **Action Slides:** How did you test these hypotheses? What specific tests did you conduct? What did you discover? What facts were uncovered? What facts remain to be uncovered?
- **Pivot Slides:** How were your initial assumptions proved right or wrong? What pivots did you make?
- **Validated Business Model Slides:** Diagram your business model and present the facts. How does the business make and deliver value? Consider the following critical points to communicate:
 - **Solution Slides:** Explain your current solution to the customer problem. What evidence do you have of this solution (customer statements, pilot commitments, purchase orders?)
Go-to-Market Strategy: Indicate the decision-makers and influencers of getting to a consummated sale. Share the facts and opinions you have gathered from customers that show you understand and can convincingly communicate with customers.
 - **Size of Market:** Be able to show your target market, and your strategy for entry into the market.

- **Lessons Learned:** Be sure to communicate the lessons learned, including pivots and failure.
- **Appendices:** Appendices should be included only when they support the body of the model. These additional slides need to be available for giving context and for answering questions judges might have. Because judges might not read all the material in the appendices, the body of the model must contain all information pertinent to the model.

Confidentiality – Participants should be aware that neither administrators of the competition nor judges of the business models will be required, nor should they be asked, to sign non-disclosure agreements (NDA). Participants are encouraged to be selective about what they disclose, to label models and contents with the words “CONFIDENTIAL AND PROPRIETARY” and to seek legal counsel if they have any further questions regarding the legal protection of their ideas.

Contestants are responsible to protect any information concerning the model that they share with mentors, team members, and fellow participants in the competition. The Tulane Business Model Competition directors take no responsibility for unwanted disclosure in these instances.

JUDGING CRITERIA

Submissions will be judged based on the following:

Is the team solving a significant problem (defined in terms of money or impact)?

Did the team use the Business Model Canvas or similar tool to track assumptions?

Did the team clearly state their assumptions / hypotheses?

Did the team design low cost, rapid, but reliable tests of these hypotheses?

Has the team developed a prototype or minimum viable product taking into consideration (potential) customers' feedback?

Does the team have significant evidence that the solution is validated (includes letters of intent, purchase contracts, sales, and partners)?

APPENDIX

CERTIFICATIONS AND AGREEMENTS

By submitting a Business Model ("the Model") to the Tulane Business Model Competition ("the Competition"), each Contestant listed below agrees to the following conditions:

Originality of Model—The ideas and concepts set forth in the Model are the original work of the Contestants and no Contestant is under any agreement or restrictions that prohibit or restrict his or her ability to disclose or submit such ideas or concepts to the Competition.

Compliance with the Eligibility Guidelines of the Competition—Each Contestant has reviewed the Eligibility Guidelines ("Guidelines") and by his or her signature below certifies that this entry and the team or individual it represents complies with the Guidelines and agrees to abide by the Guidelines. Each Contestant also certifies that the venture had no revenues and raised no outside equity capital and did not undertake any other formal startup activities prior to the current academic year.

Waivers and Releases—Each Contestant understands that the TBMC organizing committee, any co-sponsors, judges, mentors, co-organizers ("Competition Officials") and its directors, officers, partners, employees, consultants, and agents (collectively "Organizer Representatives") are volunteers and are under no obligation to render any advice or service to any Contestant. The views expressed by the judges, co-sponsors, co-organizers, and the Organizer Representatives are their own and not those of the TBMC organizing committee or any other person or entity.

Each Contestant also understands and agrees that although the Competition Officials have taken and will take the steps described in the Guidelines regarding confidentiality of the ideas and models submitted by the Contestants, the legal protection of the ideas and the Models submitted by the Contestants to the Competition is otherwise the sole responsibility of the Contestant. In consideration of the time, expertise, and other resources provided by the Competition Officials and Organizer Representatives to the Competition, each Contestant hereby voluntarily releases each Competition Official and each Organizer Representative from any further liabilities, responsibilities, and accountabilities relating to or arising out of such Competition Officials or Organizer Representative's participation in the Competition.

TEAM (OR COMPANY) NAME: _____

CONTESTANTS (TEAM MEMBERS): *List all team members, the 2 team contacts first. Also be sure to list contact information for the Faculty Mentor*

NAME	EMAIL	SCHOOL AFFILIATION	SIGNATURE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Faculty Mentor

Please indicate an industry (retail, manufacturing, medical, etc) for your business: _____

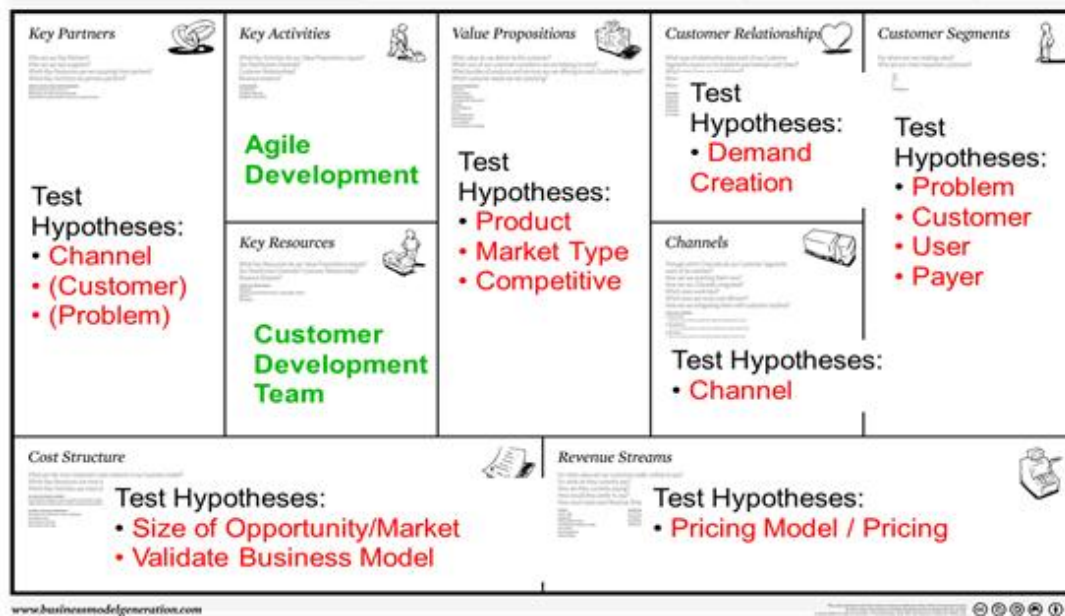
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ADDITIONAL RESOURCES

Business Model Development Guidelines:

The following is a set of guidelines for how to develop a business model adapted from Steve Blank's course on Business Model Development / Lean Launchpad. The guidelines are designed as a series of action-based steps to get entrepreneurs outside the building and testing their assumptions with customers:

1. **Analyze the idea:** Write down the key hypotheses about each area of the nine areas of the business model based on Alex Osterwalder's Business Model Generation (see below).
 - a. Central questions:
 - i. What is the core customer pain, or "job" that you are doing for the customer?
 - ii. What is the business model?
 - iii. What are the hypotheses about each of the 9 parts of the business model?
 - iv. What is the Minimum Feature Set to test these assumptions?
 - v. What are experiments needed to run to test business model hypotheses?
 - vi. What is market size? In other words, how will you determine whether this is a business model worth pursuing?



2. **Test the value proposition:** Get out of the building and talk to 10-15 customers face-to-face. Use Survey Monkey or other tools to get more data but be sure to talk to customers. Use Steve Blank's Customer Development model or Nathan Furr's Nail It then Scale It model as a guide.
 - a. Central questions:
 - i. What is the job customers are trying to get done? How significant is the pain?
 - ii. What is your solution to the pain (product or service)?
 - iii. Why will people want it?
 - iv. What's the minimum feature set to satisfy those customers?
 - v. Who's the competition or alternatives to your solution?
 - vi. What's the market type (new, established, re-segmented)?

3. **Test the customers / users:** Get out of the building and talk to 10-15 customers face-to-face to understand who is the customer? Who uses the product, who pays, and how are they different?
 - a. Central questions:
 - i. What were your hypotheses about who your users and customers were?
 - ii. Did you learn anything different?
 - iii. Did anything change about Value Proposition?
 - iv. What are your customer acquisition costs?
4. **Test demand creation:** Test and understand how to build demand. If you are building a web site, actually do SEM, spend \$20 as a team, test customer acquisition cost. Change messaging on site during the week to get costs lower, team that gets lowest delta costs wins. If non-web, build demand creation budget and forecast. Get real costs from suppliers.
 - a. Central questions:
 - i. How do you create end user demand?
 - ii. How does it differ on the web versus other channels?
5. **Test channels:** Get out of the building and talk to 10-15 channel partners. If you're building a web site, get the site up and running with the minimal feature set.
 - a. Central questions:
 - i. For web teams:
 1. What were your hypotheses about your website?
 2. Did anything change about value proposition or customers/users?
 3. What is your customer lifetime value?
 - ii. For non-web teams:
 1. Interview 10-15 people in your channel (salesmen, OEM's, etc.).
 2. Did anything change about Value Proposition or Customers/Users?
 3. What is your customer lifetime value?
6. **Test the revenue model:** Using the facts gathered so far, analyze the revenue streams, expenses, and key metrics for how your business makes money. Get outside the building to test the model.
 - a. Central questions:
 - i. What's your revenue model?
 - ii. How will you price your product?
 - iii. What are the key financials metrics for your business model?
 - iv. Test pricing in front of 100 customers on the web, 10-15 customers non web
7. **Test partners:** Get outside the building to talk to potential partners to understand the partnership channels, resources, and cost.
 - a. Central questions:
 - i. Who are your potential partners and the relationship (strategic alliances, coopetition, joint ventures, buyer supplier, licensees)
 - ii. What partners will you need?
 - iii. Why will they partner with you?
 - iv. What's the cost of the partnership?
 - v. Talk to partners
8. **Test Key Resources and Expenses:** Analyze what resources you need and when to build the business.
 - a. Central questions:
 - i. What resources do you need to build this business?
 - ii. How many people? What kind?
 - iii. Any hardware or software you need to buy?
 - iv. Any IP you need to license?
 - v. How much money do you need to raise? When? Why?
 - vi. What's your expense model? What are the key financials metrics for *costs* in your business model?
9. **Lessons Learned:** Identify the validated learning from customers, what you learned throughout the process, and how your business model has changed. What is the new, validated business model? Is it worth pursuing (remember even failure is a valuable lesson if you learn from it early and effectively).

Pivot: Don't forget that with every assumption overturned, be ready to pivot to the new and valuable business.

Additional resources of interest include Steve Blank's post on business models and funding:

<http://steveblank.com/2009/11/05/raising-money-with-customer-development/>
<http://steveblank.com/2009/11/12/lessons-learned---a-new-type-of-vc-pitch/>

Helpful Resources Include:

- **Steve Blank:**
 - *The Startup Owner's Manual* and www.steveblank.com
- **Nathan Furr:**
 - *Nail It then Scale It* and www.nailitthenscaleit.com
- **Alex Osterwalder:**
 - *Business Model Generation* and www.alexosterwalder.com
- **Rhoads, Swenson & Whitlark**
 - *Boom Start* and www.boomstart.com
- **TBMC Website:**
 - BusinessModelCompetition.com