

NVC | EDWARD L. KAPLAN, '71
NEW VENTURE
CHALLENGE

OFFICIAL RULES & GUIDELINES

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PURPOSE OF PROGRAM

To encourage the founding of high-potential new ventures and to reward the developers of promising business plans.

ELIGIBILITY

Team Size

There is no minimum or maximum team size. However, each team is required to have *at least* one currently registered student from the University of Chicago as an active member of the team.* This includes full-time and part-time (e.g., Evening and Weekend MBA Programs) students. We highly encourage teams to incorporate at least one student from the University Of Chicago Booth School Of Business (Chicago Booth). To qualify, the UChicago student must be registered as of the Phase I deadline. The student should be an integral part of the team, and should have equity in the company and/or a role on the management team.

*Teams comprised of **undergraduate** students are eligible if:

- The team has previously participated in the College NVC, or
- The team includes at least one current graduate student

A team of all undergraduate students will not be eligible for the NVC or Social NVC if neither of these criteria has been met.

Team Composition

All registered University of Chicago undergraduate and graduate students, from any department, are eligible to fill out the rest of the team. In addition, teams may have members who are not affiliated with the University of Chicago. The Polsky Center encourages teams to identify individuals, within and external to the University, who may contribute the additional expertise and experience to help the team succeed.

Entries must be the original work of the entrants and may be made by a single-student or by multiple-student teams. Each team or student may submit as many entries as they wish. However, it is unlikely that multiple entries from the same team will be successful given that the plans are judged partly on the ability of the team to execute the plan.

Originality of Business Ideas

The new venture idea should be original and have commercial promise. The entry may be developed in conjunction with a course or research project, and students may enlist faculty aid. Business plans that have participated in the past as part of other university business plan competitions are not eligible unless approved by one of the NVC faculty or coaches.

Business plans for very early stage ventures may be acceptable if the company has not already received funding from venture capitalists and/or other investors. Teams that have secured arrangements for capital from any source must disclose the amounts and sources in their Phase I executive summaries. Entries which have received outside investment from venture capital firms, private investors, or other industry sources may be considered ineligible to compete and should contact the Polsky Center in advance for confirmation.

Equity Agreements

As a condition to receive the Prize Money, each winning team must agree to provide the Polsky Center with equity in the Company (that was the subject of its business plan) in an amount equal to its respective award if the company receives funding or otherwise enters into a business combination transaction wherein the surviving entity receives financing or equity in another entity.

The Judges Panel and/or the Polsky Center reserve the right to disqualify any entry that does not meet all the eligibility requirements or that violates any rules or regulations of the New Venture Challenge.

PHASES OF THE PROGRAM

Three Phases of the New Venture Challenge

1. Phase I

- a. One electronic copy of each team's feasibility summary is due to nvc@chicagobooth.edu by the Phase I deadline.
- b. Team selected to advance to Phase II as semi-finalists, will be announced in late February.
- c. Phase II team members are eligible and strongly encouraged to take *BUS 34104 Special Topics in Entrepreneurship: Developing a New Venture* for credit or audit. At least one team member is required to be registered for the course in order for the team to receive the detailed coaching assistance. Members from each of the teams are also urged to attend the orientation session closely following the Phase II announcement.

2. Phase II

- a. In BUS 34104, each team will present their business plan to in-class judges comprising venture capitalists and entrepreneurs. For more details, please see the "Business Plans" section below. The feedback received from these presentations will help the teams improve the plan and their presentations and position them for the final round of the program.
- b. Each semi-finalist team must submit an electronic copy of their full business plan on the deadline provided by the NVC faculty. These business plans will be sorted and sent to the NVC Judges Panel for selection into the final round of the program.
- c. Teams selected to advance to the third and final phase of the Challenge will be announced in the days following the final classroom presentation round.

3. Phase III/Finals

- a. Each finalist team will present their full business plan in-person to the panel of NVC Judges. Only University of Chicago team members can present to the judges, while the non-University

of Chicago team members can participate in the following Q & A session. The Judges Panel will adjourn after the final presentation to deliberate and select the winning teams.

- b. Winning teams will be announced at a reception immediately following the judges' deliberation.

FEASIBILITY SUMMARIES

One electronic copy of the feasibility summary and the required supporting materials, including a signed Certifications and Agreements sheet, must be submitted to the specified submission email by the Phase I deadline. To help the judges gauge the relative merit of your business idea, please submit a concise Feasibility Summary. This Summary should comprise no more than eight (8) typed and double-spaced pages, and its structure should be consistent with a structure outlined by NVC faculty and made available to teams in January. This Summary should include:

- A description of the business opportunity and market need to be fulfilled, the product or service idea (plus brief technology assessment, if applicable), preliminary analysis of the target market and potential market size
- A brief competitive analysis
- A brief outline of key strategies and objectives
- A review of the management team and outside advisors (if applicable)

The Feasibility Summary submission must include the following materials, collated in the following order:

- Cover Sheet (see 2014-15 Entry Kit for official cover sheet)
- Certifications and Agreements sheet signed by all team members
- Set of resumes of all team members
- Feasibility Summary

Teams whose proposals show significant promise will be selected as semi-finalists and asked to continue to Phase II of the program. Semi-finalists will be announced near the end of February. All University of Chicago students who advance to Phase II are strongly encouraged to register for one of two sections of *BUS 34104: Special Topics in Entrepreneurship: Developing a New Venture* during Spring Quarter 2015. Each team must have at least one student registered for the course. Students taking this course will have the unique opportunity to further refine their business plan in an academic environment using inputs from venture capitalists, faculty, and fellow entrepreneurs prior to the final round. Non-University of Chicago team members who wish to participate in BUS 34104 must receive approval by the instructor prior to the first day of class. Members from each of the Phase II teams, regardless of whether they take BUS 34104, are urged to attend the Phase II Orientation Session.

BUSINESS PLANS

The complete business plan will be due at the end of the first round classroom presentations. The final Business Plan should not exceed twenty-five (25) double spaced pages of text and graphics, in addition to the appendices. Total plan and appendices should not exceed 50 pages. In addition, each business plan must include a cover sheet as the first page with a designated format that will be issued at the beginning of spring quarter. These entries must be submitted electronically to nvc@chicagobooth.edu.

In this phase, the Business Plan entry should follow a detailed outline of the Business Plan components, suggested by NVC faculty in the BUS 34104 course. Business Plans should include:

- Formal executive summary
- Business mission/description – what problem does this product intend to solve?
- Technology description if it's a technical product and IP rights
- Market info, including size, share and competitive analysis
- Revenue model and sales strategy
- Financial info (e.g., P&L, quarterly financial projections for first two years, and annual projections for years 3-5, pro forma cash flow and budget analysis, balance sheet and key assumptions for financials, much of which can be included in the appendix)
- Strategy for execution (e.g., operations, manufacturing, sales and marketing, alliances)
- Timetables/milestones
- Management/Board of advisors breakdown
- A working model or prototype, if appropriate, is advantageous but is not required.
- Exit strategy

Finalists will be announced soon after the final classroom presentations have completed.

JUDGING

Judging will be based on the commercial potential of the business, innovative nature and technical feasibility of the idea, the credibility of the projections and assumptions, and the ability of the team to make it happen. While the quality of management and advisors is important, it will be less of a factor in Phase I and more a factor as the team progresses to Phase III.

All decisions of the judging panel will be final.

PRIZES & EQUITY AGREEMENT

A cash prize totaling at least \$75,000, along with any additional goods and services, is divided among the top teams as deemed by the judging panel. The allocation of the prize money will be determined by the finals judges, based on relative merit and need. Because of the extensive investment of time, resources, training, coaching and networking provided to each team through the New Venture Challenge, each NVC finalist must review the terms of the Equity Agreement provided by Chicago Booth. Thus, as a condition to receive the award, each winning team must agree to provide Chicago Booth with equity in the company (that was the subject of its business plan) in an amount equal to its respective award if the company receives funding or otherwise enters into a business combination transaction wherein the surviving entity receives financing or equity in another entity.

PROTECTION OF INTELLECTUAL PROPERTY

The University of Chicago, the principal sponsor and organizer, the co-organizers and co-sponsors of the Edward L. Kaplan New Venture Challenge have taken all reasonable measures to assure that all contestants retain their rights to the Business Plan and Intellectual Property. The co-sponsors and judges of the program include non-University of Chicago organizations that are interested in fostering the entrepreneurial process. Some of these organizations are in the business of working with and investing in the ideas of entrepreneurs. However, co-sponsoring organizations will only have access to the Plans with a team's prior approval and shall make no claim to any of the property or rights.

The protection of these rights is the ultimate responsibility of each contestant. Contestants are urged to mark as CONFIDENTIAL any portion of their Entries, which they consider to be proprietary, or of a sensitive nature. Contestants should be careful about disclosing any "patentable" concepts in their Entries because, although in the United States a patent application can be filed up to one year after the first public disclosure of an invention, in many foreign countries a patent application must be filed before any public disclosure is made.