

2012 Business Plan Competition at The Paul Merage School of Business



From **Vision** to *Venture*

How to Develop a Winning Concept Paper and Lead Your Team to Success

January 24, 2012



Agenda

- Introductions
- What You Will Learn
- Purpose of a Concept Paper
- Generic Planning Methodology
- Format
- Judging Criteria
- Q and A



What You Will Learn

- How to tell an investment story
- A key skill in life; professionally, personally, academically
- The basic process to be discussed:
 - Identify an unmet need
 - Articulate a solution
 - Describe who is involved
- The basic ingredient is passion



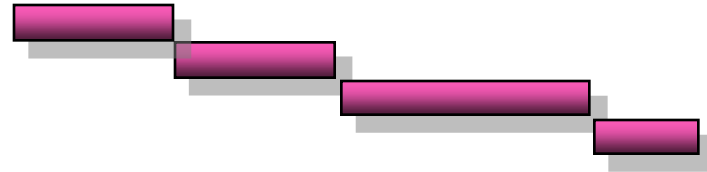
Purpose of a Concept Paper

- Used in the competition to select semi-finalists
- It is a sales document; it is an exciting story
- It's purpose **is not** to demonstrate how much you know
- Subset of full business plan
 - Describe market need
 - Articulate value proposition
 - Management team
- Concept paper is basic value proposition minus the financial projections section
- Organize your team's thoughts, help you identify roles
- Qualify for awards and further competition!
- Writing a concept paper *is* hard

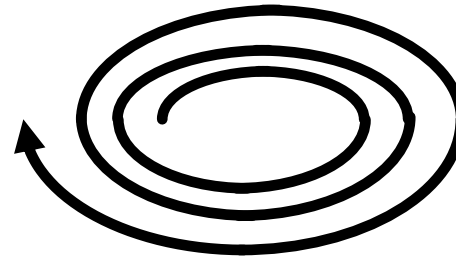


Generic Planning Methodologies

**Waterfall Process
Model**

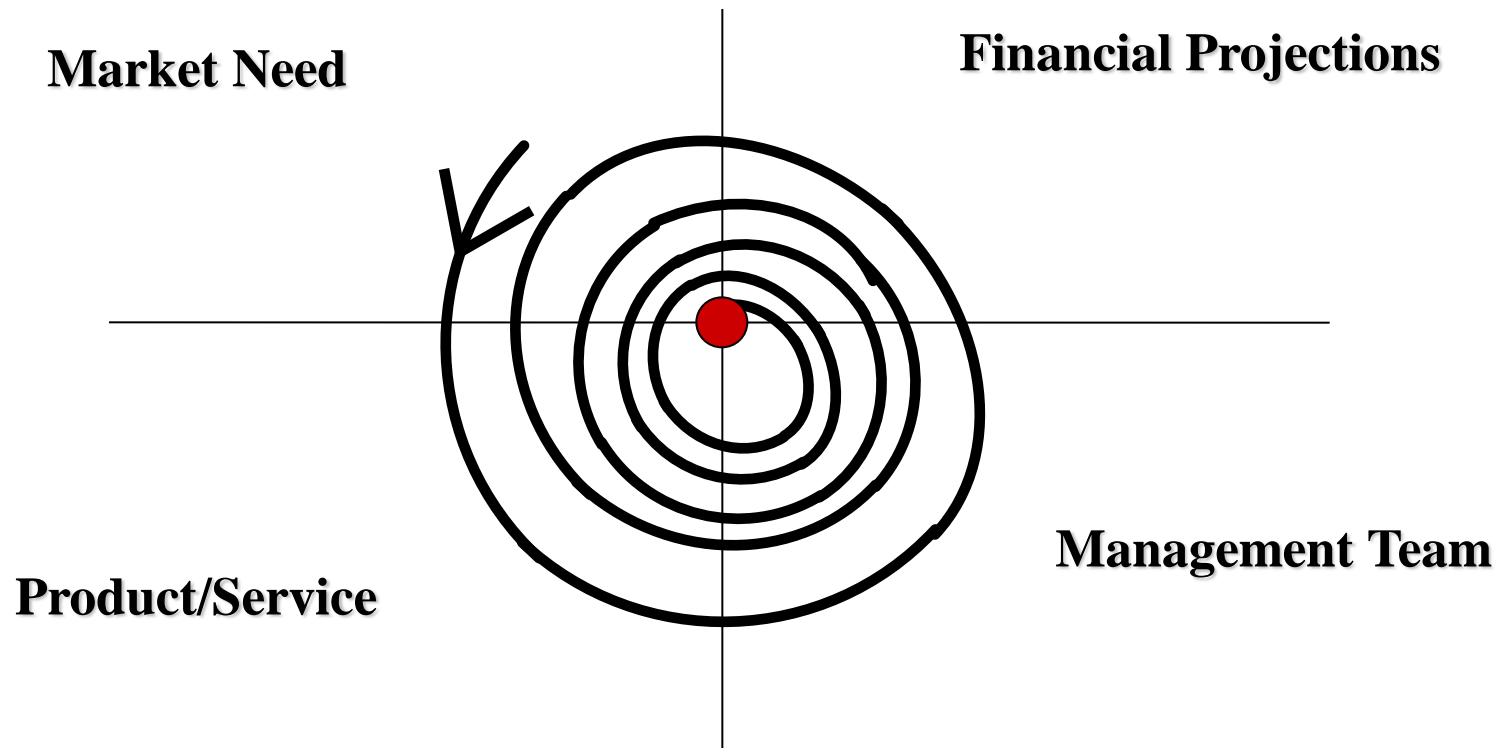


**Spiral Process
Model**





Business Concept Planning





Typical Concept Paper Challenges

- Assigning roles
 - “Getter, Doer, Counter” and leader
- Collecting market data
 - Talk to prospective customers!!
 - Size, Growth rates
 - Segmenting Market
 - Identifying Competitors
 - Key differentiators for competitors
 - Identifying market gap
 - Fitting product to the gap
- Maintaining internal consistency in paper
- Deciding what are key differentiators
- Appealing to both the head and the heart





Judging Guidelines

- Is there a large, growing market
- Is the market opportunity compelling
- Is there a clear target **customer**?
- Is the solution realistic?
- Is the business proposition well thought-out?
- Can the business become a market leader?
- Is there proprietary technology?
- Is there team expertise?



Concept Paper Format

- Length – maximum of three pages *plus* cover page
- Cover page – company name, team member names, school affiliations, and graduate/undergraduate status
- **Due date – Jan 30, 2012, 11:59 pm via Vator.tv**





Concept Paper Components



Company Overview

- What is the problem you are solving, need you are satisfying or ***pain*** you are addressing?
- What is your business proposition for solving the problem?
- Who will be your customers?



Company Overview Example

SeekingCapital.com is an exciting new company that offers both entrepreneurs and investors a powerful and efficient web-based service for matching investors with pre-IPO companies.



Product or Service

- Lead with a set-up: provide some context
- What is the product or service?
 - Examples:
 - Software that enables...
 - A medical diagnostic device used for...
 - An automotive aftermarket accessory appealing to...
 - A programmable chip for the telecom market that...
 - Specialized business services targeted to...
 - An innovative beverage container that...
- What are its attributes, advantages?
- What is innovative about your product or service and how does it differ from the competition?
- Any “secret sauce” or intellectual protections



Product or Service Example

Matching investors with the right opportunity has always been a challenge. SeekingCapital.com is changing the future of private equity investing by operating not just an "Internet only" web site, but as a franchise company that supports its online community with local services in the United States and internationally.



Market Potential

- What are the market characteristics?
- How big is the market – number of potential customers and annual sales
- Growth
- Segments
- What will be your niche in the market and why?
- How will you dominate your market niche?
- How will you identify customers?
- How will you reach your market?
- How will you make money?



Market Potential Example

SeekingCapital.com's market of interest is the \$100 billion a year private equity market, and will serve the over 400,000 entrepreneurs who are aggressively seeking capital at any given time.



Market Need

- Goal: offer evidence of a market
- Magnitude of the pain: vitamin or pain killer?
- What specific aspects or changes in the market have created the problem you are solving?
- How will your product or service take advantage of this opportunity?
- Who are your customers and what are their attributes?
- How well defined are your potential customers and why should they pay for your product?



Market Need Example

SeekingCapital.com isn't just a listing or matching service, we offer our customers a ***community*** that creates interaction, education, and discussion.



Competitive Advantage

- Who are your competitors?
- Segments they occupy
- What are their advantages and weaknesses/vulnerabilities?
- Why they can't close the gap?



Competitive Advantage Example

Unlike our competitors such as XYZ Corp. and ABC Capital, we work with companies globally, through all stages of funding and across all industries.



Management

- Maximum one paragraph
- Key members of the team – name, role, background, education, experience
- Emphasis on previous success working together in another company or context



Management Example

Our team has over 20 years of experience in the securities industry, investment banking, private equity, and executive management. We have worked as team side by side for several years co-managing and running the entire Internet operations of a publicly traded brokerage firm.



Summary and Recommendations



General Do's and Don'ts

Do:

- Use charts and “eye candy”
- Address only topics that are most relevant to your company
- Use “bottom-up” market projections
- Be concise and to the point
- Use near perfect grammar, spelling and punctuation
- Be clear and compelling
- Say what the company aims to do
- Identify the risks
- Highlight your strengths



General Do's and Don'ts

Don't:

- Shove in too much information – if you have to widen the margins or reduce the font size, cut down your content instead
- Be too technical
- Say there are no competitors
- Hide your weaknesses
- Be redundant



Sure-Fire Techniques

- Be passionate about your idea
- Be committed to your success
- Be realistic in your assumptions and forecasts
- Don't fill in the sections just to 'check the box'
- Feel free to change the order, combine sections, etc., i.e. customize
- Describe the product or service in layperson's terms
- Clearly articulate how you will make money
- Describe how the proposed investor dollars will be used
- Get feedback from lots of people
- Keep it simple

2012 Merage School Business Plan Competition



Where to Get Information

Find rules and regulations at: merage.uci.edu/go/bpc

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Q&A

Thank You and Good Luck!