Creating a Compelling

Feasibility Summary

Global New Venture Challenge
2017-2018

Waverly Deutsch

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CHALLENGE

Agenda

Review GNVC Timeline

Feasibility Summary: Key Elements

Dos & Don'ts

Q&A

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GNVC 2018 Timeline

October　　**November**　　**December**　　**January**　　**February**　　**March**

10/16 – Feasibility summary due

10/27 – Class teams announced

　　　Weeks of 11/13 and 11/20 – <u>GNVC kickoff calls</u> via WebEx with each team

　　　　12/11-13 Webinar – Business plans and presentations

　　　　12/8 – all GNVC teams must be finalized

　　　　　　1/2-4 – **XP** <u>Update calls</u> via WebEx

　　　　　　1/8 – **XP** First draft of plan due via email

　　　　　　1/15 – **XP** GNVC class begins

　　　　　　1/18 – **XP** Final business plans due

　　　　　　1/20 – **XP** Semi-final presentations

　　　　　　1/22-24 – **AXP** <u>Update calls</u> via WebEx

　　　　　　1/29 – **AXP** First draft of plan due via email

　　　　　　1/29-31 – **EXP** <u>Update calls</u> via WebEx

　　　　　　　　2/4 – **AXP** GNVC class begins

　　　　　　　　2/7 – **AXP** Final business plans due

　　　　　　　　2/9 – **AXP** Semi-final presentations

　　　　　　　　2/12 – **EXP** First draft of plan due via email

　　　　　　　　2/18 – **EXP** GNVC class begins

　　　　　　　　2/21 – **EXP** Final business plans due

　　　　　　　　2/23 – **EXP** Semi-final presentations

4/12 – GNVC Finals

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GNVC Homepage

research.chicagobooth.edu/nvc/globalnvc

Link to Eligibility Requirements

GNVC Eligibility Requirements

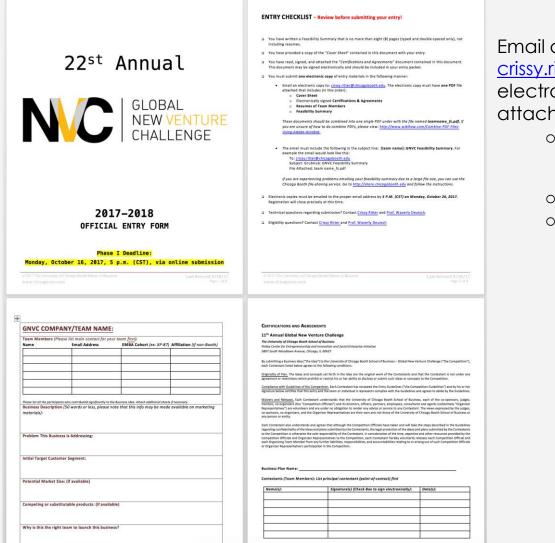|	NVC	SOCIAL NVC*	GLOBAL NVC	COLLEGE NVC
BOOTH FULL TIME STUDENT	✓	✓	As long as the team has a majority of **Executive MBA Program** students	As long as the team has a majority of **undergraduate** students
BOOTH PART TIME STUDENT	✓	✓	As long as the team has a majority of **Executive MBA Program** students	As long as the team has a majority of **undergraduate** students
BOOTH EXECUTIVE MBA PROGRAM STUDENT	✓	✓	✓	As long as the team has a majority of **undergraduate** students
UCHICAGO GRADUATE STUDENT	✓	✓	As long as the team has a majority of **Executive MBA Program** students	As long as the team has a majority of **undergraduate** students
UCHICAGO COLLEGE STUDENT	Team must include at least one UChicago graduate student	Team must include at least one UChicago graduate student	As long as the team has a majority of **Executive MBA Program** students	✓
ALUM	Team must have **at least one current UChicago student** as an integral member of the team, with a minimum of 10% equity stake in the venture. Only current UChicago students are allowed to present in class and at the finals event. Other team members may participate in Q&A.			
UNAFFILIATED WITH UCHICAGO	Team must have **at least one current UChicago student** as an integral member of the team, with a minimum of 10% equity stake in the venture. Only current UChicago students are allowed to present in class and at the finals event. Other team members may participate in Q&A.			

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GNVC Getting the Application

research.chicagobooth.edu/nvc/globalnvc

Other link to Application

Link to Application

GNVC Application

Email an electronic copy to: crissy.ritter@chicagobooth.edu. The electronic copy must have **one PDF** file attached that includes (in this order):

- o **Completed Application**
  - o With Electronically signed **Certifications & Agreements**
- o **Resumes of Team Members**
- o **Feasibility Summary**

Feasibility Summary
Key Elements

- Value Proposition
- Customer Segments
- Competition
- Differentiation
- Customer Engagement
- Revenue Model
- Operations
- Management Team
- Progress to Date
- Business Risks
- Business Analogues

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What Are You Building and What Does it DO for your Customer?

☐ Am I solving a customer's **need** or **problem**?

☐ Am I creating an **opportunity** for my customer?

Example 1

The company has developed the SalivaSac™, a proprietary semi-permeable membrane that enables the collection in saliva of biochemical markers below 12 kilodaltons. The company will focus on finding those applications which meet this criteria and where there is an advantage to collecting a non-invasive sample.
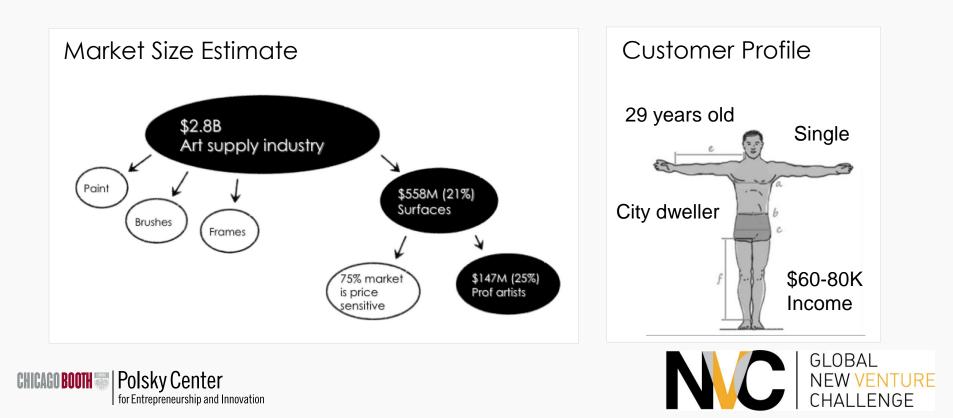
Example 2

The company's objective is to develop non-invasive medical diagnostic tests. The first application is for using a proprietary saliva collection device to measure glucose levels in diabetics.

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Who are your customers?

☐ Who are the different groups of people or organizations you aim to reach and serve?

☐ How do you define your market?

☐ What is the potential market size?

Market Size Estimate

$2.8B
Art supply industry

Paint

Brushes

Frames

$558M (21%)
Surfaces

75% market is price sensitive

$147M (25%)
Prof artists

Customer Profile

29 years old

Single

City dweller

$60-80K Income

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How will you win?

- ☐ Who are **current players** in the market?

- ☐ Who could be your **competition** in the future?

- ☐ What are your competitive **(dis)advantages**?

- ☐ How are you **positioned** with respect to competition?

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Are there key differentiators/elements of your business worth protecting?

- ☐ Is it **proprietary**?

- ☐ Patents

- ☐ Trade secrets

- ☐ Exclusive partnerships

- ☐ High switching costs

- ☐ Network effects

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How do you communicate and get the solution to your customers?

☐ How does the customer learn about your product?

☐ How does the product get to the customer (physical stores, web, mobile)?

How do you get, keep, and grow customers?

☐ Sales process

☐ Retention

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How do you make money from each customer segment?

- ☐ What is the cost to acquire a customer?

- ☐ What will the customer pay?

- ☐ What are your margins?

Cost to make, sell, and service ≤ Price ≤ Perceived Value

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What are the most important actions you take to create and deliver your value proposition?

- [ ] Production, problem solving, platform/network?

What assets are required by the business to deliver your value proposition?

- [ ] Physical, intellectual property, team, financial?

What are the costs incurred by creating and delivering value, maintaining relationships, and generating revenue?

- [ ] Fixed and variable costs, economies of scale, etc.

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Who makes up your management team? Advisors? Partners?

- ☐ Who are they?
- ☐ Why are they relevant for the business?
- ☐ How do you plan on filling gaps?

Who are the vendors, strategic alliances, and joint ventures involved in executing your business?

Example 1

Frank Smith, our CTO, has extensive experience in managing and building data warehouses. He previously served as vice president in charge of Thompson Financial's database management systems and worked as a consulting manager with IBM building data warehouses.

Example 2

We currently are looking for a **director of sales**. We have identified several individuals in data/information companies also selling to the Fortune 500 companies, consulting firms, and investment firms that would be interested once we have secured our financing.

What have you done so far? How have you tested your assumptions?

- ❑ Customers interviewed
- ❑ Patents, trademarks, etc.
- ❑ Prototypes
- ❑ Minimal Viable Products (MVPs)
- ❑ Sales
- ❑ Partnerships

What are you worried about?

- [ ] What do you plan to do about it?

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Are there analogues in the industry or other industries that validate your business model?

- [ ] **Who** are they, and have they been successful?
- [ ] How are they **valued**, and how did they get **funded**?
- [ ] Have there been successful **exits**? Multiples?
- [ ] Have similar businesses **failed**? Why? (Look for "corpses")

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What do Investors value the most?

Professor Kaplan studied equity deals for 67 investments by 11 VCs.

- ◆ Top five reasons to invest:
  - Market 69%
  - Management 60%
  - Strategy 54%
  - Competition 33%
  - Product and technology 30%

- ◆ Top five risks:
  - Management 61%
  - Strategy 51%
  - Competition 40%
  - Market 31%
  - Product and technology 31%

Feasibility Summary

Dos and Don'ts

Avoid Clichés

- "We have no competition."

- "We are the low-cost provider."

- "We only need a 5% market share."

- "Our numbers are conservative."

- "We are the Uber of X."

Avoid Acronyms

- Don't assume everyone reading your plan has your knowledge base

- When you use an acronym, explain it the first time (TFT)

No Autopilot

Make sure the car has a driver. Someone should be the current CEO. OK to say you will find a permanent/better one later.

Be Clear and Concise

YES: Middleware for wireless networks

NO: Develops and delivers an integrated suite of packaged applications for web and wireless deployment. Global enterprises use these applications to become more competitive and profitable by establishing and sustaining high-yield interactions and transactions with customers, suppliers, and employees.

Capture Attention

- Typical VC will not read past the first page

- Answer the following questions in the first page
    - What is the opportunity?
    - Why does anyone care?
    - How will it be achieved?
    - What is your unique differentiator?

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Q&A