Creating a Compelling Feasibility Summary

Global New Venture Challenge 2017-2018

Waverly Deutsch
Agenda

- Review GNVC
- Timeline
- Feasibility Summary: Key Elements
- Dos & Don'ts
- Q&A
<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
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<tbody>
<tr>
<td>October</td>
<td>10/16 – Feasibility summary due</td>
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<td>10/27 – Class teams announced</td>
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<td></td>
<td>Weeks of 11/13 and 11/20 – GNVC kickoff calls via WebEx with each team</td>
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<td>12/11-13 Webinar – Business plans and presentations</td>
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<td>12/8 – all GNVC teams must be finalized</td>
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<td>November</td>
<td>1/15 – XP GNVC class begins</td>
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<td>1/18 – XP Final business plans due</td>
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<td>1/20 – XP Semi-final presentations</td>
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<td>December</td>
<td>1/22-24 – AXP Update calls via WebEx</td>
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<td>1/29 – AXP First draft of plan due via email</td>
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<td>March</td>
<td>1/29-31 – EXP Update calls via WebEx</td>
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<td>2/4 – AXP GNVC class begins</td>
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<td>2/7 – AXP Final business plans due</td>
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<td></td>
<td>2/9 – AXP Semi-final presentations</td>
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<td></td>
<td>2/12 – EXP First draft of plan due via email</td>
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<td>2/18 – EXP GNVC class begins</td>
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<td></td>
<td>2/21 – EXP Final business plans due</td>
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<td></td>
<td>2/23 – EXP Semi-final presentations</td>
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<td>March</td>
<td>4/12 – GNVC Finals</td>
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Global NVC

The Global New Venture Challenge (GNVC) is a unique platform designed to expand the Edward L. Kaplan, '71, New Venture Challenge business competition to Chicago Booth Executive MBA students and alumni worldwide. A benefit of the GNVC is the participation of our alumni and members of the business community in the coaching and judging portions of the competition. Over 80 coaches, judges, panelists, and guest speakers participate on our Chicago, London, and Hong Kong campuses.
## GNVC Eligibility Requirements

<table>
<thead>
<tr>
<th></th>
<th>NVC</th>
<th>SOCIAL NVC*</th>
<th>GLOBAL NVC</th>
<th>COLLEGE NVC</th>
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<tbody>
<tr>
<td>BOOTH FULL TIME STUDENT</td>
<td>✔️</td>
<td>✔️</td>
<td>As long as the team has a majority of Executive MBA Program students</td>
<td>As long as the team has a majority of undergraduate students</td>
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<tr>
<td>BOOTH PART TIME STUDENT</td>
<td>✔️</td>
<td>✔️</td>
<td>As long as the team has a majority of Executive MBA Program students</td>
<td>As long as the team has a majority of undergraduate students</td>
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<tr>
<td>BOOTH EXECUTIVE MBA PROGRAM STUDENT</td>
<td>✔️</td>
<td>✔️</td>
<td>As long as the team has a majority of Executive MBA Program students</td>
<td>As long as the team has a majority of undergraduate students</td>
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<tr>
<td>UCHICAGO GRADUATE STUDENT</td>
<td>✔️</td>
<td>✔️</td>
<td>As long as the team has a majority of Executive MBA Program students</td>
<td>As long as the team has a majority of undergraduate students</td>
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<tr>
<td>UCHICAGO COLLEGE STUDENT</td>
<td>Team must include at least one UChicago graduate student</td>
<td>Team must include at least one UChicago graduate student</td>
<td>As long as the team has a majority of Executive MBA Program students</td>
<td>✔️</td>
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<tr>
<td>ALUM</td>
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<td>UNAFFILIATED WITH UCHICAGO</td>
<td>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&amp;A.</td>
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GNVC Getting the Application

research.chicagobooth.edu/nvc/globalnvc

Link to Application

Other link to Application

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

- Completed Application
- With Electronically signed Certifications & Agreements
- Resumes of Team Members
- 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
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.
Customer Segments

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
- $558M (21%) Surfaces
- 75% market is price sensitive
- $147M (25%) Prof artists

Customer Profile

- 29 years old
- Single
- City dweller
- $60-80K Income
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?
Are there key differentiators/elements of your business worth protecting?

- Is it proprietary?
- Patents
- Trade secrets
- Exclusive partnerships
- High switching costs
- Network effects
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
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
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.
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?
Business Analogues

*Social NVC*

Customers vs. Beneficiaries

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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GLOBAL NEW VENTURE CHALLENGE
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?