GNVC Application and Feasibility Summary

Global New Venture Challenge 2019-2020

Waverly Deutsch
Agenda

- Application and timeline
- Feasibility summary
- Q&A

Example feasibility summaries and business plans are under Resources.

Crissy Ritter is the dedicated Polsky staff member for the GNVC. Contact her at crissy.ritter@chicagobooth.edu with questions.
Application and Acceptance Process

Phase 1 – Quick pitch and team building meeting on campus
Application and 8-page feasibility summary due October 14, 2019 – 10:00am Chicago time
Applications are read by Professor, TA and Polsky staff person plus 3 to 5 outside reviewers

Evaluation criteria:
1. Overall business feasibility – compelling solution to an interesting problem in a meaningful market
2. Economics – credible revenue and go-to-market strategy
3. Team – ability to execute and extent of partner and potential customer network
4. Evidence of progress – customer research, competitive analysis, business analogues identified, MVP status, early customer traction

Announcement of teams October 23, 2019

Phase 2 – Quick pitch and team building meeting on campus
Team finalization – All students must participate in the GNVC class week on same campus – REMEMBER to apply for a transfer
<table>
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<tr>
<th>Date</th>
<th>Event Description</th>
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<td>10/14</td>
<td>Application and feasibility summary due</td>
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<tr>
<td>10/23</td>
<td>Class teams announced</td>
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<td>10/28 – 10/30</td>
<td>GNVC kickoff calls via WebEx with each <strong>XP</strong> team</td>
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<td>11/11 – 11/13</td>
<td>GNVC kickoff calls via WebEx with each <strong>AXP</strong> team</td>
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<td>11/18</td>
<td><strong>XP</strong> teams must be finalized</td>
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<td>12/9</td>
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<td>12/16 – 12/18</td>
<td><strong>XP</strong> Update calls via WebEx</td>
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<td>1/6</td>
<td><strong>XP</strong> First draft business plans due via email</td>
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<td>1/16</td>
<td><strong>XP</strong> Final business plans due</td>
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<td>2/16</td>
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<td>2/19</td>
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<td>2/21</td>
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<td>2/24</td>
<td><strong>EXP</strong> first draft business plans due via email</td>
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<td>3/1</td>
<td><strong>EXP</strong> GNVC class begins</td>
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<td>3/4</td>
<td><strong>EXP</strong> Final business plans due</td>
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<td>3/6</td>
<td><strong>EXP</strong> Semi-final presentations</td>
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<td>4/16 – 4/17</td>
<td>GNVC Finals</td>
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Feasibility Summary

Key Elements

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

Waverly Deutsch
Clinical Professor and Academic Director of University-wide Entrepreneurship Content

8-page maximum
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 has developed technology for non-invasive medical diagnostic tests. The first application will use a proprietary saliva collection device to measure glucose levels in diabetics.
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?

**Customer Profile**

**Meet Ko Aung**
- Small Business Owner
- Young, Progressive and Ambitious
- Growing Business
- Needs Capital / Bank Financing

**Market Size Estimate**

- **150,000**
  (Total Number of Registered SMEs in Myanmar)
- **12,000**
  SMEs with progressive owners in non-farm sectors
- **3,000**
  (in Yangon)
- **1,800**
  (in Mandalay)
- **1,200**
  (in Bago)
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?

Do you have ”an unfair advantage” – key differentiators?

☐ Patents/Trade secrets

☐ Exclusive partnerships

☐ High switching costs

☐ Specialized skill sets
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
What is your cost structure?

- Upfront investment prior to launch?
- Bill of materials or other direct costs – labor, onboarding, etc.?
- Fixed versus variable costs?

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
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?

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.

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

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

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

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”)

![Diagram of technology adoption over time](image)
What do VCs actually consider?

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%
Some Do’s and Don’t’s

Grab their 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?

Avoid acronyms:
• Don’t assume everyone reading your plan has your knowledge base
• When you use an acronym, explain it the first time (TFT)

Avoid Clichés:
• “We have no competition.”
• “We are the low-cost provider.”
• “We only need a 5% market share.”
• “Our numbers are conservative.”

Don’t ask Professor Deutsch if she will review your feasibility summary in advance

Do contact Crissy Ritter with questions about the process crissy.ritter@chicagobooth.edu
Thank you

Questions?