31st ANNUAL EVENT

MODEL BUSINESS PLAN COMPETITION
• Be sure you have signed-in

• Team registration is open

• Questions can be emailed to
  – bmc@purdue.edu
Competition Statistics

• 31st year
• One of the oldest competitions in the US
  – Purdue: 1987
  – MIT: 1989
  – University of Chicago: 1996
  – Harvard: 1997
• $100K in prize money
Forbes 30 under 30

2014 Winner

Anurag Garg
CEO, Dattus

Garg is cofounder and CEO of Dattus, a company that transforms older industrial facilities into smarter, more productive systems. The startup secured $1.7 million in seed funding in 2014.

 STATS

AGE
29

RESIDENCE
Indianapolis, IN

EDUCATION
Master of Science, Purdue University; Bachelor of Arts / Science, Purdue University

2015 Winner

Ian Klein, 27
Scientist, Spero Energy

Ian is on a team of Purdue researchers who founded Spero Energy Inc., a company founded in March that turns wood into high-value chemicals and fuels. Spero raised $150,000 in funding from the U.S. Department of Energy in June.
These past finalists have raised over $4M

2016
SensorHound
Tracking Software

2015
AccuPS

2015
AniDYN
Life in Motion

2015
Skyepack
Saving education from textbooks.

2014
DATTUS
Predictive • Prescriptive • Preventative
Changes

Old Divisions

Black: Undergrad
Gold: Grad

New Tracks

Open/Big Idea
Small Business
Social Entrepreneurship
Categories & Prizes

**Open / “Big Idea”**
Concepts that have a very large potential market (both monetarily & geographically).
 Likely would involve need for external funding and longer timelines.

1st Prize: $ 25,000  
2nd Prize: $ 15,000  
3rd Prize: $ 5,000  
Finalist: $ 2,500

**Social Innovation**
Ideas primarily focusing on addressing socioeconomic needs & challenges.
 May be within developing countries or underserved populations.

1st Prize: $ 15,000  
2nd Prize: $ 10,000  
3rd Prize: $ 5,000  
Finalist: $ 2,500

**Small Business**
Business that will target a smaller geographic region.
 May have a slower, methodical growth rate and be an incremental innovation to existing practice.

1st Prize: $ 15,000  
2nd Prize: $ 10,000  
3rd Prize: $ 5,000  
Finalist: $ 2,500
Old Competition

Exec Summary

Finals Pitch
• Focus on Learning Experience for you
So What is a “Business Plan”? 

Executive Summary

Company Background

Market Analysis

Team Member Overview

Financial Projections

Product Development Plans

Marketing & Sales Activities

Five Year Projections

<table>
<thead>
<tr>
<th>Company ABC</th>
<th>Financial Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Sales</td>
<td>$15,000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>$5,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$3,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$15,000</td>
<td>$17,000</td>
<td>$19,000</td>
<td>$21,000</td>
<td>$23,000</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$7,000</td>
<td>$8,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$3,000</td>
<td>$4,000</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$7,000</td>
<td>$8,000</td>
<td>$9,000</td>
<td>$10,000</td>
<td>$11,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>$5,000</td>
<td>$6,000</td>
<td>$7,000</td>
<td>$8,000</td>
<td>$9,000</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>$12,000</td>
<td>$14,000</td>
<td>$16,000</td>
<td>$18,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$12,000</td>
<td>$14,000</td>
<td>$16,000</td>
<td>$18,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

Project Development Schedule

- Product Development
- Market Entry
- Sales and Marketing
- Operations
- Financial Planning
- Executive Summary
- Company Background
- Market Analysis
- Team Member Overview
- Financial Projections
- Product Development Plans
- Marketing & Sales Activities
So What is a “Business Model”? 

“A business model describes the rationale of how an organization creates, delivers, and captures value.”
‘Business Model Generation’ (Alexander Osterwalder & Yves Pigneur)

“How a company creates value for itself while delivering products or services for customers.”
‘The Startup Owner’s Manual’ (Steve Blank)

“The difference between a static business plan and a dynamic business model could well be the difference between a flameout and success”

The Startup Owner’s Manual
## Business “Model” vs. “Plan”

<table>
<thead>
<tr>
<th>Business Model + Customer Discovery</th>
<th>Business Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused on <strong>identifying Product-Market fit</strong> initially (“Is the idea needed?”)</td>
<td>Focused on <strong>market sizing, financial projections &amp; organizational strategy</strong></td>
</tr>
<tr>
<td>Emphasis on <strong>testing via customer insights</strong> and input</td>
<td>Less focused on <strong>validation</strong> from potential customers</td>
</tr>
<tr>
<td><strong>Embraces the concept of ‘guessing’</strong> (hypothesis) and adjusting as needed</td>
<td>Technical, detailed and <strong>focused on how to capture &amp; realize opportunity</strong></td>
</tr>
</tbody>
</table>

---

![Diagram showing the process of customer discovery, validation, creation, and building, with a pivot point between search and execution.](image)
Business “Model” vs. “Plan”

Why the Lean Start-Up Changes Everything

“New ventures of all kinds are attempting to improve their chances of success by following its principles of failing fast and continually learning.”

“A business plan is essentially a research exercise written in isolation at a desk before an entrepreneur has even begun to build a product.”

Research: Writing a Business Plan Makes Your Startup More Likely to Succeed

“Writing a plan is unlikely to be best for all entrepreneurs. But if an entrepreneur wants to raise money and grow quickly, eventually they’ll want to write a plan.”

“Plans support the process of turning an entrepreneur’s vision into tangible actions by promoting the organization and direction of startup activities.”

BOTH are important, but the order of the activities matters
What’s New & Different

Previous Approach

“New Ideas”

New Format

“New Ideas”

Proceed to “Business Plan” creation

Business Plan Documents

Business Model Development & Validation

Un-validated Business Model

Test, Validate, Adjust
Workshops & Training

September 25th:
Team Registration Deadline

October 4th:
Business Model Canvas Seminar, Market Analysis & Customer Discovery Workshop

November 8th:
Entrepreneurial Finance Presentation

January 17th:
Communicating the Concept & Presentation workshop & Video

January 31st:
Preliminary Competition Finalists selected
February 7th:
Pitch and Trade show Booth Workshop

Week of Feb 12th:
Practice presentations and critique sessions

Feb 22nd and 23rd:
Entrepreneurial Expo
Keynote speakers
Trade show
Finals pitch
Networking Events
Workshops

• Workshops are **VERY** important
• Teams that follow the process and apply to concepts taught in the workshops **will** do well
• You **cannot** cram for this competition
Judging Criteria (Preliminary Stage)

**Business Hypothesis (20%)**:  
- Did the team succinctly state the hypothesis and then conduct associated customer interviews to validate (or invalidate) this hypothesis?

**Testing Approach & Customer Discovery (40%)**:  
- How thorough was the team in gathering first-hand data about potential customer needs, preferences and buying approaches.

**Results & Findings (30%)**:  
- Does the team remain open to adjusting their initial hypothesis based on the input from potential customers and individuals interviewed throughout the customer discovery interviews?  
- Are the adjustments a result of validation from multiple customers or users of the product / service?

**Overall Market & Opportunity (10%)**:  
- How significant is the potential market for the team’s idea?  
- Did the team provide relevant details about the market size, major drivers for market growth & overall opportunity?
Eligibility

- Open to Graduate students and undergraduate students
  - Faculty and staff can be team members
- However, at least 50% of the team must be currently enrolled Purdue students, during the Fall Semester of the Competition.
- Active students must present during preliminaries and finals
- Students are expected to own at least 20% of the equity in the venture (if company has been formed)
- Students can only be on one team
- Technologies or ideas from finalists in previous Burton D. Morgan Business Plan Competitions cannot re-enter with the same product or service

Intellectual Property

- Make sure you own or have rights to use any intellectual property. Ask us if you are not sure
Registration

• Go to website to register your team
  – http://www.purdue.edu/dp/bdmce/

• Registration closes midnight 9/25
Team Deliverables for Jan 2018

- Attend workshops
- Complete business model canvas
- Short high level video (1min)
- Short presentation (10-15 min)
Questions?

http://www.purdue.edu/dp/bdmce/

bmc@purdue.edu
• Looking to form a team?

• tinyurl.com/purduebmc