

Kravis Competition

Workshop: January 25, 2023

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Agenda

- **Brief History and Introductions**
- **Revised Elements of the Concept Plan**
- **What We Are Looking For/What's Important**
- **Specific Questions**
- **Important Dates**
- **Resources**
- **Roles and Mentoring Directions**

Brief History and Introductions

Competition History

- Henry Kravis was a CMC alumni, and a founding member of the board of visitors at CGU.
- He had this belief and vision that the universities should provide support to members of the Claremont Colleges who were really interested in entrepreneurship or those who had an itch for innovation and wanted to do something about it.
- He believed there needed to be financial backing for these students and their ideas. In terms of funding, Kravis established an endowment and that endowment kicks off the seed funding that is available to students and alumni who compete in this competition every year.
- For our 2023 competition, we have 10 thousand dollars to award in cash prizes. This money will be divided up during the final stage of the competition and at the judges' discretion.

Introductions

- Monica Shaar – Graduate Student Assistant
- Kristine Kawamura, PhD – Faculty Advisor
- Munirpallam A. Venkataramanan (Venkat), PhD – Faculty Advisor

Revised Elements of the Concept Plan

I. Background and Purpose of the Venture

Includes the history and current status of the venture; describes the concept, and sets out the objectives of the venture.

II. Market Analysis

Describes the market: market size, trends and key customer groups. Elaborates on the characteristics of the target market. Presents clear statements describing advantages that new product/service provides to customers. Describes the competitive environment, including any regulatory restrictions. Identifies distribution and marketing strategy and any source of competitive advantage or disadvantage related to marketing. Uses all of the above factors to develop a sales forecast for the venture. Identifies critical market and market-related risks.

III. Products and Services

Contains a detailed product description, including life cycle, intellectual property issues, status of development efforts and distribution methods. Identifies any sources of competitive advantage or disadvantage related to the product or service. Identifies critical product-related risks.

Revised Elements of the Concept Plan

IV. End-User/Customer Analysis

Developed after the beachhead market is selected. Identifies the individual (a real person!) who will use your product. Often described as a customer profile and/or customer persona, which provide a detailed description of a real person, including: fact sheet about person's life and personal information, job and career choices, overall environment, geographical location, purchasing criteria, top priority for targeted service/product usage. The end-user is typically the person that uses the product/service. The customer may be the distributor or company that purchases the product/service in a B2B environment.

V. Value Proposition and Core

Value Proposition: Converts the benefits your Persona gets from your product into a tangible metric that aligns with the Persona's top priority. Focuses on what potential customers want to gain rather than going into detail on technology, features, and functions.

Core: Describes the single aspect that allows you to deliver the benefits your customers value with much greater effectiveness than any other competitor; that will make it very difficult for the next company that tries to do what you do. Some examples include: network effect, customer service, lowest cost, or user experience.

Revised Elements of the Concept Plan

VI. Business Model and Pricing Framework

Business Model: Describes the framework by which you share the value your product creates for customers (and how you will make money). Address four key factors: customer (what they are willing to do); value creation and capture (how much value your product provides to your customer and when), competition (what your competition is doing) and distribution (right incentives for your channel to sell your product). Examples: one-time upfront charge plus maintenance; consumables; hourly rates, advertising, licensing, etc.

Pricing Framework: Uses the business model and quantified value proposition to determine an appropriate pricing framework. Sets price based on the value the customer gets from your product, rather than on your cost.

VII. Development, Production and Operations

Describes the status of research and development efforts and what remains to be done to achieve marketable product. Sets out a time line for reaching start-up. Describes the status of production efforts, including production processes, production requirements, delivery capabilities, and quality control. Identifies any competitive advantages or disadvantages related to development or operations. Identifies critical risks of development and operations.

Revised Elements of the Concept Plan

VIII. Ownership and Control

Describes legal and control structure of the venture. Gives details of managerial ownership, proposed ownership by outside investors, and the composition of the board of directors.

IX. Financial Information

Reports the current and historical financial status of the venture, estimates total funding requirements over time, with pro forma financial statements for an appropriate period. Identifies assumptions underlying the financial projections, with support for the assumptions.

Sources:

- 1) *Entrepreneurial Finance*, Richard Smith & Janet Kiholm Smith (Wiley: New York, 2000) p.78-9.**
- 2) *Disciplined Entrepreneurship*, Bill Aulet (Wiley: New York, 2013) Steps 5, 8, 10, 15, & 16.**

Criteria: What We Are Looking For

- **Please focus your work for the Executive Summary with Steps I through VI, especially if you are in the earliest stages of your concept plan. If your concept is more developed, please address Steps VII through IX as appropriate to your concept. (2 to 4 pages)**
- **Begin by identifying your audience (e.g. investors, partners, end-users, customers, suppliers, management team candidates, etc.).**
- **Write to your audience, focusing on their anticipated needs and interests.**
- **Tell a compelling story; integrate your main points.**
- **Later: Develop compelling slides. Use more pictures, less words. Be able to answer in depth questions from judges.**

What's Important

- **Market:** Good understanding of market and how they will reach them
- **End User:** Good understanding of end user, their need, problem/solution match, value proposition
- **Viability:** Viability of the concept
- **Execution:** How the plan will be executed
- **Challenges:** Potential problems and how they will address
- **Business Model and Pricing:** How it will be monetized through the business model and suggested pricing framework (NO MADE-UP NUMBERS)
- **Job:** What is the job its designed to do; flow chart of current vs proposed job

Specific Questions

EVALUATION:

- **What are judges looking for specifically when they are evaluating concept plans? (i.e. practicality, originality, etc.)**
- **How specific do you get with financials? How to evaluate the financial aspects of a business plan?**
- **What were some of the key drivers/differentiators between a successful and unsuccessful business concept plan?**
- **What is the most unique concept plan you've seen? What aspects made it stand out?**

Specific Questions

GENERAL NEW VENTURE

- **How does a concept plan differ from a business plan?**
- **What makes a good business idea?**
- **How do you develop ideas that are unique when it seems like everything has been done before?**
- **How do you sell your idea in your concept plan? How can I convince people to trust my idea?**
- **How do we start and where do we find funding?**
- **How can one scale an idea?**
- **Is the concept plan location specific?**

Specific Questions

SPECIFICS TO PLAN PRODUCTION AND LOGISTICS?

- **What are the key areas that we should spend the most time on?**
- **How do I make the technical and mathematic underpinnings of my proposal more understandable to non-technical people?**
- **Can we craft a concept plan for any type of business venture? Are non-profit concept plans accepted?**
- **Are we required to come up with a prototype/proof of concept or will the competition be strictly business plans?**
- **What is more important: the idea or the writing of the plan?**
- **Are there any limitations?**
- **Is there a min and max of number of people allowed per group?**

Important Dates

- **Concept plans due:** Thursday, March 9, by 5 p.m. Email your plans to monica.shaar2@cgu.edu.
(Plans will be submitted to internal committee anonymously)
- **Internal committee review:** Friday, March 10–Sunday, March 19
- **Finalists announced:** Monday, March 20
- **Mentoring of selected teams:** Tuesday, March 21–Monday, April 10
- **Presentations due:** Thursday, April 13
- **Pitch day:** Friday, April 14

Resources

- **Concept plan guidelines available on website:** <https://www.cgu.edu/school/drucker-school-of-management/about/student-life/kravis-competition/>
- **Books:**
 - Aulet, B. (2013). Disciplined Entrepreneurship. Wiley.
 - Osterwalder & Pigneur. (2010). Business Model Generation. Wiley
 - Osterwalder, Pigneur, Bernarda, Smith. (2014). Value Proposition Design. Wiley.
- **Center for Writing and Rhetoric**

Resources: Websites

<https://steveblank.com/books-for-startups/>

<https://angel.co/>

<http://blog.gust.com/startup-valuations-101-the-venture-capital-method/>

<http://fundersandfounders.com/how-startup-valuation-works/>

<http://paulgraham.com/startupfunding.html>

<https://www.ycombinator.com/resources/>

<http://fundersandfounders.com/how-funding-works-splitting-equity/>

<http://www.entrepreneur.com/article/237926>

<http://blog.gust.com/valuations-101-the-risk-factor-summation-method/>

<http://ownyourventure.com/equitySim.html>

<http://strategy.sauder.ubc.ca/hellmann/pdfs/ERBC%20Syllabus%202011%20May%202011%20Final.pdf>

http://www3.weforum.org/docs/AMNC14/WEF_AMNC14_Report_TheBoldOnes.pdf

<http://www.forentrepreneurs.com/startup-killer/>

<http://caps.fool.com/Blogs/the-pmarca-guide-to-startups/410455>

<http://www.ftrstrategy.com/#>

<https://www.futurepartners.is/think-wrong-why-it-works>

Resources: Websites

<https://www.thinkwrongbook.com/shop>

<https://www.shareable.net/blog/11-platform-cooperatives-creating-a-real-sharing-economy>

<https://guykawasaki.com/the-only-10-slides-you-need-in-your-pitch/>

<https://venturewell.org/exit-strategy/>

<https://www.techstars.com/content/accelerators/startup-fundraising-pitch-deck-financial-modeling/>

<https://medium.com/corl/how-to-calculate-lifetime-value-customer-acquisition-cost-ratio-for-your-saas-business-332510188726>

<https://dot.la/videos/>

<https://www.unusual.vc/chapters-enterprise/hiring>

https://incubate.usc.edu/pitch_comp/

<https://www.forentrepreneurs.com/saas-business-models-slide-deck/>

<https://siliconhillslawyer.com/seed-rounds/>

<https://siliconhillslawyer.com/startup-formation-issues/>

<https://startupvoice.blogspot.com/2012/01/documenting-startup-expenses-by.html>

<https://egannelson.app.box.com/v/seed-convertible-note>

<https://app.founderhub.io/templates>

<https://captable.io/>

<https://playbook.cio.gov/#play4>

<https://www.forentrepreneurs.com/author/david/>

Roles and Mentoring Directions

Division of Roles

- Guidance on concept plans/facilitate pre-comp workshop(s)/emcee event > Faculty advisors: Kristine and Venkat
- Facilitate info session/manage promotion, submissions, other communications/day-of logistics/post-event comms > Monica
- Selection of winners and awarding funding > Judges

Mentoring and Seed Funding

- Faculty advisors
 - Act as mentors and consultants for all participants
 - Serve as internal committee for first stage of competition, that means reading concept plans over spring break and selecting finalists (at least 4, no more than 6)
 - Provide written bulleted feedback for ALL plans
 - Facilitate pitch workshop(s) for finalists only
 - \$10K total award in the 2023 competition. Judges have authority on if/how that's divvied up among finalists

Next Steps

- **Complete the Intent to Compete Form:** <https://forms.office.com/r/u3WaFevGx6>
- **Review submission requirements on the website**
 - (cover letter + plan + waiver of confidentiality + W-9)
- **Start working on your plan! Remember, this is NOT a PowerPoint presentation right now**