

# **How to start a University Business Plan Competition: the experience of San Jose State University**

by

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San Jose State University's Silicon Valley Center for Entrepreneurship has hosted a business plan competition for the last two academic years. The purpose of the Silicon Valley Business Plan Competition (SVBPC) is to stimulate interest in entrepreneurship among students and help to create new start-ups. The winners have typically been MBA students with an engineering background. This paper documents the process of planning and implementing the SVBPC as it has evolved at San Jose State University (SJSU), the resources required, and the key challenges encountered in organizing this annual event and widening participation in the competition. The paper reports on the criteria used for measuring the success of the BPC from a university's perspective, and our findings regarding the key factors influencing success. The main findings are the need to incorporate the writing of business plans into the student curriculum, coach students to make business plans presentations to real investors and venture capitalists, and highlight the practical benefits to students of participating in the competition as going far beyond winning the competition.

Before discussing the details of our business plan competition we will set the context in terms of description about SJSU, its student body, Silicon Valley as the world center for innovation, SJSU's four incubators, and the College of Business' strategic emphasis on entrepreneurship as one of three niches.

SJSU: It was founded in 1857 and is the oldest public institution of higher education on the West Coast. SJSU is a metropolitan university with more than 134 bachelor's and master's degrees (<http://www.sjsu.edu> ). As a metropolitan university it is to serve the surrounding area in terms of socio-economic development.

It's a large state university attended primarily by commuters. The State of California is experiencing a budgetary shortfall that limits resources allocated to the university system, including SJSU. This is important because faculty have to bootstrap all activities related to entrepreneurship.

In fall 2003 the total SJSU enrollment was 28,932. Demographics of the student body follow:

- Overall median age was 26.2 years, 23.9 for undergraduates and 32.9 for graduate students
- 21,396 undergraduate students, 7,536 graduate students (others were working on a second baccalaureate or seeking needed credits).
- 65% were full-time
- Ethnic profile: African American 4%, American Indian/Alaskan 0.5%, Asian 31.7%, Filipino 7%, Mexican American 9.5%, Other Hispanic 3.6%, Pacific Islander 0.6%, White 26.3%, and not stated 16.8%.<sup>1</sup>
- 92% of the 5,774 College of Business students were undergraduates.

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<sup>1</sup>“ SJSU is ranked 10th nationally in the number of bachelor’s degrees awarded to minority students in 2002-03, according to a "Top 100" list of colleges and universities compiled by Black Issues in Higher Education (June 3, 2004) and based on data from the U.S. Department of Education. In addition, SJSJ ranked 7th nationally in awarding bachelor’s degrees to Asian Americans” (personal communication, Nancy Stake, September 14, 2004).

Silicon Valley: SJSU is the primary source of human resources for Silicon Valley enterprises and our students show strong interest in entrepreneurship, an integral characteristic of the area. The City of San Jose lists the following facts ( <http://www.sjeconomy.com>) which describe how the area depends on innovation and establishes a climate conducive to entrepreneurship:

- “One-third of all venture capital invested in the United States is invested in companies in the San Jose area--\$5 billion in 2003 alone.”
- “San Jose leads the nation in patent generation, and is home to more patent holders than San Diego and Los Angeles combined.”
- “The San Jose area is home to the largest concentration of technology expertise in the world--more than 7,300 technology companies employing more than 300,000 people.”
- “San Jose is the most diversified of any innovation-based community; specializations span seven technology fields and foster innovation across disciplines.”
- “More than 85% of new job growth in the region comes from companies less than 10 years old.”

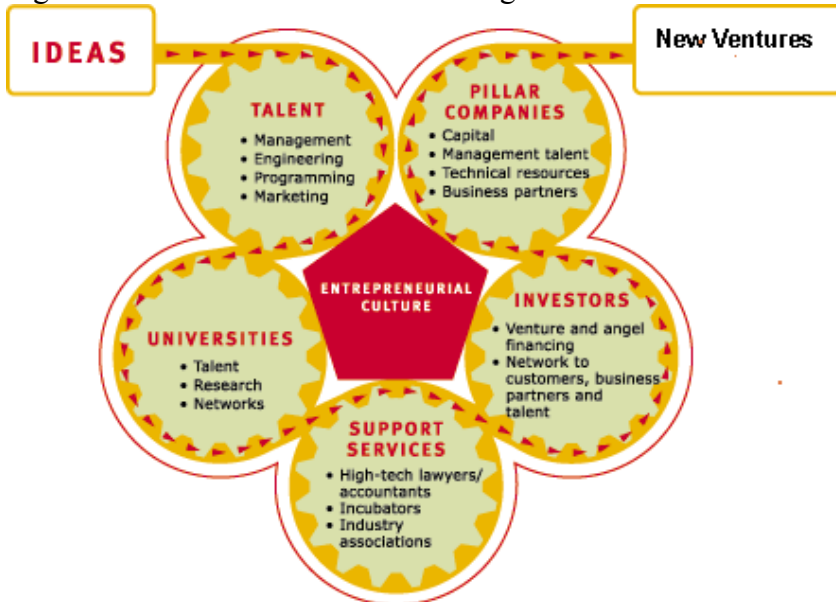
The preceding is representative of what Michael Porter called industry clusters:

“Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening, and

reducing the costs of doing business.” (Retrieved September 12, 2004 from <http://www.isc.hbs.edu/econ-clusters.htm> ).

One of the world’s foremost clusters of varied industries is Silicon Valley.

Figure 1: Characteristics of Cluster Regions<sup>2</sup>



The elements shown in figure one complement one another to create a cluster. The term “pillar companies” needs clarification: these are significant companies that contribute to the creation of a network of suppliers, a strong labor pool, and a regional identification associated with a certain industry. In semi conductors examples would include Intel, AMD and others.

Business Incubation: Silicon Valley, with its entrepreneurial spirit and industry clusters, fosters innovation but start ups often fail. Incubation provides crucial support and mentoring for start ups. It’s a vital follow up to business plan competition winners and SJSU has more such incubators than any university in the nation (personal communication, Barbara Harley – International Business Incubator Director, August 26, 2004). The four incubators are administratively housed in SJSU’s Foundation (<http://www.sjsufoundation.org/>), a 501(c)(3) non-profit corporation; three are located in downtown San Jose and the Bioscience Incubator is

<sup>2</sup> Adapted from Internet Cluster Analysis, 1999; A. T. Kearney analysis

in South San Jose. The four incubators are the following: Software Business Cluster, Environmental Business Cluster, International Business Incubator and the San Jose Bioscience Incubator and Innovation Center, which opened in June 2004. The first three were developed from 1992-1994.

This emphasis on business incubation is the result of a partnership between the SJSU Foundation and the City of San Jose's Redevelopment Agency (RDA) and the incubators. The incubators are led by experienced business people who have the skills and experience to know how to assist start ups and function relative autonomously.

The RDA budgeted an investment of \$6.5 million in the new San Jose Bioscience Incubator and Innovation Center: \$500K in the design, \$5.5 million for the construction and \$500 K as an operation subsidy. The RDA invested \$14,000,000 into the first three incubators.

College of Business Niche of Entrepreneurship: In light of the preceding emphasis on entrepreneurship in the surrounding community, the College of Business made entrepreneurship one of its three niches that it would emphasize. In addition to several existing faculty who focus on this area, another was recruited and hired. The College created the Silicon Valley Center for Entrepreneurship, a group of faculty that bootstrap public seminars directed at entrepreneurship and host the business plan competition. It is not an endowed center, nor one with administrative support; faculty volunteers do the work alongside the student-run Entrepreneurial Society.

Thus, the context for our business plan competition is a large state university enduring budgetary difficulties, with commuter students, who tend to work part-time, are adults, primarily undergraduates, of minority ethnicity (particularly Asian American), and likely to work in

Silicon Valley, the most entrepreneurial location in the world. Should students do well in the business plan competition, they could receive business incubation support. The College of Business supports entrepreneurship but the actual events are bootstrapped by faculty, student and community volunteers, who work tirelessly for months to host the activities related to the business plan competition.

## **I. Describing the Competition**

The SJSU Silicon Valley Business Plan Competition (SVBPC) spans the academic year and culminates with the final round of judging each year in June on the SJSU campus. The primary purpose of the SVBPC is to create start ups. This creates a real world emphasis that encourages students to think about entrepreneurship as their career of choice as opposed to seeking the security of a salaried position.

The SVBPC also encourages innovation on the SJSU campus, rewards student participation in new venture creation, and increases recognition of SJSU's contribution to entrepreneurship in the greater San Jose metropolitan area.

As such, the SVBPC is a regional competition, and each team submitting a business plan must have at least one SJSU currently-enrolled student, alumnus, staff, or faculty member as a participating member of the team. Non SJSU students are thus eligible to participate if they team up with an SJSU student, alumnus, staff or faculty member.

Details of the SVBPC can be found at: <http://www.cob.sjsu.edu/svbpc>. The SVBPC's Director is Finance Professor Michael E. Solt ([solt\\_m@cob.sjsu.edu](mailto:solt_m@cob.sjsu.edu)). The competition is hosted by SJSU's Silicon Valley Center for Entrepreneurship (SVCE; <http://www.cob.sjsu.edu/svce/>), whose Director is Anuradha Basu. (Co-author Asbjorn Osland was part of the steering committee that brought the SVCE into existence and that organized the first SVBPC.)

## **A. Judging the SVBPC**

After the completed business plans are submitted to the SVBPC, SJSU faculty members first read each plan and determine the “finalists.” There were six finalists in the first SVBPC and seven in the second, but we envision a maximum of 10 finalists in any particular year.

The final round judges are recruited from Silicon Valley to emphasize the practical value of business plan writing. The two main criteria used in judging the completed business plans are: a) the quality of the business plan itself, and b) the commercial viability of the proposed new venture. The first criterion means that well written, well organized, and complete business plans are desired, and the second steers participants in the direction of creating actual new ventures. One purpose of the SVBPC is to promote innovation among SJSU students, faculty and alumni, so “viable commercial enterprises” should be interpreted broadly and does not mean high tech enterprises only. The judges can also apply any other criteria they deem suitable.

To add realism to what the finalists face, we recruit as many investors to be judges as possible. In 2004, the final round judges were: Kurt Betcher, Norwest Venture Partners; Daniel Faizullabhoy, Walden International Ventures; Rob Fernandez, Comerica Bank; Robin Manglia, Grant Thornton, LLP; and Bill Paseman, Founder, Calico Software and Private Investor. In 2003, the judges also were professionals active in entrepreneurship practice: Ziya Boyacigiller, Formative Ventures; Rick Ellinger, Osprey Ventures; John Hall, Horizon Ventures; Eric Hardgrave, Acuity Ventures; Harold Nissley, International Angel Investors; Bill Paseman, Founder, Calico Software and Private Investor; and Jim Robbins, Executive Director, Environmental Business Cluster.

In the final round, each finalist makes a 15- minute presentation that is also important in determining the winning business plans. To assist students in communicating their ideas, SJSU

faculty members and Silicon Valley professionals offer an optional presentation workshop two weeks prior to the final judging. To date, every team in the finals has participated in the workshop and each has commented how the workshop helped them improve their presentations.

## **B. Sponsors and Partners**

In addition to the SVCE, two SJSU students clubs, the Entrepreneurial Society and the MBA Association, have been important in promoting the SVBPC. These clubs have been active in organizing, advertising, and managing speaker events and workshops during the academic year. They have helped generate student interest in the SVBPC. The Silicon Valley Association for Start-Up Entrepreneurs (SVASE), the SD Forum, and Silicon Valley Bank have provided advisors and mentors that have been invaluable in helping SJSU faculty members improve the competition each year and in maximizing the SVBPC's practicality and links to Silicon Valley.

## **C. Prizes**

SVBPC prizes are evolving over time. The first competition featured free office space and Hewlett Packard calculators as prizes, and the second offered free office space and cash prizes.

The SVBPC first-prize winner receives six months of free office space at either the Environmental Business Cluster or the Software Business Cluster business incubators, both located in downtown San Jose. The EBC assists new companies develop products or services that will have a positive impact on the environment and provides start-ups inexpensive space, furnishings, and management services in a collaborative setting. It was the first Environmental Cluster in the United States, has been operating for 7 years, and has graduated almost 50 businesses. The Software Business Cluster, named National Incubator of the Year by the National Business Incubation Association in 2000, houses 20 to 30 software start-ups and emerging businesses, provides entrepreneurs with access to resources, a "know how" network,



and shared services. The SBC is a non-profit entity, supported by leading businesses and organizations within Silicon Valley and is co-managed by Chuck Erickson and Jim Robbins.

Wanda Ginner, an SJSU College of Business alumna, funded the \$2,000 First Prize and \$1,000 Second Prize in the 2004 SVBPC. The quality of the final round—the business plans, the student teams, and the judges—impressed her greatly, and in 2005 the Wanda Ginner First Prize will be \$10,000. We are pleased with the evolution of the SVBPC prizes and are recruiting more sponsors to add cash prizes for the second-place and third-place finishers.

#### **D. Key Dates**

Our basic idea is for teams to move from idea generation to complete business plans by meeting several milestones. Written feedback is provided to each team for each item submitted.

The milestones and their key dates are:

1. New Venture Concepts, due in mid-December. Two-page write-up about the new venture idea or proposed innovation, the potential target market with an estimate of the perceived need the new venture concept addresses, and how the participant/team is qualified to carry out the innovation. This milestone ties in with a campus-wide Neat Ideas Fair that emphasizes creativity and innovation.<sup>3</sup>
2. Marketing and Competitive Analysis, due in mid-March. A ten-page (maximum) document is required that addresses the following issues: a) the new venture's product, service, or process; b) the target market; the value proposition; c) why customers will buy this product or service; d) the competitive advantage the new venture possess; e) the sales and marketing plan; f) the existing and/or expected competitors and their market share; g) barriers to entry exist against potential competitors; h) the new venture's revenue and profit model; i) the team members and the value they add to the new venture; and j) intellectual property or other assets.

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<sup>3</sup> The Neat Ideas Fair aims to promote creativity and entrepreneurship within the SJSU community and enable students, alumni, staff and faculty from different disciplines to interact and form entrepreneurial teams that could subsequently work on developing a business plan. It is a venue for participants to showcase and market their ideas to industry professionals. Students from the Business School, Engineering, Industrial Design and Hotel Management will participate in the Fair. The Fair is going to be held at SJSU on November 29<sup>th</sup> and 30<sup>th</sup> 2004. It is preceded by a series of workshops that offer information about and insights into starting a start up, creative thinking, protecting intellectual property, and selling one's neat idea. For further details, see [www.cob.sjsu.edu/svnif](http://www.cob.sjsu.edu/svnif).

3. Financial Plan, due in mid-April. An eight-page (maximum) document is required that includes the following: a) annual projections for five years for income statements, balance sheets, and cash budgets; b) quarterly and monthly projections for two years for income statements, balance sheets, and cash budgets; and c) an estimate of how much funding is required to implement the innovation
4. Completed business plans are submitted in May at the end of the Spring Semester. SJSU faculty members perform the initial screen of the submissions. The finalists have the opportunity to revise their plans using the feedback of the SJSU faculty and to prepare for a presentation workshop in mid June. The final round of judging, including 15-minute PowerPoint presentations, takes place in late June.

## **II. Objectives and History**

Entrepreneurship is the heart of the SVBPC. In his first strategic plan after becoming Dean of the SJSU College of Business in 2001, David W. Conrath identified entrepreneurship as a core competency of the COB and set in motion the forces that lead to the creation of the SVCE in 2003. The current purpose is to promote entrepreneurship and entrepreneurship education across the SJSU campus and to strengthen SJSU's piece of the connective fabric of entrepreneurship and innovation that blankets Silicon Valley. Increasing entrepreneurial activity inside and outside SJSU is the ultimate goal of the SVBPC.

The SVBPC was started by the SVCE's previous Director, Professor Burton Dean and the Entrepreneurial Society's then-President, Dennis Mangalinden. Dean's notion was to implement the National Collegiate Inventors and Innovators Association's notion of Entrepreneurial Teams (or E-Teams). The purpose of an E-Team is to bring together students from technical areas with business students to produce a business plan. The technical students (i.e., from Engineering, Computer Science, Industrial Design, etc.) may have new product ideas but don't have the skills to build a business while business students understand issues involved in starting new ventures but don't have skills to innovate and create new products or services. E-Teams marry these diverse, necessary skills with the business plan as the deliverable. Mangalinden's insights were

that a business plan competition was a way to give students an incentive to work in an E-Team and to provide visibility to the SVCE and its efforts to promote entrepreneurship at SJSU.

The current purpose of the competition remains that of promoting entrepreneurship at SJSU and in the local community as well as providing visibility to the SVCE. While the concept of E-teams is praiseworthy, it is currently not the primary purpose of the SVCBPC, given the organizational difficulties involved and resources required in coordinating and supervising such inter-departmental teams.

The first SVBPC in 2003 was created and implemented during the Spring Semester, yet it yielded eight submissions (six made it to the finals). Building from this experience, the second SVBPC spanned the whole academic year and resulted in nineteen submissions, nine of which were from undergraduate teams and ten were from graduate teams. A New Venture Fair<sup>4</sup> held in December 2003 raised the campus awareness of the SVBPC, and Professor Joseph Giglierano's MBA New Venture Marketing class and Solt's MBA New Venture Finance class stimulated the writing of several plans that were submitted in May 2004.

### **III. Nuts and Bolts**

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<sup>4</sup> On December 16, 2003, the SVCE hosted the NVF to showcase innovation taking place on the SJSU campus and to strengthen the connections between SJSU and Silicon Valley. The NVF included 16 exhibits by SJSU students and faculty. Nine were student teams that had developed wireless computing applications as part of the Hewlett Packard Mobile Computing grant, 4 were by SJSU College of Engineering faculty and students, and 1 was by a SJSU student who wants to start a Louisiana Bayou restaurant chain. Also, 2 exhibits were from the DeAnza College Entrepreneurship Boot Camp. Twenty-three startup companies from local incubators and five service providing organizations set up exhibits at the NVF, including the 2 winners from the Silicon Valley Center for Entrepreneurship's 2003 Business Plan Competition. SJSU's Career Planning & Placement office, Masters in Biotechnology program, and Entrepreneurial Society student club also set up tables. Approximately 240 people attended the NVF. Congresswoman Zoe Lofgren was the keynote speaker and also drew the ticket for the winner of the Grand Prize, a \$1,500 motorized scooter donated by C&J Engineering of Hollister. Venture capital and angel investors judged the Elevator Pitch Contest that was won by a HP Mobile Computing Grant team that developed a wireless application for housekeeping at the Hotel Valencia. Each team member was awarded an Xbox donated by Microsoft Corporation.

Many steps must be taken to turn an innovative idea into a business plan. Admittedly, even more steps are required to launch a new business. Over the year-long course of the SVBPC, from September to June, tools and resources such as courses, workshops, advice, and feedback are available to help student teams write good business plans. The intent is for the winning business plans to be implemented after the SVBPC, and hopefully others can be implemented, too.

College of Business faculty members are completely in charge of planning, organizing, and implementing the SVBPC. Dean Conrath is highly supportive of the event, the student clubs provide valuable arms and legs, several sponsors have made cash donations, and some entrepreneurs are involved with the New Venture Fair and Neat Ideas Fair, but faculty members, volunteering their time, really drive the process.

Activities in this regard include: presentations to college deans and department heads, emails to faculty announcing upcoming events, placing announcements on SJSU and other community-based organizations' event web pages, working with public affairs, organizing workshops and speakers, and obtaining donations of cash and other prizes. Faculty members also work with the student clubs to have the clubs post advertisements around campus (and in classrooms) and make classroom announcements.

As previously mentioned, the first stage of the selection process is conducted in-house by SJSU faculty members in the Business School. For the 2004 SVBPC, we received 19 written submissions. These were scrutinized by six faculty members in the College of Business, with each submission evaluated by at least two faculty members. Evaluation was based on an assessment of the proposed venture's management team, market landscape, competitive advantage, business model, feasibility, and overall viability (as discussed in greater detail in Section IV). The evaluators subsequently met to decide on the list of finalists and short listed

seven business plans for the final round. Comments and suggested modifications from the first round evaluation were conveyed to the finalists, for incorporation into their final submissions. The finalists were also invited to attend a presentation workshop a week before the final submission deadline to sharpen up their presentation skills and groom them for their final presentation to external judges.

### **A. Recruiting and Retaining Key Sponsors**

Sponsorship is important for funding the organization of the business plan competition, for funding prizes to encourage participation, and for raising the profile of the Competition and conferring greater credibility to it. Prizes are a necessary incentive since participation in the competition, even by students, is optional. While recruiting sponsors for a newly instituted competition has to be based on promise, retaining them is based on performance.

The most likely sponsors are alumni who have a sense of affiliation and loyalty to their alma mater. The SVBPC's principal sponsor in 2004 was Wanda Ginner, a Bay Area resident who was a student at the College of Business in the 1960's. She was so impressed with the BPC presentations and judging that she has agreed to raise her sponsorship from \$5,000 for the 2004 competition to \$15,000 for the 2005 competition, enabling us to offer a first prize of \$10,000 for the winner of the 2005 SVBPC.

**B. Must Dos** At SJSU, we find it is essential to incorporate the writing of business plans into the student curriculum, otherwise students find it hard to work on them. This is because they need to be equipped with the skills necessary to write a compelling business plan and because they need the appropriate incentives to encourage them to work in teams and expend the effort

involved in writing full blown business plans. Since most SJSU students combine school with part-time (or full-time) work and live off-campus, they are able to work on team projects only if these are a part of their school curriculum.

Participants must also be provided with prior coaching and presentation workshops to better prepare them for facing real life investors, since investors' cross-examinations can be grueling.

While business plan competitions clearly have learning value for students and encourage them to be entrepreneurial and innovative, it is essential to weigh the benefits of the competition with the costs of organizing and holding the competition on a regular basis. In our case, Michael Solt, the Director of the SVBPC has volunteered a considerable number of hours in organizing the competition, and in ensuring its success.

### **C. Must Don'ts**

It is important to not make participants feel that coming first in the BPC is the only reason for participating in the contest. While it is obviously rewarding to win first place, students must be made to realize that taking part in the competition, getting the opportunity to pitch their plans to investors, and receiving feedback from practitioners and investors, is itself a great learning experience.

### **IV. Student Preparation and Success Factors**

Students can best prepare to compete in the SVBPC by taking at least one course that requires them to write business plans as a course assignment. The advantage of taking such a course is that it will help them to acquire the skills to write business plans while also contributing to their overall grades at SJSU.

The key to the SVBPC's success is having faculty members assign projects in their courses that involve writing business plans. (This issue is also considered in the next section.) Basically,

SJSU students will **always** pay close attention to activities that affect their grades, but when faculty assign business plan projects, students also learn: a) what the correct business plan structure is, and b) how to research and complete the important business plan components. Also, such projects are completed by student teams, so diversification of effort and skills across students often leads to better final reports. Perhaps the most important success factor for the winning SVBPC business plans is that when business plan writing is part of the course structure, the instructor breaks the business plan in parts (often termed “milestones”) and gives the student teams feedback along the way. Thus, by the time the completed business plans are submitted to the SVBPC, they have already been edited and revised several times.

### **A. Key Elements of Business Plan**

As Exhibit 1 shows, the structure of the typical business plan details important aspects of starting a business, and embedding business plan writing teaches students, business and non-business alike, what is required in starting a successful new venture. While not all courses will cover all parts of the business plan detailed in Exhibit 1, all courses will incorporate the company and its concept, the market and competition, and financial forecasts and needed funding.

### **Exhibit 1. Major Sections of the Complete Business Plan**

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#### EXECUTIVE SUMMARY

#### THE INDUSTRY AND THE COMPANY AND ITS PRODUCT(S) OR SERVICE(S)

- The industry
- The company and the concept
- The product or service
- Entry and growth strategy

#### MARKET RESEARCH AND ANALYSIS

- Customers
- Market size and trends
- Competition and competitive edge
- Estimated market share and sales

#### THE ECONOMICS OF THE BUSINESS

- Gross and operating margins

- Profit potential and durability
- Months to breakeven and to positive cash flow

#### MARKETING PLAN

- Overall marketing strategy
- Pricing
- Sales tactics
- Advertising and promotion
- Distribution

#### DESIGN AND DEVELOPMENT PLAN

- Product improvement and new products
- Costs
- Proprietary issues

#### MANUFACTURING AND OPERATIONS PLAN

#### MANAGEMENT TEAM

- Organization
- Key management personnel, compensation, and ownership
- Board of directors

#### THE FINANCIAL PLAN

- Actual income statements, balance sheets, and cash budgets
- Pro forma income statements, balance sheets, and cash budgets
- Breakeven chart and calculations
- Cost control

#### PROPOSED COMPANY OFFERING

- Desired financing
  - Capitalization
  - Use of funds
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### **B. . Key Elements of the Selection Criteria**

The business plan outline provided in Exhibit 1 is a good formula to produce the standard 40-page business plan. Telling students on the first day of the semester induces much groaning, but after the teams have been through all of the milestones, they typically end up with the 40-page monster. A short Internet search of examples of winning plans at other university business plan competition shows that more often than not, the winning plans contain at least 40 pages. Still,



students have difficulty digesting such a project, and in presentations—in class, for elevator pitches, and in the final round of the SVBPC—a 40-page document cannot be read.

We have successfully used SD Forum’s (an industry group of software developers) approach in presentations of business plans. Both the student presenters and the judges find that the SD Forum approach distills the business plan into important and digestible components that are not inconsistent with those in Exhibit 1:

1. Management Team: capacity/proven ability, completeness of team/skills, leadership, and industry-specific skills.
2. Market Landscape: size and state of market, barriers to entry, and market conditions
3. Competitive Advantage: uniqueness/completeness of concept, technology expertise and design, and intellectual property
4. Business Model: revenue model, current revenue, and sales target/channels
5. Feasibility: execution and growth plans, strategic relationships, planned usage of funds, and liquidity/exit strategy.

### **C. . Recommended Resources Aiding Preparation**

Since no one SJSU course typically covers all the business plan components detailed in Exhibit 1, the SVCE, Entrepreneurial Society, and MBA Association put on a series of workshops and seminars designed to fill in the gaps for the student teams. During the 2003-2004 academic year, the following events were held:

#### **1. Spring Semester 2004**

- a. “What is a Business Plan and Why is it Important?” This event described the 2004 SVBPC. The organization and format of the SVBPC as well as the usefulness of business plans was explained. Anu Basu, Director of the Silicon Valley Center for Entrepreneurship, and Michael Solt, Director of the SVBPC, lead the discussion. COB Dean David Conrath announced the Wanda Ginner Award and introduced Wanda Ginner, who explained why she decided to fund the BPC award. Hector Franco, an entrepreneur volunteer at the SVCE spoke about the importance of entrepreneurship

- b. "Market Investigation and New Venture Planning." SJSU Marketing Professor Joseph Giglierano gave a presentation that was aimed at helping entrepreneurial teams determine whether their new venture ideas are business opportunities. Professor Giglierano explained why market research is important and how to conduct this research.
- c. "Do's and Don'ts in Business Plan Writing: What Works and What Doesn't." This was a panel discussion aimed at helping entrepreneurial teams write effective business plans. Moderator: Bill Paseman, founder, Calico Commerce. Panelists: Prashant Shah, Principal, Hummer Winblad Venture Partners; Bill Tobin, Director, Emerging Company Services, PriceWaterhouseCoopers; Punita Pandey, Founder and CEO, netCustomer, Inc.; and Laura Merling, Executive Director, SD Forum.
- d. "Forecasting Financial Statements in New Ventures." Comerica Bank's Rob Fernandez and SJSU Finance Professor Michael Solt discussed what financial statements should be included in the new venture's business plan and how to make these forecasts in early-stage situations where not much is known about the new venture and its future.
- e. "Alternative Sources of Financing for Start-Ups." This was a panel discussion. Moderator: Bill Paseman, a new venture investor who retired as founder and Chairman of the Board of Calico Commerce in August 2000. Panelists: Hal Nissley, President and CEO of International Angel Investors (Joint Ventures and Foreign affiliates); Juan Vigil, Loan Officer, Office of Economic Development, City of San Jose (Local government); Michael Elkin, Assistant District Director, Entrepreneurial Development, U.S. Small Business Administration; Jeff Selman, Special Counsel, Heller Ehrman Venture Law Group (Mergers and Acquisitions); John Lee, Vice President, Emerging Technologies Practice, Silicon Valley Bank (Commercial Lending and Leasing); and Karen Saucier, CCFC and President, Endpoint Capital (Factoring)
- f. "Intellectual Property Protection" Attorney Mircea Achiriloaie of the law firm Fernandez & Associates, LLP and Entrepreneur Hector Franco explored the importance of patents, trademarks, and copyrights in protecting proprietary information produced by new ventures. They provided both practical and legal information about what entrepreneurs can do to protect their intellectual property..

## **2. Fall Semester 2003**

- a. Jonathan Abrams discussed the founding of Friendster.com.
- b. "Everything You Knew about Successful Start-Ups Was Wrong," Steve Blank, founder of Epiphany.com and UC Berkeley Entrepreneurship Lecturer gave a presentation about the sales and marketing functions in start-ups.
- c. Dennis Fernandez, a local attorney specializing in Intellectual Property law, gave a presentation on Intellectual Property issues for start-ups. Dennis has written extensively on the subject and has taught courses at UC Santa Cruz on this topic.

d. New Venture Fair. This event featured projects completed by SJSU student teams and by entrepreneurs from local business incubators. Twenty-three start-up companies and sixteen student teams exhibited their new venture concepts. Six service providing organizations set up tables. An Elevator Pitch Competition for student teams resulted in the team proposing a wireless computing application for hotel housekeeping management winning Xboxes donated by Microsoft Corporation. C&J Engineering of San Martin, California donated a motorized cycle that was given away as the Grand Prize. Congresswoman Zoe Lofgren gave the keynote speech.

## **V. Special Features of the SVBPC**

Two prominent features of the SVBPC are: a) SJSU is a metropolitan university, and b) San Jose is the (self-proclaimed) Capital of Silicon Valley.

Concerning the first feature, the typical SJSU (in any major) undergraduate student lives at home, commutes to SJSU, takes four or five classes per semester, and has a job that involves at least 20 hours per week. The typical SJSU graduate student (in any college) has a similar profile, but works full time and takes one or two classes per semester. The main issue this generates is bandwidth: SJSU students' plates are so full that it is difficult to engage them in entrepreneurial activities outside the classroom. Ideally, the entrepreneurial spirit will fill students and lead them to spontaneously form E-Teams while at SJSU that would then be turned into new business ventures. The reality is that students, exhibiting rational behavior, focus on the coursework that lead to their degrees. Universities with more residential, full-time student populations do not face the same issue, and more bandwidth for extracurricular activities exists at such institutions.

The solution is to embed the SVBPC and NIF into the coursework as much as possible. This is challenging because even if faculty members understand our goals in their hearts and minds, they may not put them into their syllabi. Classes at SJSU begin at 7:30 in the morning at end at 8:45 at night, appeal to full-time day students and part-time evening students, and are taught by a combination of full-time and part-time instructors. Given this veritable smorgasbord of classes across the campus, the challenges of getting SVBPC and NIF events into syllabi are large.

The faculty members involved with the SVCE, SVBPC, and NIF have adopted a one-step-at-a-time approach. Like the SVBPC prizes have evolved over time, we think that awareness of, excitement about, involvement in the SVBPC is growing. We believe that faculty acceptance of the SVBPC and NIF, as evidenced in their syllabi by assigning related projects and/or giving credit for attending related events, is the key to getting students involved in entrepreneurship. Coordinating projects or teams across courses (given the plethora of times, days, and sections) is still a challenge that we have not figured out how to overcome, so Dean's E-Team approach has not been fully implemented. However, we sense a growing awareness and support among faculty across campus, and a willingness to encourage their students to participate in entrepreneurship-related activities at SJSU, so we are hopeful that the vision of cross-departmental teams competing in the BPC can be achieved in the next couple of years. The proximity to Silicon Valley is the second prominent feature of the SVBPC. Almost without exception, Silicon Valley professionals are very supportive of our activities, because they either know that education is important to all of our futures or want to "give back." Silicon Valley professions come to our classes as guest speakers regularly, but they also act as advisors and mentors to our student teams, serve on our SVCE and SVPBC advisory committees, judge the final round of the competition, and donate cash and other prizes for our SVBPC and New Venture and Neat Ideas Fairs.

## **VI. Success Stories**

The winners of the 2003 SVBPC were Dr. Mohamed Aslam Ali (Yakima Filters) and Ilya Ronin (Quadix, Inc.), both SJSU MBA students. Each received incubator space (Dr. Ali at the Environmental Business Cluster and Ilya at the Software Business Cluster) and each has been approached by angel investors as a result of winning last year's SVBPC.

Dr. Ali, who also holds a Ph. D. (1992) from Oregon State University, will convert used automobile tires to activated carbon to be used in water filters. He also won the business plan competition held in conjunction with the Minority Business Development Agency Youth Symposium on August 9, 2003 in Oakland. He was selected to represent the eight-state western region of the Department of Commerce in the national competition to held in Washington, D.C. in late September 2003. He found out that his business was too developed to be allowed to compete with the other entrepreneurs who were not as far along. Even though he did not formally compete, he was given access to all of the networks and benefits that is offered to the winning team.

Dr. Ali competed in the University of San Francisco's International Business Plan Competition on April 1 and 2, 2004. He was one of the 25 semifinalists; more than 150 business plans from over 100 universities world-wide were submitted this year. Due to the stiff competition from around the world, he did not make the final round, but according to USF Professor Mark Cannice, the Director of the IBPC, he represented both himself and SJSU very well in the Elevator Pitch Competition and in the semi-final round.

Dr. Ali is currently working with angel investors to secure additional funding to finance his business plan. He has obtained a formal commitment for five out of the six million dollars he needs for the project. Every day he moves closer and closer to realizing his idea of solving two huge problems facing the world today--providing safe drinking water and disposing waste tires. Drs. Solt and Osland, co-authors, serve on his Board of Directors.

Ilya and his partners have developed a \$30,000 software-driven add-on for machine tool lathes that allow the lathes do the work of computerized machine tools that cost \$500,000 or more. United Airlines has purchased one of their tools. Winning the SVBPC allowed Ilya and his

partner Eugene, who is pursuing a graduate degree in SJSU's college of Engineering, to focus on bringing his product to market, and having the incubator space gave them the working space necessary to build their business, Quadix, Inc. Unfortunately, in the post-September 11th world, airline travel plummeted, as did the prices of the computerized machine tools, and the cost advantage Quadix enjoyed seriously eroded as many computerized machine tools were auctioned off on eBay. Early in 2004, Quadix shut its doors, but the good news is that the Quadix experience awakened the entrepreneurial spirit in both Ilya and Eugene, and they are looking to start other businesses in the future. Ilya also submitted a business plan to the 2004 SVBPC and made it to the final round of judging.

Numerical Engines and Inovamar were the first and second place finishers in the 2004 SVBPC. Numerical Engines, represented by Kevin Gee and husband-and-wife team members and SJSU MBA students Anuj (he was the Project Director) and Nidhi Jain, won \$2,000 and 6 months of rent-free incubator space. Numerical Engines will allow for low-cost numerically-intensive computing using Graphical Processing Units. Like last year's winner, Yakima Filter's Mohamed Aslam Ali, the Numerical Engines team was selected to compete in the National Business Plan Competition at the Emerging Business Leadership Summit (EBLS) of the US Department of Commerce, Minority Business Development Agency (MBDA) in Washington, DC. The team won second place in this prestigious competition. The two-day comprehensive Summit held during National MED Week 2004 explores the challenges and opportunities of entrepreneurship. Workshop topics focus on access to capital development, access to markets, leadership skills and emerging trends in the domestic and global marketplace.

Inovamar, represented by SJSU MBA student Bruce Yost, won \$1,000. Innovamar seeks to commercialize technology developed at the NASA Ames Research Center that will be applied to physiological and medical vital signs monitoring in the health care arena.

The judges said that all the participants performed magnificently, and one judge mentioned that the teams in this year's SVBPC compared favorably to those he had judged at other business plan competitions, including the competition held at the Haas School of Business at UC Berkeley.

## **VII. Future Plans**

We plan to continue to work toward growing and strengthening the SVBPC by enhancing the quality and number of submissions to the competition. We intend to do so by actively recruiting more sponsors for funding the competition and by encouraging more and more students to start thinking about new venture ideas from the Fall semester, so as to give them the time to research into and develop the ideas further. The Neat Ideas Fair in the Fall semester will be a venue for students from different disciplines to interact and potentially form teams to write business plans to assess the feasibility of commercializing some of those ideas.

Based on the experience gained over the last two academic years, we plan to separate submissions made by undergraduate teams from those made by graduate (or alumni) teams. This is because of obvious differences in the quality and level of sophistication of plans submitted by these two sets of participants. Since we wish to encourage participation from both sets of student, it is appropriate to design slightly different criteria for judging their business plans. Our hope is that by doing so, we will encourage even greater participation in the SVBPC and make it accessible and open to as many SJSU students, alumni, faculty and staff, as possible. We consider this to be a significant aspect of the SVBPC, since the experience and skills gained from participating in business plan competitions are useful not only for budding entrepreneurs, but are

also valued by large companies wishing to hire employees with an entrepreneurial mind-set. It is hoped that participation in the SVBPC will help SJSU students to be better prepared to compete in the real world of business.