23rd Annual John Ruffatto

BUSINESS PLAN COMPETITION
OFFICIAL RULES AND GUIDELINES

MAY 10, 2012

Plans due by April 25, 2012

- **SUBMIT YOUR BUSINESS PLAN AND COMPETE AGAINST STUDENTS FROM ACROSS THE STATE**
- **PRESENT YOUR BUSINESS PLAN TO VENTURE CAPITALISTS, ANGEL INVESTORS, BANKERS, AND BUSINESS PROFESSIONALS**
- **WIN PRIZE MONEY AND MAKE THE CONTACTS YOU'LL NEED TO GET YOUR BUSINESS OFF AND RUNNING**
- **GAIN INCREDIBLE EXPERIENCE AND RECEIVE VALUABLE FEEDBACK**

- **TWO SEPARATE DIVISIONS: HIGH GROWTH AND LIFESTYLE**
- **ALL SEMI-FINALISTS RECEIVE A CASH PRIZE**

The 23rd Annual John Ruffatto Business Plan Competition

Official Rules and Submission Requirements

Welcome to the May 10, 2012 Annual John Ruffatto Business Plan Competition ("BPC"). We appreciate your interest in participating in this year's event, an event that has been hosted by The University of Montana's School of Business Administration since 1989.

This document provides information on the requirements to compete, cash prizes and awards, business plan guidelines, presentation guidelines, and judging criteria.

Important dates:

Deadline for Submitting Business Plan	Wednesday, April 25, 2012
BPC announces teams Accepted in Competition	Monday, April 30, 2012
Invited Teams Confirm Participation	Wednesday, May 2, 2012
All 15 Teams Arrive on U of M campus	Thursday AM, May 10, 2012
All 15 Teams Compete in 90 Second Elevator Pitch	
All 15 Teams Compete in Semifinalist Round	Thursday AM, May 12, 2012
Top 2 High-growth Division and Winning Lifestyle Team Selected by Judges; 2nd and 3rd Place Teams from each High-growth Division selected for Wildcard Round	Thursday, May 10, 2012 (lunch)
Wildcard Round resulting in selection of final High-growth Division team for the Final Round	Thursday PM, May 10, 2012
Reception	Thursday, May 10, 2012 (evening)
All 15 Teams present in Elevator Pitch	Thursday, May 10, 2012 (evening)
Top 3 High-growth Division Teams compete in the Final Round	Thursday, May 10, 2012 (evening)
Awards Ceremony	Thursday, May 10, 2012 (evening)

General Information: Approximately 15 teams will be selected and invited to compete in the May 10, 2012 Annual John Ruffatto Business Plan Competition. Teams will compete for cash and prizes. In addition, teams will have the opportunity to meet and network with venture capitalists, early stage investors, investment bankers, economic developers, corporate executives, and successful entrepreneurs who will serve as judges for the competition. Teams will also have the opportunity to network with over 250 business professionals and community leaders who will attend the Final Round presentations on Thursday evening.

Entry Deadline: Business plans and submission materials for the BPC **must arrive no later than Wednesday, April 25, 2012 at 5:00 pm**. Plans received after this deadline will not be considered for the competition. There are no exceptions. To enter, an individual from the school should complete the Entry Form which will be given to the instructors and available online at: **mtbusinessplan.com**

Selected teams must confirm that they have accepted their invitation to compete by 5:00pm on Wednesday May 2, 2012. Please email Larae Hackney, the event coordinator, at Larae.Hackney@business.umt.edu.

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High Growth and Lifestyle Divisions

The 23rd Annual John Ruffatto Business Plan Competition will have two divisions. Students are required to indicate on their entry form which division they would like to compete in- **mtbusinessplan.com**

It is to their advantage to select the division that most closely matches the proposed new business venture. As such, please read the following descriptions below carefully before selecting your division:

High Growth Potential: High Growth Potential ventures generally have the following characteristics:

- Potential to be viewed as an attractive equity investment opportunity by angel investors and/or venture capitalists
- Potential to make an impact on the economy in which they operate through significant job and wealth creation
- Developing a product or service that is innovative in nature and has the potential to scale and produce substantial revenues
- Can be based on a breakthrough technology or the application of a technology in a new way that may include technology developed by the University System
- Business plan is relatively focused on sales growth and/or expansion

Lifestyle Businesses: Lifestyle companies include small consulting companies, local restaurants, laundromats, barber shops, hardware stores, and so on. Lifestyle businesses generally have the following characteristics:

- Local businesses that will likely never have yearly sales greater than $1-2 million in a year
- Business is not primarily focused on increasing the wealth of investors
- Instead of money, the most common motivation of the lifestyle entrepreneur is a desire for independence. This includes the desire to work for themselves, and run a business that would fit around their lifestyles and ages
- Lifestyle businesses are generally designed around the entrepreneur's lifestyle goals rather than financial rewards

NOTE: Selection Judges reserve the right to place teams in the appropriate division. Finalists invited to the competition will be notified regarding which division they are assigned to.

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Cash Prizes and Awards

Our generous sponsors and the School of Business Administration have made it possible to increase the total prize money over the past four years, as well as raise the funds necessary to ensure that students traveling to Missoula for the event are provided with scholarships to cover their transportation and lodging. **Exact prize amounts for 2012 competition are yet to be determined. Descriptions of awards and prizes are listed below.**

High Growth Division
Finalist Round (all three teams present in evening round):
Cash prizes to be announced for 1st Place, 2nd Place, and 3rd Place finalists

Wildcard Round:
Each of the three teams selected for the Wildcard Round but who do not advance to the Final Round will receive a cash prize.

Lifestyle Division
1st Place team will present at the evening competition.
Each of the top two teams of the Lifestyle Division will win a cash prize.

Undergraduate Business Plan
Competition judges will select one undergraduate plan to receive a cash prize.

Elevator Pitch
Winner of all 90 second team presentations will be awarded a cash prize.

Special Awards
These special awards are given to teams or individuals based on specific criteria and are considered separate from other prizes.

Brandon Speth Charisma, Passion, and Poise Award = $1,000
This award is named in memory of Brandon Speth. In 2001, Brandon Speth's business plan Brandon Speth won first prize in the competition. Many of us can still recall the charisma, passion, and poise with which Brandon Speth presented his plan. Brandon Speth went on to earn the certifications required to start his business. Unfortunately, tragedy struck last fall while Brandon Speth was doing what he loved to do. In his memory, SOBA and MADE have initiated this award and it will be given to the individual student who best demonstrates the charisma, passion, and poise necessary to make his or her entrepreneurial dream become a reality.

Environmental and Social Responsibility Award = $1,000
This new award will be given to the team which the judges feel most embodies the concept of the triple bottom line. This potential venture realizes the importance of economic profit, as well as social and environmental profit.

People's Choice Award = $1,000
The People's Choice Award will be given to the team receiving the highest score in the Finalist Round from the audience. The audience will base their vote on the presentations and the 1-page Executive Summaries submitted by the teams.

All Semifinalist teams not selected for Finalist Round
Each of the nine Semifinalist teams not selected for the Finalist Round will receive a cash prize.

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Tentative Schedule of Events

Thursday, May 10, 2012

7:15-7:45am	Team check-in, Piazza of Gallagher Business Building
7:15-7:45am	Tech-checks in GBB 222, 202, 201 Presentation Prep Room 225
7:30-7:45am	Judges meeting 222 of Gallagher Business Building
8:00-9:00am	Elevator Pitch by all teams to all judges GBB 123-elevator pitch 90 seconds in length
9:15-12:00pm	Teams present, scheduled time given at check-in
12:00-1:30pm	Lunch for Judges Students and Instructors Students & Instructors to GBB 123, Judges to 222
1:30-1:45pm	GBB 123 Announce Lifestyle winning team and Division 1 and Division 2 winners in the High Growth Potential Track. All three of these teams will present in the evening event. At this time judges will also announce the Four Wildcard Round Teams. These four teams will immediately prepare to give their presentations again.
2:00-4:00pm	Wildcard Round (4 teams) in GBB 123 and announce final High Growth Potential Team for evening competition
4:00-4:30pm	Teams not in the Final Round set up Poster Presentations
5:00-5:30pm	Reception in lobby of Gallagher Business Building
5:30pm	Welcome and Introductory Remarks in GBB 106
5:45pm	Elevator Pitch by all teams to audience
6:30-6:40pm	Brief intermission
6:45-7:15pm	Finalist Team #1 Presents
7:20-7:50pm	Finalist Team #2 Presents
7:55-8:25pm	Finalist Team #3 Presents
8:30-9:00pm	Finalist Team #4 Presents
9:00-9:30pm	Buffet with beverages/cocktails served in Gianchetta Piazza 2nd Floor
9:30-10:00pm	Awards Ceremony and Closing Remarks

Schedule is subject to change. The Official Schedule will be available on April 25, 2012.

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Team Eligibility Requirements

- **Student competitor requirements:**
  - The competition is open to all full and part-time undergraduate and graduate students enrolled in colleges and universities located in the state of Montana during the current academic year, i.e., from August/September 2011 through July/August 2012. Students who graduated in the preceding academic year are not eligible to participate. Students enrolled in colleges or universities outside the state of Montana are not eligible to compete.
  - The competition team must consist of at least one undergraduate or graduate student. Non-students may be members of the management team and participate in planning the venture; however, only students may present the plan in the competition on campus and answer questions from the judges. Non-student team members are welcome to travel to Missoula with the student team, but cannot participate in the presentations.
  - The competition is for student teams under faculty supervision that have created business plans for proposed venture.

Nature of New Business Ventures:

Nature of Ventures: The competition is for new, independent ventures or **existing firms with a new and increased sales growth and/or expansion of the business.** Licensing technologies from universities or research labs is encouraged, assuming private sector commercialization is viable.

  - **Divisions:** There will be two High Growth Potential Divisions and one Lifestyle Business Division. See earlier section on divisions for descriptions of these divisions.
  - **Outside Funding:** All ventures must be "for profit" entities seeking outside equity capital, debt financing or quasi-debt financing.
  - **Prior Activity:** Ventures may compete in the Business Plan Competition (BPC) only once.

- **Source of New Ventures**
  - **University Sponsored:** the business plan must be prepared under faculty supervision in a regularly scheduled course or as an independent study. The business plan itself must represent the original work of the students on the team. All teams are strongly encouraged to send their faculty or other university advisors to accompany their team to Missoula, but this is not required. However, each team **MUST** have the endorsement of a faculty advisor at their school and must provide contact information for their faculty advisor, regardless of whether or not the advisor will travel with the team to the University of Montana. **All faculty advisors will be contacted for verification.**

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- **Attendance:** Team members should arrive at the University of Montana Campus in Missoula on **Thursday, May 10, 2012, between 7:15 & 7:45 am.** **Teams must attend the competition on Thursday night to receive their awards**.

  Other Forms: Each team member will be required to submit an individual Form W-9 or W-8 ECI at registration. If the venture has been incorporated and has received an EIN, one form may be filled out. No prizes will be awarded without a completed W-8 ECI or W-9 on file with BPC. We are required to have students fill out these forms due to the size of the prize money being distributed. We appreciate your cooperation.

Written Business Plan Guidelines

Note: Written business plans are due to BPC by Wednesday, April 25, 2012 at 5:00pm. All plans must follow guidelines provided in this document. No exceptions will be made to this rule. We have established this deadline in order to give our Preliminary Judging Team ample time to rigorously review all plans submitted before sending out invitations to the competition.

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- **General Guidelines – Plans must be limited to 20 pages of text** (typed, single or double-spaced, minimum of 12 pitch font, and 1" margins on all sides). The 20 page limit does not include: title page, Table of Contents, and Executive Summary. Detailed spreadsheets and appropriate appendices should follow the text portion of the plan but will be limited to 20 pages. Plans with fewer than 20 pages of appendices **may not** use the remaining pages to increase the size of their business plan beyond 20 pages. **In total, the maximum number of pages is 40 (excluding Title Paper, Table of Contents, and Executive Summary).**

- **Financial Data –** Financial Data should include a cash flow statement, income statement, balance sheet, and any other relevant information for the judges. Include an explanation of the offering to investors indicating how much money is required, how it will be used, and the proposed structure of the deal, (i.e., stock, debentures, etc.) and possible exit strategies.

  Please note: The team is not required to reveal the exact desired terms of the deal (i.e., proposed company valuation and percentage of company being offered). However, **teams should expect to be asked about these terms** and should be prepared to answer questions in some fashion (if this information is not already provided in the written plan). It is up to the team to assess the BEST way to address this question; however, past experience indicates that some judges will want to know a team's estimated company valuation.

- **Appendices** should be included only when they support the findings, statements and observations in the plan. Because of the number of teams in the competition, judges may not be able to read all the material in the appendices. Therefore, the text portion of the plan (20 pages) must contain all pertinent information in a clear and concise manner. All appendices must fall within the 20 page limit; any pages over this limit will not be posted or otherwise provided to the judges.

- **Written Plan Submission –** the final plan from each team is due to the University of Montana Business Plan Competition and submitted on the submission platform on or before **5:00pm on Wednesday, April 25, 2012.** Teams not meeting this deadline will not be considered for this year's competition.

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- **All submissions must include a completed entry form and completed checklist.**

- **All submissions must include a one-page Executive Summary (within the on-line platform) that will be distributed to the audience.** This may or may not be different from the Executive Summary from the business plan itself (i.e., some may need to be shortened in length).

- **Scoring Criteria –** Please read carefully the Scoring Criteria Guidelines and Criteria section.

Oral Presentation Guidelines

- **Length of presentations:** Student teams should prepare presentations of no longer than 15 minutes in length. This will assure that judges have ample time to ask questions and complete their scoring before the next team presents. Please practice your presentations. You may also want to realize that your audiences between the day and night will be different. Judges for the daytime presentation will have read your complete business plan and be much more informed than the night time audience who will have only read your one-page Executive Summary and seen your presentation.
- **Questions:** Team shall have a total of 25 minutes in front of the judges for both the morning and evening (for Finalist Round teams) presentations. Since you have 15 minutes for your presentation, this leaves 10 minutes for question and answers. Teams going beyond their 15 minute presentation allocation will be able to answer fewer questions from the judges. Questions will end after the total 25 minutes for presentation and questions has expired.
- **Non-confidentiality:** All sessions of the competition, including but not limited to oral presentations and question/answer sessions, are open to the public at large. Any and all of these sessions may be broadcast to interested persons through media which may include radio, television and the Internet. Any data or information discussed or divulged in public sessions by entrants should be considered information that could possibly enter the public realm, and entrants should not assume any right of confidentiality in any data or information discussed or divulged or presented in these sessions.

Due to the nature of the competition, we are not able to ask judges, reviewers, staff or the audience to agree to or sign non-disclosure statements. However, the John Ruffatto Business Plan Competition staff will make every effort to limit distribution of business plans only to judges of the competition. All presentations are open to the general public, and some presentations may be videotaped. Attendance by media personnel is expected.

- **Copyrights & Permissions:** BPC requires that if a team uses copy written materials and/or images from a third-party in their presentation or business plan, then they must obtain permission and are authorized by the owners to use this material in advance.

Judging Criteria and Evaluation Process

General Overview

The competition is intended to simulate the real-world process of entrepreneurs soliciting start-up funds from early-stage investors and venture capital firms. The judges function as venture capital investors deciding on which business venture they would most likely fund. The quality of the idea, the strength of the management team, and the clarity and persuasiveness of the written plan and oral presentation, all influence the judges' decisions. **Ultimately, the winning teams should be the team in which the judges would most likely invest their money.**

Most of the judges of the BPC come from the investment community and are involved in making early-stage investment decisions on an ongoing basis. Their ranking of the top teams is guided by the scorecard (described below), but should be consistent with the approach that would be used by a venture capital or early-stage investor.

We recognize that consistent with real life investment situations, early-stage companies can be in very different stages of development. To compensate for this, we would expect that an early stage investor would require the potential for higher investment returns for an earlier stage company which has a higher level of risk involved. We assume, in general, that this would be true for the judges in the BPC.

Teams are not required to reveal the exact desired terms of the deal (i.e., their proposed company valuation and percentage of company being offered to investors). However, some investors prefer to have this information upfront, (while some investors feel that it is not as important until later). We recommend that teams be prepared to answer questions about their terms, given the diversity of the judges.

Unlike some venture capital funds, judges in this competition should not restrict themselves to investing in only certain types of new business ventures (such as biotechnology or information technology). Judges in this competition should assume that they would be open to investing in any type of new business venture, assuming that other criteria such as those mentioned above, are met.

There are two main rounds of competition: the Semifinalist Round on Thursday, May 10th in the morning and the Finalist Round on Thursday evening. All teams must be in Missoula on May 10th to present their plan to the judges.

During the competition, judges should evaluate each team individually and should not discuss their evaluation with other judges until all judges' evaluation forms have been submitted.

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Selection Round

Each year the competition receives more than 30 business plans from teams across the state. During the Selection Round a group of judges (called Selection Judges) assembles at the School of Business Administration to evaluate all business plans submitted. Their evaluation during this round is based solely on the merit of the written business plan. Selection Judges review each submitted plan and then engage in discussions to determine which plans will be invited to the Semifinalist Round to be held on May 10th. These judges also designate teams to one of three specific divisions: High Growth Division 1, High Growth Division 2, and Lifestyle Division. Judges are careful to balance the two High Growth Divisions equally based on their ratings of the 10 plans (5 in each division) selected for the Semifinalist Round.

Semifinalist Round

- **Scoring – Criteria**

  The winners of the competition will be determined by the judges' **ranking** of the teams. This ranking will be based on the judges' willingness to invest in the company as noted above. The ranking will be completed by the judges during the lunch break. Judges will **rank** the teams in their division from 1 (team most likely to receive funding) to 5 (team least likely to receive funding).

  To assist the judges in this decision process and to provide additional feedback to the teams, the judges will fill-out 3 scorecards for each team in the Semifinalist Round. The 3 scorecards will cover:

  Part I Written Business Plan
  Part II Verbal Presentation
  Part III Business Viability

  Please note: The scorecards are designed to assist the judges in evaluating the individual components of each team in order to develop their overall rankings.

- **Scoring – Process**

  In the Semifinalist Round teams will compete against other teams assigned to their division. Each judge will have read and evaluated each submitted business plan in his/her division prior to the competition. Each judge will assess the submitted business plans, oral presentations, and business viability of the five teams in his/her flight in the Semifinalist Round of competition.

  Please note: **The scorecards will not be used in the calculation of the winning teams. The winning teams will be determined by the judges' rankings and discussions during the lunch break.**

  The winning team from each of the two High Growth Potential Divisions will advance to the **Final Round** along with the winning team in the Lifestyle Division. The 2nd and 3rd place teams from each of the two High Growth Potential Divisions in the Semifinalist Round will compete for the remaining Final Round spot in a Wildcard Round to be held Thursday afternoon. The winning team from the Wildcard Round will advance to the Final Round. This will result in a total of 4 teams invited to present at the evening event:

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Finalist Round Includes:
Elevator Pitch by all 15 teams
Semifinalist High Growth Division 1 Winner
Semifinalist High Growth Division 2 Winners
Wildcard High Growth Division Winner
Semifinalist Lifestyle Division Winner

- **Scoring – Submitted Business Plan Evaluation**

Judges will review the submitted business plans of each team using a double blind evaluation process and complete Part I of the BPC scorecards for each business plan. Part I is designed to help assess the written business plan, focusing on key elements and the effectiveness of the summary financial data. ***(Judges will evaluate the submitted business plan in advance of the competition and complete Part I of the score card by Monday, May 7, 2012.)***

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- **Scoring – Elevator Pitch Presentations**
  One after another, one student from each team will have 90 seconds to pitch their business idea to the entire judging group. The top 5 teams will be ranked with a prize going to the winner of the elevator pitch segment. Following the elevator pitch we will begin the traditional presentations on the second floor.

- **Scoring – Semifinalist Round Oral Presentations**

  Each judge will listen to and evaluate the oral presentations of the teams in their flight on the morning of Thursday, May 10. Judges will use Parts II & III of the BPC Scorecard as a **guide** to determine their rankings:

  Part II assesses the poise and professionalism of the presentation
  Part III evaluates the perceived viability of the venture

  The quantitative assessment provided by the Scorecards is only meant to serve as a guide to the judges for ranking the teams in the Semifinalist Round. The rankings will determine the overall winners based on where judges would invest their money.

  The winning team from each of the divisions will be determined by the judges **ranking** of the teams within each division. This ranking will be determined Thursday during lunch after all teams have presented to the judges. The judges will rank the teams within their division from 1 (highest) to 5 (lowest). The scores from all judges within a division will be aggregated and the team with the lowest total score in that flight will advance to the **Final Round** Thursday evening. **In the unlikely event that there should there be a tie after the initial tabulation of rankings, the team with the most number of first place scores will be declared the winner.**

- **Scoring – Final Round**

  The winning teams in the High Growth Division Final Round will be determined solely by the judges' **ranking** of the teams. This ranking will be determined Thursday night after all teams have presented to the judges. The judges will rank the teams in the Finals from 1 (highest) to 3 (lowest). The ranking of the Lifestyle Division will be completed during the morning round.

  The rankings from each of the judges will be aggregated and the teams with the lowest total score will be the winners. As in the previous round, in the case of a tie, the team with the most number of first place scores will be declared the winner. <u>If there is still a tie, the tie will be broken by determining the team with the best aggregated score on the judges evaluation of the written business plan.</u>