

Delivering the perfect pitch

Startups flock to business-plan competitions to win cash and publicity.

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Four years ago, Amanda Allen and Robard Williams discovered an overlooked niche in the \$19 billion wedding-registry market while they were planning their own nuptials. There were plenty of registries run by big, mass-market retailers, but there wasn't a similar, one-stop Web destination that sold the products they really loved from local stores and artisans.

Itching to turn that idea into a business, Ms. Allen quit her job as a bank examiner and enrolled in Fordham University's graduate business school program to incubate NewlyWish.com. The stars aligned in 2009 when Ms. Allen entered the Baruch College & Merrill Lynch Entrepreneurship Competition, which was open to students from other campuses.

She won \$30,000 in seed money in the eight-month contest. As part of it, she got free consulting support from experts at SCORE (Service Corps of Retired Executives), a nonprofit mentoring organization. She found out how to incorporate the business, launch a functioning website and snare retailers. Ms. Allen tapped what she learned to enter business-plan competitions throughout the area—and won the 2010 Pace Pitch Contest and then the 2012 Women 2.0 Pitch NYC Startup Competition.

All told, she walked away with \$70,000 in prize money and extra bonuses like free office space at TechSpace in Chelsea. Part of her prize in the Women 2.0 contest was a meeting with Internet pioneer Marc Andreessen at his venture firm's office in Menlo Park, Calif., in February. He advised her to "scale" the business to reach a broad audience and introduced her to other New York area companies that could help.

RECORD TURNOUTS

"It was the critical feedback I got from mentors I met at competitions that was the most valuable element for my company's growth," said Ms. Allen, who is trying to raise \$1 million in venture capital.

Searching for cash, connections and exposure, contestants like Ms. Allen are expected to fuel record turnouts for local business-plan competitions hosted everywhere from New York City business schools to public libraries as the contest season heats up this spring. Already, 300 people have signed up for Baruch College's SmartPitch Challenge scheduled for June 6, a doubling from last year. Columbia Business School reports a 50% increase in submissions to its contests since 2011.

The increased interest reflects several years in which corporate downsizing led to a boom in entrepreneurship among students, as well as professionals reinventing their careers as business owners. A tight credit market left some young companies looking for creative financing—and fueled the rise of serial competitors. While many contests are open to students and alumni of particular schools, others, like the Queens StartUP Plan Competition administered by the Queens Business Library and the NYC Economic Development Corp.'s Next Idea Competition, are open to the community, sparking widespread interest.

"In this era of the lean startup, when entrepreneurs must continuously refine their business models in a fast-moving marketplace, these competitions are like rocket fuel," said professor Bruce Bachenheimer, director of entrepreneurship at Pace University's Lubin School of Business, which hosts its own business-plan competition.

At the same time, the advent of low-cost technology has made it more affordable to launch the kind of scalable ventures that tend to catch the eye of judges, many of whom are angel investors and venture capitalists.

"I love the fact that I gain insight into the next generation of new ideas emanating from the breakthrough thinkers at the business schools," said Dan Bernstein, a judge for Columbia University's A. Lorne Weil Startup Pitch Competition and managing partner of Millennium Technology Value Partners, a New York venture-capital fund that has invested in Twitter, Facebook and Tumblr.

The contests aren't for every entrepreneur. The bar for winning is very high. Mr. Bernstein has seen pitches from students who already have patents and prototypes in hand. Meanwhile, the time commitment can be substantial. Many contests stretch over several rounds spanning months. Serial competitor Michael Dwork, CEO of VerTerra Ltd., a Long Island City, Queens-based company that makes environmentally friendly dinnerware, said he has noticed a high dropout rate among fellow contestants because many become overwhelmed with the work involved in creating a winning entry.

That said, high-profile contests can put a winning startup on the map. "Their real value lies in getting exposure to potential investors, and feedback from potential customers and other key people who can help you succeed," said Mr. Dwork, who earned his M.B.A. from Columbia Business School.

He should know. He won first place and "fan favorite" in the Outrageous Business Plan Competition at Columbia in 2007, walking away with \$14,000. He placed second in the DFJ East Coast Venture Challenge the same year, earning the right to an investment of more than \$100,000. He also raised more than \$1.7 million in equity investment in 2007. (Mr. Dwork also won the first annual *Crain's New York Business* Perfect Pitch Competition at Columbia Business School in 2010.)

The credibility that came from winning helped him attract nearly \$2 million in venture capital from DFJ Gotham Ventures, Chazen Capital Partners and angel investors for a minority stake in the business. The company now services such culinary groups as the James Beard Foundation, StarChefs and *Saveur* magazine for their events.

Hot spot Bogota Latin Bistro, an eight-year-old Pan-Latin/Colombian restaurant and bar near the new Barclays Center in Park Slope, Brooklyn, probably would not have existed if founders Farid Ali and his business partner George Constantinou hadn't entered and won the Brooklyn PowerUP competition, according to Mr. Ali.

'BRAGGING RIGHTS'

Over the four months in 2003 that they participated in the contest, hosted by the Brooklyn Business Library, they learned the basics of business strategy and got a \$20,000 prize—\$10,000 in cash and \$10,000 worth of branding, marketing, legal and office-supply assistance. This helped them weather the flood of rejections from bankers and real estate agents that ensued.

"It gave us bragging rights and the confidence to pursue our business plan, since expert judges like Paisley Demby of PBN Consulting [a well-known New York startup guru] validated our concept," Mr. Ali recalled. Just six months after the contest, they were able to secure a \$100,000 working capital loan from HSBC to buy equipment and secure a lease. The profitable business pulls in about \$3.5 million in revenue a year.

Some contestants in business-plan competitions come full circle and become backers of the next generation of startups. Tribeca Venture Partners' Somak Chattopadhyay was a contender in the MIT \$50K Competition while an undergraduate in 1998. Today he is a judge for the Pace Pitch Contest, where he met competitor Rob Caucci, the founder of SpaceSplitter, a platform for college roommates that helps them manage expenses like sharing the rent. He is currently evaluating the venture, which is piloting its technology at Pace, for seed capital.

"My experience as a contestant made me appreciate the value of these events," Mr. Chattopadhyay said. "That's why I decided to be a judge. It's my way of giving back to the entrepreneurial community."

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