



Is a bigger jackpot better in business plan competitions?

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On Tuesday, Indiana University in Bloomington, Ind. announced that a group of 10 entrepreneurs had created a \$1.1 million fund to support [a new business plan competition](#) that consists of \$250,000 in annual prize money and investments. While this isn't the largest purse in the business plan competition universe, it's a nice haul for the winning teams.

But not every business plan competition has the backing to dangle a lot in prize money in front of competitors or even has the desire to do so. That's because business plan competition founders have a variety of goals and objectives in mind when founding and running a business plan competition. Not every competition wants to directly fund small business creation or get the attention of media, alumni and the community that big prize money draws.

Now, few competition organizers are going to turn away large amounts of prize money. But in the absence of large donors or a strong desire to raise money to fund substantial prizes, organizers need to be more creative in figuring out what their goals are in starting a business plan competition and how to best further those goals.

For example, the Donald W. Reynolds Foundation underwrites three business plan competitions statewide in [Oklahoma](#), [Arkansas](#) and [Nevada](#) with the goal of encouraging entrepreneurship and entrepreneurial studies at colleges, junior colleges and vocational-technical schools, according to Wayne Embree, vice president of Entrepreneur Services at i2E, who is involved in running the [Oklahoma competition](#).

"Our prize money is not intended as seed money to start a company, but rather recognition of a job well done to be divided among members of the team," says Embree. "A lot of the students use the money to pay tuition to pay their bills." Rather than providing funds for the winning competitors to actually start a business, the goal of the Governor's Cup is to encourage entrepreneurial thinking among college-age students in Oklahoma and to get colleges, junior colleges and vocational-technical schools to spend more time teaching entrepreneurial skills to their students.

"Entrepreneurial thinking is needed at new businesses, not just from the founder, but by all the employees," notes Embree. "Employees who are familiar with entrepreneurial thinking are more likely to take a chance and work for a small business than someone who isn't as familiar or comfortable with entrepreneurial thinking or what's required to run a start-up business."

Promoting entrepreneurship is also a goal of the [Pace University Business Plan and Pitch Competitions](#), says Bruce Bachenheimer, clinical professor of Management, who runs both of the competitions. "One of our goals is to encourage an entrepreneurial mindset, which is important in today's hyper competitive global economy, whether you work in an established business or not."

The brevity of the university's Pitch Competition is one reason it attracts a 400 person audience and a substantial number of actual competitors. That's impossible to accomplish in a business plan competition because of the nature of business plans and the sheer length of the competition.

"The participatory nature of the pitch competition means that it's benefitting the audience as well as the competitors," he says. "Everyone gets to hear about the ideas and follow the give and take between competitors and the judges as questions are asked and answered."

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