



Best Practice: Global Business Plan Competition to Promote Entrepreneurship

REPORT UPDATED: MARCH 21, 2013

CITY: NEW YORK CITY

POLICY AREAS: ECONOMIC DEVELOPMENT

BEST PRACTICE

The **NYC Next Idea** global business plan competition, launched by Mayor Bloomberg and the New York City Economic Development Corporation (NYCEDC) in March 2009, highlights New York City's standing as a global center for innovation and entrepreneurship. The annual Competition is open to teams of recent alumni or students currently enrolled at universities located outside the United States, as well as United States based teams that include at least one internationally based team member. Teams are invited to submit business plans for either new ventures that could be launched in New York City or the expansion of an existing business enterprise into New York City. The winning team is selected by a panel of judges drawn from New York City's venture capital, angel investor, entrepreneurial and academic communities. They receive cash prizes totaling \$35,000 along with investor, workspace, and industry-specific introductions. The Competition draws international attention and helps demonstrate how international business ventures can launch and operate in New York City.

ISSUE

New job growth stems mainly from small-and medium-sized businesses, but New York City is not universally perceived as friendly to these businesses by foreign entrepreneurs. NYC Next Idea is one component of a suite of initiatives designed to facilitate the growth of New York City's entrepreneurial community, increase its visibility and help entrepreneurs gain access to much-needed start-up financing and opportunities for networking.

GOALS AND OBJECTIVES

NYC Next Idea aims to enhance New York City's global image as a center for entrepreneurship, to attract top foreign entrepreneurial talent to the City, and then to help the winning teams establish and grow in New York City. The Competition is designed to simulate a real-world scenario where entrepreneurs seeking funding from early-stage investors and venture capital firms are asked to present a detailed and thorough business plan. Through favorable media coverage, the four successful iterations of the NYC Next Idea global business plan competitions have succeeded in drawing positive attention from the entrepreneurial community worldwide.

IMPLEMENTATION

Upon its launch in March 2009, the Competition was administered by NYCEDC with support from the Columbia Business School's Private Equity Program. For the second, third, and fourth years, the Center for Technology, Innovation and Community Engagement at the Fu Foundation School of Engineering and Applied Science at Columbia University has partnered with NYCEDC to manage NYC Next Idea. NYC Next Idea is one of more than 50 initiatives launched by the Bloomberg Administration since 2009 to support the growth of City's entrepreneurs and startup businesses. In the 2012-2013 competition, 517 teams registered, and 222 teams, representing 40 different countries, completed the full application process.

During the first round of judging, each team is required to submit a brief executive summary, including a company summary focused on a specific problem or need; a customer/market analysis (market size and potential market share); a product or service description; information on the status of intellectual property, if applicable (e.g., patents, licenses, etc.); a description of the company's competitive differentiation; a list of the members of the management team and advisors (if any); a summary of the implementation timetable; and proposed funding analysis.



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In the second round, semifinalist teams are chosen to submit a full business plan. The Plan is limited to 20 pages and includes the content of the executive summary, financial highlights (cash flow, income statement, balance sheets), an explanation to investors of the investment required and how the money would be used, the proposed structure of the deal, and possible exit strategies.

The six teams that advance from the second to the final round pool are given access to individualized pitch development and coaching at regular intervals from January to March.

In the final round, the finalist teams travel to New York City and presented their business plans in-person to a panel of judges. Judging criteria include: the commercial viability of the product or service; a market analysis and a needs assessment for the product or service in New York City; comprehensiveness of the company's sales and marketing plan; an assessment of the company's competitive differentiation over other players in the market; the caliber of team members and advisors; a financial analysis; and overall coherency of the final presentation.

In 2012-13, the final six teams represented the United States, Germany, Australia, and China, and presented business ideas from a wide range of sectors including security, education, internet, and medicine. These teams toured the City and met with venture capitalists and other entrepreneurs as they learned about the City's startup culture.

Following pitches from the six finalists teams at Columbia on March 13, 2013, the final judging panel, which consisted of Fred Wilson (Union Square Ventures), Roger Ehrenberg (IA Ventures), Maria Gotsch (Partnership Fund for NYC), and Jon Axelrod (Entrepreneurs Roundtable Association) selected KisiBox, from CDTM in Munich, as the winners of the NYC Next Idea 2012-2013 competition. KisiBox is developing a unique "digital doorman" suite that enables smartphone-based management of security systems at homes, offices, apartment buildings, and co-working spaces. Given this implementation focus, KisiBox considers New York City an ideal location from which to develop and market their product. The winning teams will receive up to \$35,000 in cash prizes as it builds its business here in NYC.

COST

The program cost consists of travel and lodging for six finalist teams and \$35,000 in cash prizes, and is funded through NYCEDC.

RESULTS AND EVALUATION

The success of NYC Next Idea can be measured both quantitatively and qualitatively. In its inaugural year, 15 schools signed on to participate, growing to over 100 teams from over 100 different schools in the second year, and over 200 teams from 170 schools by the fourth year. Through a concerted marketing campaign in 2012, NYCEDC and Columbia were able to establish contact with multiple representatives at every single one of the top 20 schools in the world ([Times Higher Education 2012 list](#)), ultimately fielding full entries from teams at 16 out of those 20 schools. The impact of the competition reaches beyond those who choose to enter, encompassing the thousands of students who considered entering or simply heard about the competition from their friends and professors. These students were educated about the entrepreneurial climate in New York City and many will undoubtedly end up pursuing entrepreneurial activities in the City eventually.

Feedback is collected each year and informs the design of subsequent competitions. For example, for the 2012-2013 competition year the rules were modified to allow teams based out of US universities as long as they had at least one international student on the team. This step was initiated to allow a wider cross section of the world's top universities to participate, and resulted in semi-finalist teams representing the University of Pennsylvania, Northwestern, Williams, UCLA, and Dartmouth that would not have been eligible under the 2011-2012 rules.



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Participant surveys attest to the value that the participants find in the competition and the associated instruction in writing a business plan. However, the impact on business creation had been relatively challenging to measure —due to the student status of the entrants, actual business starts are generally delayed for some years until after graduation. Nevertheless, 2012 NYC Next Idea winner TaxiTreats was able to convert the \$17,500 in prize money that they won as one of the 2012 NYC Next Idea victors into a \$1 million seed round 11 months later. NYCEDC supports TaxiTreats in obtaining office space through NY Designs, a hardware-focused incubator in Long Island City. Meanwhile, 2011 winner Verifeyed has continued to successfully build their venture, resulting in press coverage in [The Economist](#).

The program has become a focal point of discussion between NYCEDC and a number of foreign universities, leading to continuing conversations about entrepreneurship and the role of government and universities. NYCEDC now maintains strong relationships with several top international business and engineering schools, and is seeking to leverage these contacts to assist with other initiatives. Due to the success of the first four years of the Competition, NYC Next Idea will continue as an annual competition.

TIMELINE

In developing NYC Next Idea, NYCEDC initially spent over six months working with international universities to create the competition format and to solicit participation from teams. In its first year, NYCEDC was responsible for promoting the competition to potential participants and in the media. For the second, third, and fourth years, NYCEDC has partnered with the Center for Technology, Innovation and Community Engagement at the Fu Foundation School of Engineering and Applied Science at Columbia University to manage the competition and perform foreign university outreach. This process begins in the summer and stretches into the fall semester. The goal each year is to increase participation, the quality of entries and the nexus between the entered plans and the needs of the City.

Key Dates (tentative and subject to change):

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|---------------------|-----------------------------------------|
| August 2013 | Initial Marketing Push |
| September 2013 | Registration Opens |
| October 2013 | Registration Closes |
| Early November 2013 | Executive Summaries Due |
| Early December 2013 | Announcement of Semi-Finalists |
| Early January 2014 | Full Business Plans Due |
| Mid January 2014 | Announcement of Finalists |
| Early April 2014 | In-person finalist presentations in NYC |

LEGISLATION

NYCEDC posted a downloadable document regarding the competition's rules and regulations on its website at <http://www.nycedc.com/nextidea>

LESSONS LEARNED

Past competition winners make excellent brand ambassadors: NYCEDC was able to work with Brian Shimmerlik of TaxiTreats following their win to develop a series of promotional materials and appearances, including [videos](#) and speaking appearances at other student entrepreneurship events. As the pool of winning ventures grows with each successive year, this resource will become more and more useful in drawing interest and participation.

Tailored pitch-coaching practice is very beneficial to participants: Delivering a pitch in front of US audience and judges is a daunting prospect for many teams. In response to this challenge, the program organizers arranged for Skype-based consulting time with a professional pitch coach at regular intervals leading up to the competition, complemented by time in



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person with said coach the day before the final pitch. This small alteration in the program resulted in an extremely high overall level of pitch quality on the final day.

Involving practitioner judges improves quality of the event: In 2013, NYCEDC and Columbia were able to convene a final judging panel of Fred Wilson (Union Square Ventures), Roger Ehrenberg (IA Ventures), Maria Gotsch (Partnership Fund for NYC), and Jon Axelrod (Entrepreneurs Roundtable Association). This proved a very attractive selling point to those deciding to enter the competition. On the day of the final pitch, these judges generously gave valuable feedback to the finalist teams.

Getting buy-in from universities: In further developing the competition, NYCEDC faced the difficult task of getting buy-in from those newly eligible top US-based universities that had not been represented in the first three years of the competition. To promote the competition and recruit participants, NYCEDC carried out an aggressive outreach campaign to these universities that included holding in-depth phone conversations with university officials and professors informing them about the premise of the competition and its place as part of the suite of initiatives launched by New York City.

TRANSFERABILITY

Due to its global reputation as a leading business and innovation center and its name recognition abroad, New York City is particularly suited to hosting a global business plan competition. The aim of NYC Next Idea was to augment this reputation by presenting the City as an ideal location for entrepreneurs and small- and medium-sized businesses to locate. The success of the Competition can also be attributed to the overall efforts of the City to promote entrepreneurship and innovation. Given the right combination of financial and policy support, it would be possible for nearly any moderately sized city or region in the United States to design and host a similar competition.

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