

2009

Tri-State

Donald W. Reynolds Cup

Student Guide

to Writing a Business Plan



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"The best part of the competition was helping me realize what types of things need to be considered when looking at starting a business..."

**Flying by the seat of your
Pants rarely works."**

:Ty Jones, Team Leader of Devauth, Inc.
University of Nevada - Reno



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1. What is the Tri-State Donald W. Reynolds Cup?

Donald W. Reynolds Governors Cup

The Donald W. Reynolds Governor's Cup is a statewide undergraduate & graduate business plan competition designed to encourage students in Arkansas, Nevada, and Oklahoma to act upon their ideas and talents in order to produce tomorrow's businesses. This competition is aimed at simulating the real-world process of entrepreneurs creating a business plan to soliciting start-up funds from potential investors. Students involved in this competition gain access to networks of successful entrepreneurs, lenders and investors, team building opportunities, business planning skills, and media exposure.

Since the competition's inception in 2001, over 1500 students, representing 48 universities and colleges throughout Arkansas, Nevada, and Oklahoma, have participated. Winners of each competition are encouraged to start their profit-making ventures with substantial cash prizes and technical assistance.

Tri-State Donald W. Reynolds Cup

On May 27, 2009, the Second Annual Tri-State Award business plan competition will be held in Las Vegas. The Tri-State Award represents the pinnacle of these three statewide business plan competitions where the top two teams (undergraduate & graduate) from each state will compete for cash awards totaling \$90,000.



2. About Entrepreneurship

Generally speaking, entrepreneurship is the process of running one's own business. Entrepreneurs are the people who own, operate, and take the risk of running businesses.¹

2.1 Why Entrepreneurship?

According to the *Consortium for Entrepreneurship Education* and the *Small Business Association*, entrepreneurship education does not just contribute to new business starts. The benefits of entrepreneurship education include:

- ✓ **Improved Academic Performance.**
Students who participate in entrepreneurship programs demonstrate increased initiative & self-confidence. Participating students also show improved school performance and more ambitious goals for life after school.²
- ✓ **Upgraded School Performance.**
By improving student performance, entrepreneurship education can contribute to improving the overall quality of our schools. Entrepreneurship training also encourages the use of sophisticated math and science concepts in real-life situations, leading to greater interest and improved performance in math and science.²
- ✓ **Enhanced Economic Competitiveness.**
Individuals that receive entrepreneurship training (at all ages) are more likely to start a business, and most importantly to sustain and grow a business. It is these companies that will be the cornerstone of future economic growth, job creation, and wealth generation.²

¹ Arkansas Department of Workforce Education. Enterprise Management I: Curriculum Content Frameworks. February 2005.

² Consortium for Entrepreneurship Education. Entrepreneurship Everywhere: The Case for Entrepreneurship education. 2005.

2.2 The Role of the Tri-State Donald W. Reynolds Cup Business Plan Competition

Entrepreneurs tend to receive support in the following ways:

- (1) Through education (e.g. content is weaved into the curriculum or through direct training);
- (2) Through experiential programs;
- (3) Through networking programs;
- (4) Through mentorship programs; and
- (5) Through capital access programs.

The Tri-State Donald W. Reynolds Cup competition is an *experiential* program that encourages students to recognize and create business opportunity within their environment.



3. Writing a Business Plan

Thinking about starting a business can be a very exciting thing. The reality of such a venture, however, tends to become even more real once an entrepreneur sits down and puts their thoughts on paper.

Some entrepreneurs are likely to think: Why should I sit down and write about my business when I can save myself some grief and just start it? And it's true. Writing a business plan is not a requirement to start a business. On that same note, entrepreneurs who have a well-written business plan can use it to indicate they have done their homework and are well-prepared to start their business.

Although there is no formula, or single-way, to write a business plan, there are some general guidelines that provide entrepreneurs with a starting point. A good business plan is succinct and provides target readers with the information they need.

3.1 The Purpose of a Business Plan

Entrepreneurs write business plans for different reasons:

- **To seek financing.** The main purpose of the business plan is to seek financing for a business. Based on the quality of the business plan and the entrepreneur's business pitch, investors can determine whether or not to invest in that business.
- **To save time & money.** Proper financial planning for a business will help the entrepreneur better decide if they really want to go into a business. By sitting down to calculate the numbers, the entrepreneur can make sure they are getting the most out of their time and money.
- **To have a plan.** Many entrepreneurs may find that although no plan is perfect; any plan is usually better than no plan.

In addition to using the business plan to seek funding, ensuring proper financial planning, and ensuring operational planning.

3.2 What is Included in a Business Plan?

An effective business plan communicates the company has an identity; has a defined product/service; has a good strategy to reach potential users; and can make money. If the product/service is innovative and/or creative, this can provide the company's product with a unique edge.

Generally speaking, a business plan should include the following elements:

- ✓ executive summary;
- ✓ market and competitive analysis;
- ✓ product/service overview (also discussing innovation if any);
- ✓ management team overview;
- ✓ company overview;
- ✓ operational strategy (also addressing critical risks);
- ✓ financials;
- ✓ offering (or proposal).

The following chapters detail each element.

3.3 Does it Matter How a Business Plan Looks?

Although there is no requirement for how a business plan should look, it is important to note that the main purpose of the business plan is to seek financing. Since the business plan provides an impression of the entrepreneur's business, it is highly recommended that the document look professional. Ultimately, whether or not the entrepreneur receives financing will depend on the actual content of the document.

What about Templates? Many templates for business plans exist, but the basics stay the same. These templates should provide the entrepreneur with a good starting point, but the entrepreneur should add their own twist to illustrate the uniqueness of their product/service when writing the business plan.

4. Cover Page

4.1 Purpose

The business plan may provide one of the first impressions to a potential investor. For this reason, it is highly recommended that the document looks professional.

4.2 What to Include

At the very least, the cover page should include the following information:

- Company Name
- Business Plan (to identify what the document is)
- Students' Names & Contact Information (e-mail, telephone, address)
- Advisor Name

Oftentimes, companies will place their logo on the cover so the plan can be readily identified. Some companies will also create more elaborate covers that further brand the business plan, while creating a more professional image. Providing a table of contents will also provide the reader with an idea of what the document contains. For the purposes of distribution and printing, converting the file to a PDF will make the file easier to print and bind.

5. Executive Summary

5.1 Purpose

The executive summary should provide a clear overview of the business and serve as an effective stand-alone document for the business plan.

5.2 What to Include

The executive summary should include the following information:

- Brief description of each succeeding section of the plan;
- A description of the product or service your company will sell; and
- The purpose of the business plan.

In addition to serving as a stand-alone document, the executive summary should take no longer than 5-minutes to read.



6. Market and Competitive Analysis

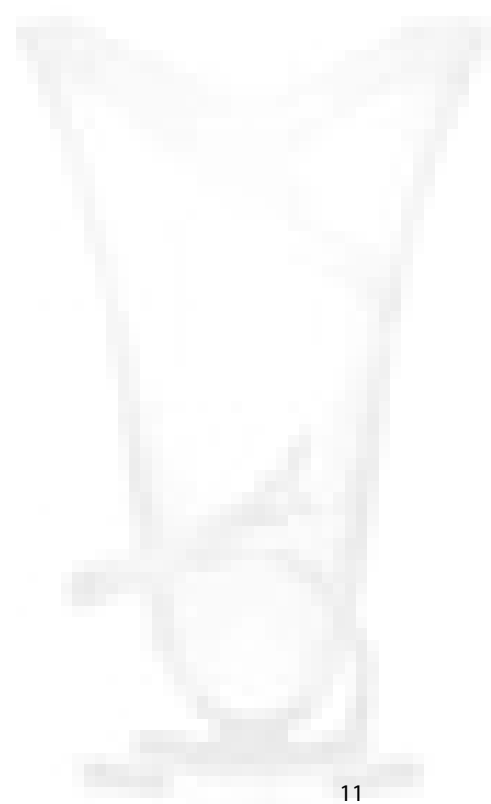
6.1 Purpose

The Market and Competitive Analysis section should provide the investor with a background of the current conditions of the industry to demonstrate the potential for market acceptance of your product or service.

6.2 What to Include

The market and competitive analysis should include the following information:

- Growth trends and key driving forces in the industry;
- Key characteristics and needs of the target market(s);
- Assessment of the competitive environment; and
- Market acceptance for your product or service.



7. Product or Service

7.1 Purpose

This section describes the company's product or service.

7.2 What to Include

The product or service section should provide the following information:

- **Describe the product or service**
- **Product features and benefits**
- **Current stage of development**
- **Proprietary position**
- **Competitive advantage** (i.e. explain why the product is better than its competitors). A product typically provides a competitive advantage by offering customers a greater value by: (1) lowering prices or (2) providing greater benefits/services, usually at a higher price.



8. Management Team

8.1 Purpose

This section what uniquely qualifies each person for their positions.

8.2 What to Include

The management team section should address the following:

- **Backgrounds and roles of key individuals** (What is the background of the team? What roles will each member play?)
- **History and ability** to work as an effective team (What are their past successes and achievements?)
- **Personnel needs**
- **Organizational structure**



9. Company Overview

9.1 Purpose

This section provides the investor with a snapshot of what the company is about.

9.2 What to Include

The company overview should include the following information:

- **Vision** (What is the direction of your company?)
- **Mission of the business** (What is the purpose of your business?)
- **Company history**
- **Current company status**
- **Company goals** (Where do you want to be in the future?) – Goals are general directions that are not specific enough to be measured. Think of goals as the treasure at the top of a stairway, and the objectives as the stairs.
- **Company objectives** (Where do you want the company to be one month from now?) – Objectives are more measurable, meaning that you can look back and say: ‘Did I achieve this?’ One example of a company objective may read something like this: Our objective is to deliver **X** results by **Y** date at a cost of **Z** dollars.³

The company overview may also provide a quick mention of the product. Details, however, should be saved for the next section of the business plan.

³ Craig Miyamoto. Miyamoto’s Public Relations Resource: Strategic Public Relations, Goals vs Objectives. Public Relations Strategies. 2002.

10. Operating Strategies

10.1 Purpose

This section addresses the operational aspects of the proposed company.

10.2 What to Include

The Operating Strategies section should include the following:

- **Personnel and Administrative**
- **Production**
- **Marketing**
- **Research and Development (R&D)**
- **Financial Strategies**

10.3 Critical Risks

This section should also realistically address any major internal and external risks that could threaten the business and present viable contingency plans to address those issues.



11. Financials

11.1 Purpose

This section explains to the investor how much money the entrepreneur will need to start the business and explains possible revenues (i.e. profit).

11.2 What to Include

The financial section should provide the following information:

- **Income Statement**
- **Cash Flow Statement**
- **Pro Forma Balance Sheet**
- **Funds Required/Used**
- **Offering**

11.3 Income Statement

The Income Statement will reflect the profits and losses for your business typically detailed for the first two years and then quarterly/annually for years 3-5. This statement contains information such as, Sales Forecasts, Costs of Goods Sold (COGS), Start-Up Expenses, Operating Expenses, and any applicable depreciation.

11.4 Cash Flow Statement

The cash flow statement shows the amounts of cash that are spent by a business (cash outflow) and collected by that business (cash inflows) over a specified period of time. It is typically detailed for the first two years and then quarterly/annually for years 3-5. This statement contains information such as, cash inflows (i.e. actual sales, investment capital) and cash outflows (i.e. upfront cash expenditures, variable costs, and fixed expenses).

Regardless of how your analyses are constructed, the bottom line for any new venture is to have cash to be able to operate the business. Although income statements and balance sheets can make a company look good, it is the cash that pays salaries and allows the company to grow.

11.5 Balance Sheet

The balance sheet is a snapshot of the company's condition in terms of its assets, liabilities, and owner's equity at the end of a specified period of time. This information is typically projected annually for 5 years. The balance sheet also provides a financial profile of the operating plans and can be used to estimate financing that might be needed to support the long-term goals of the company.

11.6 Funds Required/Used

Since one of the main purposes of the business plan is to seek financing for a business, it is also important to provide the following:

- Clear, concise presentation of total funds required;
- Timing of capital injections;
- Type and use of funds required for the venture.

11.7 Offering

In addition to presenting the uses and sources of the funds for the business, it is also important to clearly articulate the investor's benefit, for example:

- Proposal/terms (or deal structure) for the investors;
- What the entrepreneur is seeking from investors;
- How much equity will be given up in 'return' for investment capital;
- Assessment of the *realistic* Return on Investment (ROI);
- Possible exit scenarios.

12. Rules & Guidelines

The latest *Rules & Guidelines* for the Donald W. Reynolds Governor's Cup are available at www.dwrgovernorscup.org.

12.1 Awards

The 2009 Donald W. Reynolds Tri-State Event will offer \$90,000 in cash prizes during its Spring 2009 Competition, which will be held in Las Vegas, Nevada from May 26-28, 2009. First place winners in each division will win \$25,000, Second place will win \$15,000, and Third place winners will not receive cash awards. Faculty Advisers of the First and Second place teams will receive \$2,500. Each team and their school will also receive a trophy.

<u>2009 Tri-State</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Advisor</u>
1st Place	\$25,000	\$25,000	\$2,500
2nd Place	\$15,000	\$15,000	\$2,500

12.2 Business Plan Competition Rules

- **Eligibility.** The competition is an invitational only event. Invitations will be extended to the first and second place winners of the Donald W. Reynolds Governor's Cup in Arkansas, Oklahoma and Nevada. Those invited shall include first and second place winners from both the undergraduate and graduate tracks.
- **Faculty Supervision.** The business plan may be prepared under faculty supervision for credit in a regularly scheduled course or as an independent study. The plan may also be prepared under faculty supervision with no official credit.
- **Team Members.** Either an individual or a group may develop the business plan. Group size should not exceed 6 persons. The management team outlined in the plan will contain the names of individuals (if any) who are not associated with the university. Presenting group members must be students who presented during the respective state competition. There will be no substitution of team members. Non-student members of the venture's management team must not participate in any presentations, including the finals.
- **Graduate School Provision.** Teams with any one member enrolled in graduate school during the academic year must enter in the graduate competition.
- **Original Work.** The business plan must represent the original work of each contestant.
- **Disclosure & Liability.** The author(s) will retain all rights to the plan regarding its use at all times prior to and following the competition (except as stated below).

Due to the nature of the competition, we will not ask judges, reviewers, sponsors, staff or the audience to agree to or sign non-disclosure statements for any participant.

- By participating in the competition, entrants agree that neither the host organizations nor members of the judging panel, sponsors nor their designate organizations, assume any liability whatsoever for any disclosures of business plan information which may be made (whether inadvertently or otherwise) by any judge, reviewer, staff member, audience member or other individual connected with, participating in, viewing, hearing, or receiving information from the competition.
- **Qualified Ventures.** The business plan must be for a seed or start-up venture and must address the entire business concept (including implementation). Proposals for the buy-out or expansion of an existing company, tax-shelter opportunities, real estate syndications, and other consulting projects or analyses are not eligible.
- **Sales Revenue.** The business should not have generated sales revenues prior to the Competition. Revenue generated during a test-marketing project may be excluded from this provision.
- **Licensing.** The business or university may license technology from another company or federal laboratory for manufacturing and/or distribution purposes. Revenue streams from the business or university should not be based solely on deriving revenues from the licensing of its own technologies.
- **Accuracy of Information.** The plans must not contain fabricated information about (but not limited to) the following: backgrounds, experience and educational level of members of the management team, stage of product development, product performance claims, or market survey results.
- **Business Plan Format.** Plans are limited to 30 pages of typed text, which includes the Executive Summary and excludes appendices (see item 14 below). Cover sheets are not counted in total number of pages.
- **Financials.** Summary financial data should include a five year pro-forma cash flow statement, income statement and balance sheet. Include an explanation to investors of how much capital will be required in the first and future rounds of investment, how funds from the first round will be used, and what milestones will be met using first round of funding. Delineate possible exit strategies and identify companies or categories of companies for which this company might be an attractive acquisition candidate in future years. Business plans may include the expected ROI for investors and the proposed structure of the deal, i.e., loan, preferred A stock, convertible note, etc.
- **Appendices.** Appendices should be included only when they support the findings, statements and observations in the plan. Because of the number of teams/plans entering the competition, reviewers and judges may not be able to read all of the material in the appendices. Therefore, the text portion of the plan (30 pages) must contain all pertinent information in a clear and concise manner.
- **Binding.** For ease in handling, plans are required to be professionally bound (i.e. velo, spiral, tape, etc.). No 3-ring binders will be accepted.
- **Official Mailing and/or Delivery Address.**
Arkansas Economic Acceleration Foundation
Attn: Kerri Daniels
200 South Commerce Street, Suite 400
Little Rock, Arkansas 72201-1728

- **Deadline.** Five (5) copies of the Business Plan and W-9/W8BEN Forms (one copy for each participant) are to be received by the Arkansas Economic Acceleration Foundation by 5:00 p.m. (CST), on Monday, May 5, 2008.
- **Presentation.** For semi-finalist and finalist presentations, each team will be given twenty (20) minutes to present their business plan followed by a fifteen (15) minute question-and-answer session between the presenting team and the panel of judges. After competing, each team will receive a ten (1) minute feedback round from the judges. Judges will use that time to give advice, direction, and share experiences that relate to the business plan. Each presenting team will have ten (10) minutes prior to its presentation for set-up/preparation and five (5) minutes after the presentation for equipment dismantling.
- **Observation of Competitor Presentations.** A team must not observe other presentations or question and answer sessions until after they have presented their own plan.
- **Open to the Public.** All oral presentations and question and answer sessions are open to the public at large. Further, it is likely that any or all of these public sessions will be broadcasted 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 will likely enter the public realm, and entrants should not assume any right of confidentiality in any data or information discussed, divulged or presented in these sessions. Neither the host organizations, judges, sponsors, nor their designate organizations, assume any duty to screen or otherwise control the identity of those attending, viewing or hearing all or part of these public sessions, and entrants agree that by entering the competition they have been made aware that such attendees, viewers and recipients may include members of the media and potential competitors in addition to members of the financial community, students and faculty.
- **Rights of Use.** Student entrants agree to allow the Arkansas Economic Acceleration Foundation and The Arkansas Capital Corporation Group to videotape the oral presentations and the question-and-answer sessions. By participating in the competition, student entrants agree to grant the Arkansas Economic Acceleration Corporation and The Arkansas Capital Corporation Group and/or organizations designated by them the unlimited right to videotape, photograph, audiotape, transcribe or otherwise record all public sessions of the competition, including but not limited to oral presentations and question-and-answer sessions. All entrants agree that the Arkansas Economic Acceleration Foundation and The Arkansas Capital Corporation Group and/or their designate organizations may use any such transcriptions and/or recording(s) (in whole or part) for such publicity and marketing purposes as their organizations may see fit, including those which may result in profit. All business plans become property of the Arkansas Economic Acceleration Foundation and will be shredded after the competition with one copy maintained for record purposes.
- **Media Requirements.** The facilities that host the oral presentations will include sound, projection screen, and a computer running Windows XP operating system and Microsoft Office 2003 products. Students will be required to bring a CD or USB device with the file containing any material they wish to project.
- **Other.** Team members are not allowed to bring food or beverages into the rooms for presentation. Students may bring product samples for their presentations, but must not bring any promotional items or giveaways to the judges. Paper materials for the judges are allowed, but not required.
- **Announcement of Tri-State Finalists.** The first and second place award winning teams, in the Graduate and Undergraduate tracks, will be announced at the Awards Banquet immediately following the presentations.

12.3 Timeline

2009 Tri-State Award Schedule

Revised BP due to AEAFF	5/15
Revised PPT Presentation due to AEAFF	5/20
Tri-State Award (Las Vegas, NV)	5/26-28

12.4 Evaluation Guidelines

GUIDELINES FOR THE BUSINESS PLAN

Executive Summary (10 Points)

Clear, exciting, and effective as a stand-alone overview of the plan; includes brief description of each succeeding section of the plan; can be read in 5 minutes.

Company Overview (5 Points)

Presents a vision, history, current status, goals, mission and objectives for the business.

Products or Services (10 Points)

Describes the key features and benefits, current stage of development, proprietary position, and competitive advantages of the product or service.

Market and Competitive Analysis (10 Points)

Presents the growth trends and key driving forces of the industry; identifies the key characteristics and needs of the target market(s); assesses the competitive environment; demonstrates market acceptance for the product or service.

Management Team (5 Points)

Backgrounds and roles of key individuals; history and ability to work as an effective team; personnel needs; organizational structure.

Operating Strategies (10 Points)

Addresses the marketing, production, research and development, personnel, administrative, and financial strategies for the proposed firm.

Critical Risks (10 Points)

Realistically identifies the major internal and external critical risks that could threaten the business and presents viable contingency plans to address these issues.

Cash Flow Statement (10 Points)

Presents a realistic assessment of cash requirements -inflows and outflows- over a projected 5-year period; cash flows are consistent with operating and marketing strategies outlined in the body of the plan; cash flow information is detailed for first 2 years, quarterly/annually for years 3-5.

Income Statement (10 Points)

Demonstrates realistic and attractive income potential of the business; the income statement is consistent with the operating and marketing strategies outlined in the body of the plan; income statement information is detailed for first 2 years, quarterly/annually for years 3-5.

Balance Sheet (10 Points)

Presents a realistic assessment of the working capital and fixed asset requirements of the business; appropriately reflects the projected capital structure of the business (long term debt and equity positions); balance sheet information is projected annually for 5 years.

Funds Required/Used (5 Points)

Clear and concise presentation of amount, timing, type and use of funds required for venture.

Offering (5 Points)

Clearly articulates the proposal/terms to investors; identifies what entrepreneur is seeking from investors; states how much equity will be given up in `return` for investment capital; presents a realistic assessment of ROI potential; presents an appropriate deal structure and possible exit scenarios.

GUIDELINES FOR THE BUSINESS PRESENTATION**Overall Organization (10 Points)**

Materials presented in clear, logical order, and/or sequence.

Interdisciplinary Team (5 Points)

Team member(s) enrolled in majors in more than one college in the university.

Ability to Engage Judges (10 Points)

The pace and content of the presentation is appropriate for an investment audience, the judges questions are answered clearly and concisely.

Quality of Written Plan (15 Points)

Written and oral presentations are consistent. Written plan supports assertions in the oral presentation. Written plan communicates business concept as a stand-alone document, and stimulates potential investor attention.

Quality of Visual Aids (10 Points)

Clear, interesting visual aids that help explain the business ideas and concepts. May bring sample products, but no food, drink, or promotional giveaways may be given to the judges.

Market Opportunity (10 Points)

Clear market need presented, as well as a way to take advantage of that need. Meaningful examples and practical applications.

Distinctive Competence (10 Points)

The company provides something novel and/or unique that gives it a competitive advantage.

Management Capability (10 Points)

The team can effectively develop this company and handle the risks associated with the venture.

Financial Understanding (10 Points)

The team has a solid understanding of the financial requirements of the business.

Investment Potential (10 Points)

The business represents an investment opportunity in which one would consider investing.

12.5 Frequently Asked Questions (FAQ)

- **Why should I enter the competition?**
- **Do we have to have a faculty advisor to enter the competition?**
- **Do all of my teammates have to be Business majors?**
- **Do all of the members of the management team have to be students?**
- **Can a team with student members from different universities compete?**
- **How many people can I have on my team?**
- **Where do we go if we need help on our business plan?**
- **What do you think about software that generates business plans for you?**
- **How long does it take to write a business plan?**
- **If I enter the competition, can someone take my concept? Should I include a Non-Disclosure Agreement?**
- **Who can fund my venture?**
- **How should our team dress for the presentation?**
- **Do we have to implement our plan?**
- **Will we be taxed on the cash award?**
- **Where will the Tri-State Competition be held at?**
- **What if we have other Questions?**

Q: Why should I enter the competition?

A: This competition is aimed at simulating the real-world process of entrepreneurs creating a business plan to soliciting start-up funds from potential investors. By developing a business plan, presenting for a panel of business leaders, and fielding questions about your business, you not only get to apply what you learned in college, but you also obtain a better understanding of things that need to be considered when you are looking at starting your own business.

Q: Do we have to have a faculty advisor to enter the competition?

A: Yes, having a faculty advisor is required to enter. This is important because your advisor will be able to help you as you go through and create your business plan. Additionally, your advisor may be able to provide you with contacts or connections to other individuals that may be able to help you hone your business plan.

Q: Do all of my teammates have to be Business majors?

A: No. One of the goals of the competition is to encourage the development and commercialization of ideas and technologies being discovered in our universities. Sometimes, there is a large gap between technical fields (i.e. Engineering, Chemistry, Physics, etc.) and business. Having multi-disciplinary teams members can provide a variety of viewpoints and complementary skills to bridge the gap between technology and the marketplace and is highly encouraged.

Q: Do all of the members of the management team have to be students?

A: The management team outlined in the plan can contain the names of individuals (if any) who are not associated with the university. However, if the member of the management team is not a student, they will not be able to present during the respective state competition.

Q: Can a team with student members from different universities compete?

A: Yes, student members from different universities can compete on the same team. In essence, this competition is aimed at simulating the real-world process of entrepreneurs creating a business plan to soliciting start-up funds from potential investors. As an entrepreneur, the focus should be on ensuring that your team has in place a proper management team that is also interdisciplinary (see judging guidelines for more information), not on whether or not your team members are from the same college.

Q: How many people can I have on my team?

A: The official rules state that the group size cannot exceed 6 people. The management team outlined in the plan will contain the names of individuals (if any) who are not associated with the university. Presenting group members must be students who presented during the respective state competition. There will be no substitution of team members. Non-student members of the venture's management team must not participate in any presentations, including the finals.

Q: Where do we go if we need help on our business plan?

A: In addition to asking your faculty advisor, you should take advantage of the plethora of resources that is readily available through the people that you know, your school, your local Small Business Development Center, your library, and the many resources you can find on the web. On this site, we have also created an Entrepreneur's Toolkit, which include various virtual resources that may be helpful.

Q: What do you think about software that generates business plans for you?

A: Quality business plans are concise, tout products or services with some sustainable competitive advantage, have well thought out strategies, and have thoroughly developed financials, to name a few things. Although a business plan software can provide you with a general framework, it is less likely that this approach will help you create a plan that can catch the attention of the judges who will be evaluating your plan. For the most part, there are many templates that exist for business plans. These templates should provide you with a 'good starting point,' but it is highly recommended that when your team is writing the business plan, you illustrate the uniqueness, not only of your company, but also of your product or service.

Q: How long does it take to write a business plan?

A: Writing a business plan and creating a concept that can generate a reasonable profit does not happen overnight. In a classroom setting, teachers usually give the

students a whole semester to write a business plan. Oftentimes, students will prepare at least a year in advance so they can more thoroughly develop their plan. For the most part, there is a positive correlation between the time spent developing a plan, and the quality of the plan.

Q: If I enter the competition, can someone take my concept? Should I include a Non-Disclosure Agreement?

A: The judges who will look at your concept are there solely to judge. Each state selects judges they feel have the best interest of the students in mind. We cannot guarantee that the judges will not talk about the concept. They will have to discuss this in order to judge the competition, but we can say that in most business plan competitions, this does not happen. Due to the nature of the competition, we will not ask judges, reviewers, sponsors, staff or the audience to agree to or sign non-disclosure statements for any participant.

Q: Who can fund my venture?

A: It depends on where you are at in the capital lifecycle. Sources of funding for your venture can range from friends, founders, family, business grants, bootstrapping, angel investor, up to venture capital. In the early stages of your venture, it is common to have friends, founders, and family invest early in the company, as their trust is more in the individual than the possibility of large returns. On the opposite end of the spectrum, venture capital is identified by institutional investors interested in investing between \$2 to \$5 million in exchange for equity in early and later stage businesses.

Q: How should our team dress for the presentation?

A: Remember that this is a business meeting, and your team should dress accordingly. Dressing in business attire is common for these presentations. Please note that it is neither necessary, nor recommended, that your team dress in uniform.

Q: Do we have to implement our plan?

A: The Donald W. Reynolds Governor's Cup and subsequent Tri-State Award was created to provide students with the opportunity to create a business plan up to the solicitation of start-up funds from potential investors. The competition was also created to encourage the development and commercialization of ideas and technologies from within our universities. As student entrepreneurs go through the process of writing a business plan, they are not only documenting their proposed business concept, but they are also actively evaluating the concept. Once the student entrepreneur completes the creation of the plan, from the concept development, to the marketing surveys, to the evaluation of the financial statements, the entrepreneur should be able to determine whether or not they want to pursue their business plan. Though not required, the cash awards were created to provide student teams with monetary incentives to turn their concept into reality.

Q: Will we be taxed on the cash award?

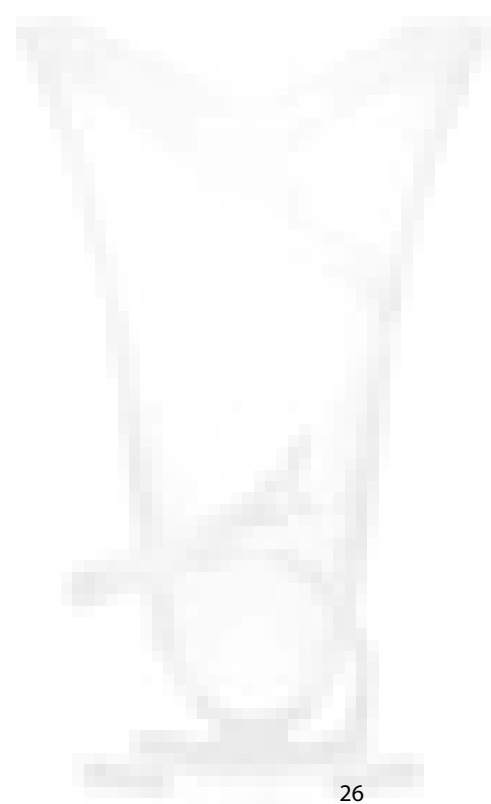
A: The cash award will be reported to the Internal Revenue Service (IRS) on a W-9/W8BEN form. Be aware that, in general, prizes and awards are treated as taxable income to the recipient. For this reason, please ensure that the information you provide on the W-9/W8BEN form is for your permanent residence and not your temporary residence.

Q: Where will the Tri-State Competition be held at?

A: The 2009 Tri-State Award will be held in Las Vegas, Nevada from May 27-29, 2009. Student competitors will be provided with full accommodations at the Red Rock Casino, Resort & Spa, located on 11011 W. Charleston Ave.

Q: What if we have other Questions?

A: AEAFF welcomes your questions, suggestions, and comments on how we can improve the program to meet the needs of participating students and their faculty advisors. If you have any questions regarding the Tri-State Award, please contact [Kerri Daniels](#) at (501) 374-9247.



2009

Tri-State

Donald W. Reynolds Cup

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