

INTERNATIONAL

BusinessModel

COMPETITION

2019

RULES & INFORMATION PACKET



IBMC 2019
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Brigham Young University
Provo, UT

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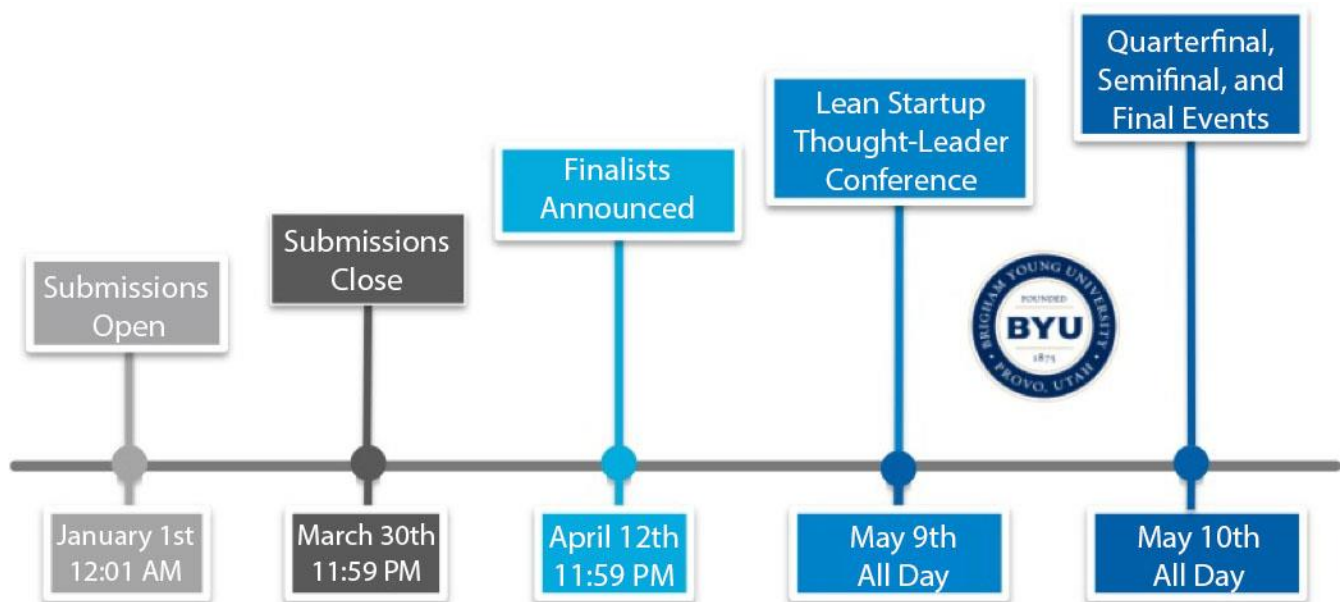
Rollins Center for Entrepreneurship & Technology

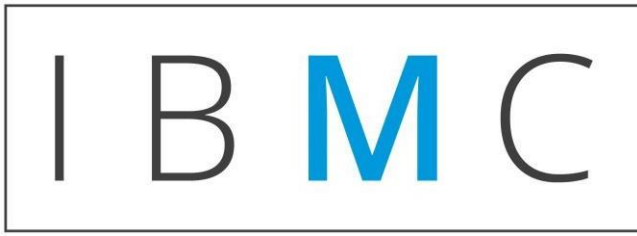
Brigham Young University

CASH PRIZE STRUCTURE

 2019 CASH PRIZE PAYOUT							
Grand Prize	2nd	3rd	4th	5th	6-10th	11-20th	21-40th
\$40,000	\$25,000	\$15,000	\$10,000	\$8,000	\$5,000	\$3,000	\$2,500

2019 COMPETITION TIMELINE





WHAT IS THE INT'L BUSINESS MODEL COMPETITION?

Over 85 percent of new businesses fail within a few years, often because they try to plan their way to success. It's time to change.

The International Business Model Competition is the **first and largest lean startup competition in the world. The competition's primary aim is to educate and inspire smarter entrepreneurs who in turn launch more successful ventures.**

The IBMC is a unique student startup competition focused on the inputs, not the outputs, of the entrepreneurial process. The competition requires active identification and validation of crucial business model hypotheses rather than the writing of a static business plan, talking to customers outside the building rather than gathering secondary data inside the building, applying customer development rather than relying on product development, and “pivoting” or changing course rather than executing on the plan.

Specifically, the IBMC rewards student entrepreneurs for:

1. Identifying and tracking key business model hypotheses (use a [canvas](#))
2. Testing and validating those hypotheses with customers (get outside the building)
3. Pivoting and iterating their business model based on customer interactions and feedback

Submissions for the competition **focus on the process entrepreneurs undertake as they test their most crucial hypotheses with customers and develop validated business models.** The goal is validated learning about the key business model hypotheses and failing early is a success compared to failing late.

Ultimately, we believe this new approach will improve the success rate of new ventures, allowing entrepreneurs to save both time and money in the process. The IBMC is open to all students enrolled at an accredited institution of higher education anywhere in the world. Each year thousands of student teams from hundreds of schools all over the world participate.

HOW DOES A BUSINESS MODEL DIFFER FROM A TRADITIONAL BUSINESS PLAN?

The International Business Model Competition is about recognizing that any new venture is just a guess at a problem/ solution and the only valid way to test whether those guesses are right is to “get outside the building” and start working with customers. So what exactly is the difference between a business *model* and a business *plan*?

Outside versus Inside the Building: Most business plans are written using library research. Successful business models are achieved through talking to customers and making changes based on feedback from those conversations.

Input versus Output Focus: Most business plan competitions are focused on compelling write-ups and slide presentations that check all the right boxes. In the IBMC, sleek presentations are not going to cut it. And the boxes that do need to be checked are completely new and impossible to fake. The goal is to identify your hypotheses (assumptions) and turn them into facts by getting outside the building. And when a startup has done this, the story is compelling and it is an awesome one to tell because it is based on facts. Validated learning about what customers really want is the stuff a business model is made of and music to the ears of potential investors.

Lean Development versus Product Development: Most business plans imply a careful development process to optimize the final outcome. Forget it. Apply Lean Startup principles to radically compress your development cycle and take a prototype (even if it is just a picture drawn in the late hours of the night) to jump start the learning process. Find the most creative but minimally viable product and start learning.

Change versus Fortify: Most business plans attempt to fortify/prove the core idea with evidence. Judges of the IBMC will be looking for instances where teams learned they were wrong and made a pivot in a new and right direction. Your application should focus on the lessons learned and “pivots” made—the more the better.

Chasing Customers versus Chasing Funding: Let's face it, many business plans are written to raise money. Unfortunately, the business plan formula doesn't capture the answers VCs most want to see: real validation you can make a product customers want. Instead of chasing the money, chase customers. Getting into the field you will validate the model and raising money will be easy (see appendix for more).

Launching versus Talking: Business plans often talk about what will happen in the future. The IBMC is about what you learned by applying a Customer Development / Lean Startup / Nail It Then Scale It process.

HOW TO WIN THE IBMC

Please note that while completing the items below will improve your team's performance, it does not guarantee that you will be invited to the international final or win the competition.

Checklist for Winning the IBMC

- **#1 Complete**
Steve Blank's "How to Build a Startup" course found on [Udacity](#).
- **#2 Seek Out**
an appropriate mentor(s) and meet frequently with them to help you through the lean startup process.
- **#3 Familiarize**
yourself with the following IBMC website resources:
 - [Rules & Info Packet](#)
 - [Judging Criteria](#)
 - [Validating a Business Model](#)
 - [Preparing Your Submission](#)and the concepts in the books below (most the books have [summaries](#)):
 - *Nail It, Then Scale It*
 - *Business Model Generation*
 - *The Startup Owner's Manual*
 - *Running Lean*
 - *The Lean Startup*
 - *Boom Start*
- **#4 Track**
your progress by using a [canvas](#). Consider using a digital tool to help with this process. A few are:
 - [Business Model Toolbox for iPad](#) (from creators of the Business Model Canvas)
 - [LEANSTACK.com](#) (from the creator of the Lean Canvas)
 - [LeanMonitor.com](#)
 - [Business Model Fiddle](#)
 - [TheStartupToolkit.com](#)
- **#5 Watch**
the following videos on the IBMC website:
 - [Submission Orientation & Best Practices](#)
 - [Submission Examples](#)
 - [Past Winners](#)
- **#6 Follow**
these blogs and social media accounts:
 - IBMC [Facebook](#) and [Twitter](#)
 - [Strategyzer Blog](#)
 - [Steve Blank's Blog](#)
 - [Ash Maurya's Blog](#)
- **#7 Complete**
the [submission form](#) on the IBMC website prior to the deadline

Whichever particular method you use, the key steps are to 1) identify and track key business model hypotheses (use a [canvas](#)), 2) test and validate those hypotheses with customers (get outside the building), and 3) pivot and iterate the business model based on customer interactions. **For the competition, you will tell us about the *process and learning* you went through, revealing the dead ends and surprises that you discovered along the way.**

Remember, the goal is identifying and validating the business model hypotheses that are crucial to the success of your business and failing early is a success compared to failing late. Your presentation needs to **focus on telling the story of how you tested your hypotheses with customers, sharing the insights you made, and explaining the decisions you made based on those insights**. We recommend practicing your pitch multiple times with your mentors to help you further develop your storytelling ability. You will manifest this by demonstrating a deep understanding of your customers and revealing the details of how you may have discovered that some of your hypotheses were wrong and how you changed accordingly.

COMPETITION DETAILS

ELIGIBILITY GUIDELINES

The IBMC organizers recognize that no set of criteria can apply to every circumstance and therefore reserve the right to disqualify any team that it determines to be in violation of the spirit of the competition. Similarly, students who feel they fit the spirit of the competition, but may be in minor violation of the eligibility criteria, may submit a petition to Business-ModelCompetition@gmail.com. All decisions will be made by the IBMC organizers and are final.

Team Composition

Competing teams should consist of no more than 5 degree-seeking students enrolled at least part-time¹ at an accredited institution of higher education during the competition year. Non-students may be part of the venture but cannot participate in the competition (e.g., video submission, pitching, Q&A, etc.).

The competition is for student-created and -managed ventures, including new ventures launched by licensing university technology. Students are expected to:

1. be the driving force behind the new venture,
2. have played the primary role in developing the business model,
3. have key management roles in the venture, and
4. own significant equity in the venture (if allocated).

Ownership

If the company has allocated equity, then the participating team members must collectively own 20% or more of it.

Control

The student team must control a minimum of 51% of the venture's voting rights.

Revenue

Because revenue is often the best form of validation, minimal revenues gained in the process of validation are allowable for the competition. Excessive revenues will be evaluated on a case-by-case basis by the IBMC organizers.

Investment

No more than \$100,000 will be allowed from friends and family, debt (any source – convertible², venture, traditional), accelerators, and equity investments (angel and venture capital).

NOTE: We do not encourage early investment because it can lead to premature scaling which is a leading cause of startup failure.

¹ As defined by the by the participant's accredited institution of higher education.

Nature of Venture

Ventures cannot be a buyout, an expansion of an existing company, a real estate syndication, a tax shelter, a franchise, a licensing agreement for distribution in a different geographical area, or a spin-out from an existing corporation. Licensing technologies from universities or research labs is encouraged, assuming they have not been commercialized previously.

Language of the Competition

English must be used in all competition submissions and presentations.

Prior Participation

While a venture may compete only once in the IBMC, team members may participate multiple times.

Dropping Out of the Competition – If a team withdraws, or does not compete in the competition after accepting a competition slot, the team and university will be subject to disqualification from competing in the IBMC for that year and the following year—a two-year ban.

STRUCTURE OF THE COMPETITION

Phase I – Compete: There are two ways to advance to the international competition. Your team can either: 1) earn an automatic slot by winning an [IBMC Qualifier Competition](#), or 2) compete in the At-Large Round and win one of the at-large slots. Teams that compete in and do not win an IBMC Qualifier Competition can still compete in the At-Large Round.

Phase II – Mentoring: The quarterfinalist teams will have the opportunity to receive mentoring prior to the competition and on **Thursday, May 9th, 2019**. Each team will have an opportunity to pitch to and receive feedback from multiple mentors.

Phase III – Quarterfinals: The quarterfinalists will present their business models on **Friday, May 10, 2019**. These 10-minute presentations should detail the business model process in a persuasive and professional manner. Judge Q&A for this round will be up to 3 minutes.

Phase IV – Semifinals: The semifinalists will present their business models on **Friday, May 10, 2019**. This round will follow the same guidelines as the quarterfinals. Judge Q&A for this round will be up to 5 minutes.

Phase V – Finals: The finalists will present their business models on **Friday, May 10, 2019**. All are welcome to attend this event. Each team will present for 10 minutes followed by

² Any convertible debt must be in the form of a standard debt note with a separate agreement specifying the rules for conversion. Conversion cannot occur for at least 2 years from the date of the competition.

up to 8 minutes of Q&A depending on how many teams are selected as finalists.

Fit with Other Competitions – Students participating in the IBMC may participate in other types of competitions, including business plan competitions. However, it is important to clarify the fit with a business plan competition. Participation in the International Business Model Competition should occur before writing a business plan.

It is the strong belief of the competition founders that most businesses and business plans fail because entrepreneurs act on untested hypotheses. However, entrepreneurs who first identify, test, and validate their most crucial business model hypotheses with customers are much more likely to develop businesses that succeed and are well positioned to dominate business plan competitions because they have facts, not guesses.

SUBMISSION REQUIREMENTS

Participants of the International Business Model Competition must adhere to the following submission requirements:

Submission Entry – All teams (both automatic and at-large teams) must complete the submission form on the IBMC website's [Apply Page](#). In order to complete the submission form you will need:

- the link to your narrated multimedia presentation (PowerPoint, Keynote, Prezi, etc.) **saved as a video and uploaded to YouTube** and
- to verify that your team agrees to the statements outlined in the IBMC Certifications and Agreements form found in the Appendix of this packet
- a brief description of your company
- a company logo
- a picture of all the members on your team
- contact information for two team members

Your video should be **5-8 minutes long**. If you need help creating your video submission, check out the [Preparing Your Submission page](#) of the IBMC website.

Your entry must be submitted online **before 11:59pm MST on Saturday, March 30, 2019**.

Submission Guidelines – Although there is not one format for successful presentations, we recommend that submissions contain the following components:

- **Title Slide:** Who are you and what does the business do (pain and solution)?
- **Hypothesis Slides:** What were your initial hypotheses? Did you identify a customer problem? What were the key hypotheses about the business model? Remember some of your most important hypotheses are about customer pain and your solution to that pain.

- **Test Slides:** How did you test these hypotheses? What specific tests did you conduct? How many and what types of people did you interact with?
- **Result Slides:** What did you discover? What facts were uncovered? What facts remain to be uncovered? One of the major purposes of the competition is to see if you have truly **NAILED THE PAIN**—but what data do you have? How were your initial hypotheses proved right or wrong? What pivots did you make?
- **Lessons Learned:** Be sure to communicate the lessons learned from your testing.
- **Appendices:** Appendices should be included only when they support the body of the model. These additional slides need to be available for giving context and for answering questions judges might have. Because judges might not read all the material in the appendices, the body of the model must contain all information pertinent to the model.

In general, remember that the goal of the International Business Model Competition is to 1) identify and track key business model hypotheses (use a [canvas](#)), 2) test and validate those hypotheses with customers (get outside the building), and 3) pivot and iterate the business model based on customer interactions. **Your slides should clearly highlight your initial hypotheses and how the process of investigating the business model with customers has generated insights and learning that have validated the hypotheses or led to changes and subsequent testing.**

Confidentiality – Participants are responsible to protect any information they share as part of the competition. The organizers of the International Business Model Competition take no responsibility for unwanted disclosure of patentable or protectable ideas shared by a team or participant as part of the competition.

Participants should not require, nor should they ask, any of the competition organizers, judges, mentors, and/or fellow participants to sign non-disclosure agreements (NDA). Participants are encouraged to seek legal counsel if they have any further questions regarding the legal protection of their ideas.

JUDGING CRITERIA & PANELS

Each round of the International Business Model Competition is judged using the following questions:

Hypothesis

- Did the team use a [canvas](#) to identify and track hypotheses?
- Did the team clearly state their hypotheses (assumptions)?
- Did the team identify the most crucial hypotheses to test first (the ones that will kill their business)?

Test

- Did the team design low cost, rapid, but reliable tests of these hypotheses?
- Did the team conduct the tests in a reliable manner?

- Number of tests - should be adjusted for industry, product type (web vs physical product), and business type (B2B vs B2C)
- Quality of tests - interviews are high quality, surveys & focus groups are much lower quality (you don't know which questions to ask) unless interviews have been conducted first
- If appropriate, has the team developed a prototype or minimum viable product (MVP)? Does the team understand the hypotheses they are testing with a prototype or MVP? Is the prototype or MVP appropriate to answer those hypotheses? (We want to reward the testing of hypotheses using prototypes versus the building of products using untested hypotheses.)

Result

- Did the team clearly state their insights and learning, how those validated or invalidated their hypotheses, and if that informed any pivots (changes)?
- If changes were made, was the pivot the team made supported by evidence or did they fail to pivot when the evidence clearly stated it?
- Does the team have significant evidence that the solution is validated (i.e., product-market fit, letters of intent, purchase contracts, sales, partners, etc.)?

Other

- Is the team solving a significant problem (defined in terms of money or impact)?

NOTE: Because web-based businesses are easier to test, these companies can often pivot faster. Judges are asked to not penalize physical product companies or health-related businesses because they have not performed as much testing and validation as web-based businesses.

The composition of the judging panels for each round of the competition will be as follows:

- **At-Large Round** – The at-large round will be judged by a group of Brigham Young University personnel and other lean startup experts from around the world.
- **Quarterfinal Event** – The quarterfinals will be judged by lean startup experts from the local area where the competition is being hosted and others from around the world.
- **Semifinal Event** – The semifinals will be judged by lean startup experts from the local area where the competition is being hosted and others from around the world.
- **Final Event** – The final event will be judged by an all-star panel of lean startup experts. Past judges have included Ash Maurya, Steve Blank, Alex Osterwalder, Brant Cooper, Tom Eisenmann and Nathan Furr.

CASH PRIZES & DISBURSEMENT

Through the support of university donors and corporate sponsors, the IBMC is able to recognize top performers with cash awards. It is expected that all winnings will be used for business expenses that will help launch and/or grow your business.

Cash prizes for the International Business Model Competition will be as follows:

- 1st Place: \$40,000*
- 2nd Place: \$25,000*
- 3rd Place: \$15,000*
- 4th Place: \$10,000*
- 5th Place: \$8,000*
- 6-10th Place: \$5,000*
- 11-20th place: \$3,000*
- Remaining Teams: \$2,500*

* Prize amounts are subject to change.

APPENDIX

INTERNATIONAL BusinessModel COMPETITION

International Business Model Competition 2019

CERTIFICATIONS AND AGREEMENTS

By submitting a Business Model ("the Model") to the International Business Model Competition ("the Competition"), each Participant agrees to the following conditions:

Originality of Model—Each Participant played a primary role in creating and developing the Model and the ideas and concepts set forth in the Model are the original work of the Participants. No Participant is under any agreement or restrictions that prohibit or restrict his or her ability to disclose or submit such ideas or concepts to the Competition.

Compliance with the Eligibility Guidelines—Each Participant has reviewed the Eligibility Guidelines ("Guidelines") and certifies that they themselves, their team and entry comply with the Guidelines and agrees to abide by the Guidelines during the competition.

Waivers and Releases—Each Participant understands that the IBMC organizing committee, sponsors, judges, mentors, and co-organizers (collectively "Competition Officials"); and their directors, officers, partners, employees, consultants, and agents (collectively "Organizer Representatives") are volunteers and are under no obligation to render any advice or service to any Participant. The views expressed by the Competition Officials and Organizer Representatives are their own and not necessarily those of the Competition.

Each Participant also understands that the legal protection of the ideas and the Model submitted to the Competition is the sole responsibility of the Participant. Each Participant agrees to release the Competition Officials and Organizer Representatives from responsibility for unwanted disclosure of patentable or protectable ideas shared as part of the Competition.

INTERNATIONAL BusinessModel COMPETITION

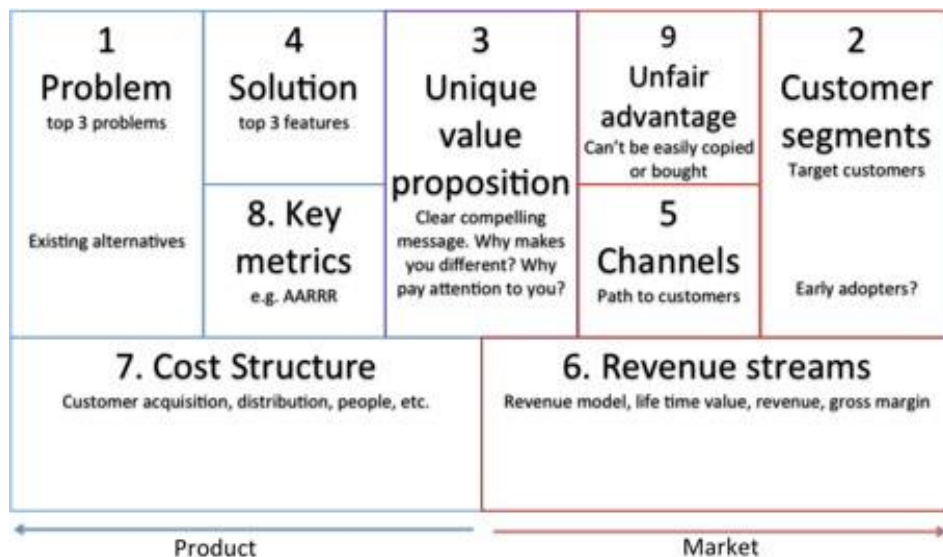
International Business Model Competition 2019

ADDITIONAL RESOURCES

Lean Canvas Development Guidelines:

The following is a breakdown and set of guidelines from Ash Maurya's Lean Canvas Blog at Leanstack.com. These steps are designed as a series of action-based steps to help entrepreneurs focus on not falling into the trap of building something that nobody wants.

There's a clear delineation down the middle, on PRODUCT versus MARKET and here's a brief description of each block and the order in which to think/validate them:



Lean Canvas, from Ash Maurya: *Running Lean*. Licensed under Creative Commons-Attribution-Share Alike 3.0

- 1. Problem:** A brief description of the top 3 problems you're addressing
- 2. Customer Segments:** Who are the customers/users of this system? Can they be further segmented? For example, amateur photographers vs. pro photographers. If you have multiple target customers in mind, for example, graphic designers vs. lawyers, you might consider creating a separate canvas for each. More than likely a lot of the other pieces like problem, solution, channels, etc. will be different too.
- 3. Unique Value Proposition:** What is the product's primary reason you are different and worth buying?
- 4. Solution:** What is the minimum feature set (MVP) that demonstrates the UVP up above?
- 5. Key Activity:** Describe the key action users take that maps to revenue or retention? For example, if you are a blogging platform, posting a blog entry would be a key activity.
- 6. Channels:** List the FREE and PAID channels you can use to reach your customer.
- 7. Cost Structure:** List out all your fixed and variable costs.

8. Revenue Streams: Identify your revenue model—subscription, ads, freemium, etc. and outline your back-of-the-envelope assumptions for life time value, gross margin, break-even point, etc.

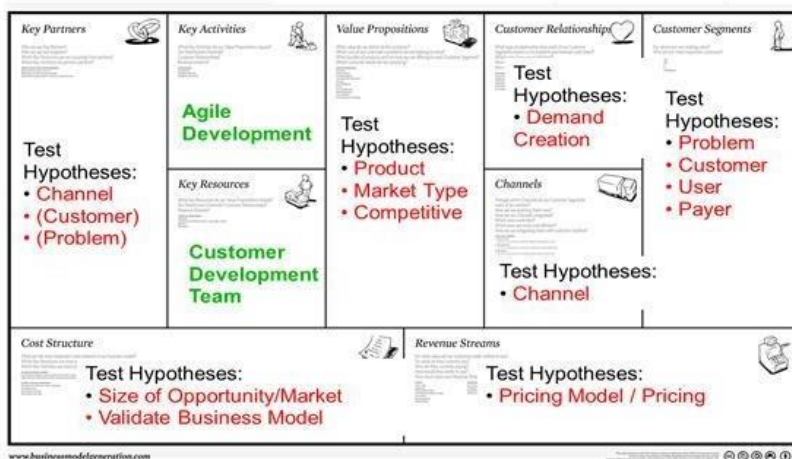
9, Unfair Advantage: I left this for last because it's usually the hardest one to fill correctly. Jason Cohen, a smart bear, did a great [2 part series on competitive advantages](#). Most founders list things as competitive advantages that really aren't. Anything that is worth copying will be copied. So what is a competitive advantage:

Unfair Advantage: Something that cannot be copied or bought.
- Jason Cohen, A smart bear

Business Model Canvas Development Guidelines:

The following is a set of guidelines for how to validate a business model adapted from Steve Blank's Lean Launchpad course on customer and business model development. The guidelines are designed as a series of action-based steps to get entrepreneurs outside the building and testing their assumptions with customers:

1. **Analyze the idea:** Write down the key hypotheses about each area of the nine areas of the business model based on Alex Osterwalder's Business Model Generation (see below).
 - a. Central questions:
 - i. What is the core customer pain, or "job" that you are doing for the customer?
 - ii. What is the business model?
 - iii. What are the hypotheses about each of the 9 parts of the business model?
 - iv. What is the Minimum Feature Set to test these assumptions?
 - v. What are experiments needed to run to test business model hypotheses?
 - vi. What is market size? In other words, how will you determine whether this is a business model worth pursuing?



2. **Test the value proposition:** Get out of the building and talk to 10-15 customers face-to-face. Use Survey Monkey or other tools to get more data but be sure to talk to customers. Use Steve Blank's Customer Development model or Nathan Furr's Nail It then Scale It model as a guide
 - a. Central questions:
 - i. What is the job customers are trying to get done? How significant is the pain?
 - ii. What is your solution to the pain (product or service)?
 - iii. Why will people want it?
 - iv. What's the minimum feature set to satisfy those customers?
 - v. Who's the competition or alternatives to your solution?
 - vi. What's the market type (new, established, re-segmented)?

3. **Test the customers / users:** Get out of the building and talk to 10-15 customers face-to-face to understand who is the customer? Who uses the product, who pays, and how are they different?
 - a. Central questions:
 - i. What were your hypotheses about who your users and customers were?
 - ii. Did you learn anything different?
 - iii. Did anything change about Value Proposition?
 - iv. What are your customer acquisition costs?
4. **Test demand creation:** Test and understand how to build demand. If you are building a web site, actually do SEM, spend \$20 as a team, test customer acquisition cost. Change messaging on site during the week to get costs lower, team that gets lowest delta costs wins. If non-web, build demand creation budget and forecast. Get real costs from suppliers.
 - a. Central questions:
 - i. How do you create end user demand?
 - ii. How does it differ on the web versus other channels?
5. **Test channels:** Get out of the building and talk to 10-15 channel partners. If you're building a web site, get the site up and running with the minimal feature set.
 - a. Central questions:
 - i. For web teams:
 1. What were your hypotheses about your website?
 2. Did anything change about value proposition or customers/users?
 3. What is your customer lifetime value?
 - ii. For non-web teams:
 1. Interview 10-15 people in your channel (salesmen, OEM's, etc.).
 2. Did anything change about Value Proposition or Customers/Users?
 3. What is your customer lifetime value?
6. **Test the revenue model:** Using the facts gathered so far, analyze the revenue streams, expenses, and key metrics for how your business makes money. Get outside the building to test the model.
 - a. Central questions:
 - i. What's your revenue model?
 - ii. How will you price your product?
 - iii. What are the key financials metrics for your business model?
 - iv. Test pricing in front of 100 customers on the web, 10-15 customers non web
7. **Test partners:** Get outside the building to talk to potential partners to understand the partnership channels, resources, and cost.
 - a. Central questions:
 - i. Who are your potential partners and the relationship (strategic alliances, coopetition, joint ventures, buyer supplier, licensees)
 - ii. What partners will you need?
 - iii. Why will they partner with you?
 - iv. What's the cost of the partnership?
 - v. Talk to partners
8. **Test Key Resources and Expenses:** Analyze what resources you need and when to build the business.
 - a. Central questions:
 - i. What resources do you need to build this business?
 - ii. How many people? What kind?
 - iii. Any hardware or software you need to buy?
 - iv. Any IP you need to license?
 - v. How much money do you need to raise? When? Why?
 - vi. What's your expense model? What are the key financials metrics for *costs* in your business model?
9. **Lessons Learned:** Identify the validated learning from customers, what you learned throughout the process, and how your business model has changed. What is the new, validated business model? Is it worth pursuing (remember even failure is a valuable lesson if you learn from it early and effectively).

Pivot: Don't forget that with every assumption overturned, be ready to pivot to the new and valuable business.

Additional resources of interest include Steve Blank's post on business models and funding:

<http://steveblank.com/2009/11/05/raising-money-with-customer-development/>
<http://steveblank.com/2009/11/12/lessons-learned-a-new-type-of-vc-pitch/>