

## **Beyond Grades: Business Students Put Their Start-Up Ideas to the Test**

*Anne Field*

Winning isn't everything, as Steven Woda can tell you. Five years ago, he made it to the finals of a Wharton business plan competition — and lost.

But Mr. Woda was not deterred. With his M.B.A. in hand, he kept plugging away at his plan: to start an online shopping site that featured only merchandise guaranteed by a surety bond. The company, now called buySAFE and based in Arlington, Va., eventually raised more than \$21 million in venture capital from investors including Hartford, the Rutherford Companies and Grotech Capital.

"Not winning wasn't a big deal," he said. "Just because you don't answer the judges' questions perfectly that day should not be a reason to quit your entrepreneurial aspirations."

These days, hundreds of business schools hold competitions involving students presenting start-up ideas to a panel of judges. Usually, winners receive money, from \$5,000 to \$100,000 or more. In some cases, they are also given free legal, public relations and accounting advice.

For many entrants, the No. 1 spot is not the ultimate prize. Having a successful business is.

The process, seven to eight months of competing, during which participants are able to benefit from the experience and advice of a bevy of specialists, is almost as much the point as winning the gold. As a result, many participants who get as far as the finals go ahead with their plans after graduation, according to competition organizers.

"Once you make it to the top eight, you probably have as good a likelihood of being successful as anyone," said Megan Mitchell, the senior associate director of entrepreneurial programs at the Wharton School of the University of Pennsylvania (<http://bpc.wharton.upenn.edu/index.html>).

Indeed, the process tends to be a demanding one, in which entrants must make it through a series of difficult levels. So, any plan that gets to the last phase — and even many that don't — shows signs of being strong enough to have a shot at success in the real world.

Most important, however, at every phase, participants receive constant feedback from classmates, professors, entrepreneurs and judges. So, it is no wonder that for the more motivated entrants those resources are where the real benefits lie.

"Teams that are successful take advantage of every opportunity presented to them," said Murray Low, director of the Eugene M. Lang Center for Entrepreneurship at Columbia Business School ([http://www0.gsb.columbia.edu/entrepreneurship/initiatives/outrageous\\_plan](http://www0.gsb.columbia.edu/entrepreneurship/initiatives/outrageous_plan)).

Sarah Chiles, director for programs at the Berkley Center for Entrepreneurial Studies at the Leonard N. Stern School of Business at New York University, said: "We provide the resources. It's up to the students to make use of them" ([http://w4.stern.nyu.edu/berkley/bpc.cfm?doc\\_id=6306](http://w4.stern.nyu.edu/berkley/bpc.cfm?doc_id=6306)).

Consider Federico Sada. Last fall, in his second year at the Sloan School of Management at M.I.T., he and two partners entered the competition there, called the M.I.T. \$100K Entrepreneurship Competition, with a plan for a company to sell "robotics for health care applications," as Mr. Sada puts it. (He doesn't want to be more specific.) They didn't make it past Phase 1 (<http://www.mit100k.org/>).

Nonetheless, Mr. Sada said, they learned a lot from the judges' questions and made many changes as a result. For example, they rewrote their business plan to include a more detailed marketing strategy, fleshing out factors including what initial market segment to pinpoint, the types of media to use for advertising, and which distribution partners to pursue. They also

were able to tap the insights of the contest's sponsoring law firm. Thanks, in part, to that advice, they are already heavily involved in the start-up effort.

Two team members recently traveled to China to explore development locations. "We now have a founding team, a much better idea how to approach potential partners and investors, and a better idea of the legal aspects of starting a business," said Mr. Sada, who has not decided whether to join the company or return to his native Mexico. "We know that very good business plans may get rejected numerous times before making it."

Kenny Lao made it a lot farther up the road when he entered Stern's competition. In his second year at the school, he was chosen as the first runner-up in 2004 for his concept, a low-price dumpling restaurant, receiving \$15,000. But, he, too, points to the contest's other advantages as being more important in going ahead with the concept after graduation. The advice he received from two judges, both venture capitalists who took an interest in his plan, proved to be particularly helpful, especially on company valuation and choosing a corporate structure.

The first of his restaurants, called Rickshaw Dumpling Bar, opened in New York City in 2005. He just signed the lease for a second and is looking for two more.

Of course, many entrants do not end up following through once the competition is over. Or, they may try, but eventually call it quits. Dr. Brent Ridge, for example, earned an M.B.A. from the Stern School in 2005 and was a runner-up that year. The concept, a company to be called Auricle, was to be an upscale nationwide hearing-aid retail chain. But after trying for a year, Dr. Ridge, who is a physician, and his partner were able to raise just part of the \$500,000 they needed, and they put the plan on the shelf.

"We decided the timing just wasn't right," he said.

Still, according to Dr. Ridge, the skills he gained during the process have stood him in good stead at his current job: he's opening the Martha Stewart Center for Living at Mount Sinai in New York, a new site for the outpatient clinical practice of geriatric medicine.

If nothing else, the competitions are breeding grounds for sheer entrepreneurial excitement. At the recent gathering of the A. Lorne Weil Outrageous Business Plan Competition at Columbia, 32 teams of M.B.A. students gathered at a balloon-festooned conference room at Uris Hall to present their plans to a team of six judges. First, the 100 or so eager audience members watched a film of "elevator pitches," in which competitors described their concept in no more than two minutes. Then, judges selected seven teams to make seven-minute presentations and answer questions.

Jessica Feinstein came in third place for her KidsLunch.com, a provider of nutritious lunches ordered online. The year before she had also placed third, for a different concept: Sixteen Candles, an online one-stop-shopping site for Sweet 16 parties. While she has been offered a job, which she plans to start right after graduation, Ms. Feinstein says that eventually she may devote herself full time to Sixteen Candles; she and her teammate have been working on it all year.

"My ambition long term is entrepreneurship," Ms. Feinstein said. "What I learned from these competitions will help me achieve that goal."

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