



2011 Official Competition Rules

The Spirit of the Competition

The John Heine Entrepreneurial Challenge aims to stimulate and nourish the Entrepreneurial Spirit in MBAs and other graduate students throughout Australia.

In particular, this competition seeks to encourage entrepreneurially oriented graduate students to develop and grow new ventures based either on their own ideas and technologies or those developed by others, including faculty members at their respective colleges and universities. This competition also seeks to provide the participating graduate students with forums in which they develop skill in pitching their ventures to investors and receive constructive feedback for increasing the probability of successfully launching their ventures. Finally, each year, the winner of The John Heine Entrepreneurial Challenge earns the right to compete in the Venture Labs Investment Competition (VLIC) at The University of Texas at Austin. This competition provides the best of these ventures with substantial resources to assist the winning student team in launching its venture.

To provide a relatively level playing field for student teams from Australia and New Zealand, a set of rules based on Venture Labs Investment Competition rules have been developed that all participating teams are expected to follow. At the same time, the director recognises that no set of rules, no matter how thorough or carefully developed can ever cover all circumstances. Accordingly, all teams and the universities that they represent are expected to abide by the specific rules enumerated below as well as the overall spirit of these competitions. The director reserves the right to disqualify any team that violates the rules, regulations or the spirit of the competitions.

Competition Structure

The John Heine Entrepreneurial Challenge Team Eligibility Rules

Student Involvement. The competition is for student created, managed, and owned ventures. In other words, students must:

1. Have played a major role in conceiving the venture,
2. Have key management roles in the venture, and
3. Own significant equity in the venture. In general, a member of the student team should be CEO, COO, or President of the venture, or members of the student team should occupy 50% or more of the functional area management positions that report directly to the CEO, COO, or President. Members of the student team should also own 50% or more of the equity allocated to the management team and key advisors. An equity position of less than 50% of the equity allocated to the management team and key advisors, and/or less than 20% of the total equity of the venture will be suspect and may require the students to show evidence that they were a major contributor to the venture creation. One objective of this rule is to exclude ventures formed and managed by non-students who have given token equity to MBAs for writing their business plan.

Team Composition. This is a competition for graduate students from universities based in Australia and New Zealand, and at **least one graduate** student must be a member of the venture's start up management team. A team including undergraduates will be allowed to compete as long as the graduate member(s) participate fully. All graduate students, not just MBA candidates, are eligible to participate in the competition. This includes executive MBAs. Non-students may be members of the venture's management team and may participate in planning the venture. However, only students may participate in the competition. In other words, only students may present the plan and answer questions from the competition judges. The maximum number of students on a competition team is five (5); although there is no restriction on the total size of the venture's founding team.

Student Enrolment. The competition is for students enrolled in the current academic year, i.e., from January through December 2011. Students who graduated in the preceding academic year are not

eligible to participate. However, an exception will be made for students who both wrote their business plans for academic credit and graduated during the preceding summer.

Nature of Ventures. The competition is for new, independent ventures in the seed, start-up, or early growth stages. **Generally excluded are the following:** buy-outs, expansions of existing companies, real estate syndications, tax shelters, franchises, licensing agreements for distribution in a different geographical area, and spin-outs from existing corporations. Licensing technologies from universities or research labs are not excluded and are encouraged, assuming they have not been commercialised previously. All ventures must be seeking outside equity capital.

All entries are received on the basis that they meet the rules and criteria of the competition, which align with that of the Venture Labs Investment Competition. In particular, it is integral that participating teams present **bona fide business ventures**. Entries found not to have bona fide ventures may be disqualified before, during or after the competition.

Competitors are advised that claims (eg patents, investment, customers) made regarding ventures are subject to "spot checks". Reporting procedures are in place post competition for overall winners, to ensure that all efforts have been made to continue with the venture.

Prior Activity. Ventures may compete only once in The John Heine Entrepreneurial Challenge Competition. Ventures may not compete in The John Heine Entrepreneurial Challenge or any other VLIC qualifying competitions after they have competed in the VLIC Competition of the same year. However, ventures may compete in different VLIC qualifying competitions in different academic years, provided that they meet all other Prior Activity and VLIC Qualification Rules. Ventures with revenues in prior academic years are excluded. Ventures that have raised investment capital from sources other than the members of the student team or their friends and families before **the current academic year are excluded**. However, both student and other team members may have worked on an idea or new technology in previous academic years or in the case of the student team members even prior to entering graduate school, provided that their venture had no revenues and raised no outside investment capital and/or did not undertake any other formal startup activities prior to the current academic year.

Prior Participation. Individual competitors who have previously competed in a team at the John Heine Entrepreneurial Challenge are eligible to compete in future years given they meet the student related criteria. Ventures and teams that have competed in previous years may re-enter future competitions, however they must request permission by the Competition Director. Requests will be considered on a case by case basis for approval.

University Sponsored. The business plan must be prepared under faculty supervision. Ideally, the business plan will be prepared for credit in a regularly scheduled course or as an independent study. The business plan must represent the original work of members of the team. All universities with participating teams are strongly encouraged to send faculty or other university advisors with the team to most, if not all of the competitions in which their teams compete.

Withdrawal. Cancellation of team entry will result in the team forfeiting the \$250 registration fee. In addition to the above, in exceptional circumstance, all Venture Labs Investment Competition, Texas, rules regarding withdrawal will apply.

Adapted from VLIC Competition Official Rules 2011
© McCombs School of Business at The University of Texas at Austin