

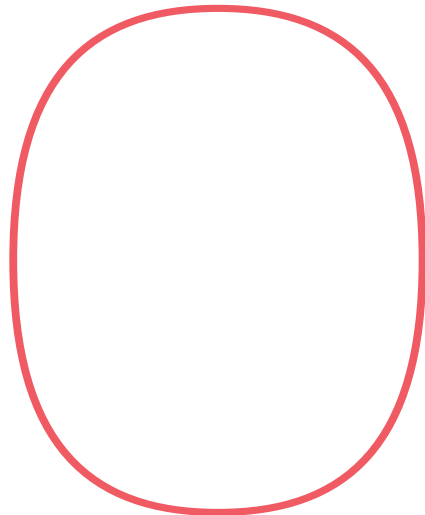
# The Next Generation of Enterprise

**Chicago  
Booth  
Magazine**



The New Venture Challenge, which is marking its 20th anniversary, has helped turn student start-ups into thriving companies. Entrepreneurship is now the number-one concentration at Booth. **BY GRETCHEN KALWINSKI**





On the day of the NVC finals in May, **David Rabie, '15**, and his team stood in front of a panel of judges in a Booth classroom and passed out samples of Thai chicken curry, quinoa, and ginger soy broccoli. The meals had been cooked in a futuristic countertop device—similar to a crockpot—called Maestro. Rabie's vision of simple, healthy meals calls for customers to pop pods of raw vacuum-sealed vegetables, grains, and proteins into the machine and scan the QR-coded cooking instructions on the package. In a half hour, a well-rounded meal is ready to go.

The judges tossed out plenty of questions: How did Rabie plan to grow the company? Who would develop the recipes? Rabie had answers, which is why the judges awarded Maestro first place in the Edward L. Kaplan, '71, New Venture Challenge (NVC), Booth's signature start-up program. With a cash prize of \$70,000,

business services, and enviable industry connections, Maestro has a good start in life. Four months later, the start-up is fine-tuning the product, building a team, and working toward launching a pilot model in 2016.

"Booth's network of entrepreneurs, angel investors, and venture capitalists, along with the faculty coaches, gave us detailed feedback on a level we wouldn't have gotten anywhere else," Rabie said. "It was critical in helping us refine our model."

Maestro's win comes on the eve of the NVC's 20th anniversary year, as student interest in start-ups is growing tremendously. Entrepreneurship has become the single largest concentration at Booth, surpassing finance in the 2013-14 academic year. The NVC, which is run by the Polsky Center for Entrepreneurship and Innovation, has gained broader recognition as well. In a ranking of the top 20 US accelerator

programs by the Seed Accelerator Rankings Project in March—which was then published by *Forbes*—the NVC was named the No. 1 university accelerator program in the nation and fourth overall.

An unrivaled opportunity for students, the NVC each year offers winners and finalists invaluable feedback and introductions. Last year, the program doled out \$600,000 in cash prizes and in-kind services such as legal and accounting.

The legacy is unmistakable. The NVC has helped provide start-up support and funding for more than 100 companies that are still in business today. NVC companies have gone on to raise more than \$365 million in capital, create thousands of jobs, and generate nearly \$4 billion in mergers and exits. Two of Booth's most high-profile financial exits combined at almost \$3.5 billion. One of them is GrubHub, founded by **Matt Maloney, SM '00, MBA '10**, who went on to win the NVC title in 2006—a time when restaurant takeout was the province of paper menus. The

Chicago-based company went public in 2014 and has a market capitalization of nearly \$2.5 billion. The other star in the portfolio is Braintree, which placed first in the 2007 NVC. Also based in Chicago, the online-payment company founded by **Bryan Johnson, '07 (XP-76)**, was acquired in 2013 by PayPal for \$800 million.

"It is extraordinary," said **Steven Neil Kaplan**, Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance and faculty director of the Polsky Center. "When prospective students and

**Matt Maloney's \$2.5 billion food delivery company took shape at Booth.**







Student teams pitch their start-ups during the NVC finals in late May. The judges include faculty members, seasoned entrepreneurs, and venture capital experts.

alumni hear those two came out of the New Venture Challenge, they're blown away."

Another recent exit: PrettyQuick, a beauty services app founded by **Coleene "Coco" Meers, '14**, and **Shreena Amin, '12**, that tied for third place in the 2011 NVC, was acquired by Groupon, another Chicago-based young company. Other NVC successes include: Base, a provider of productivity software for company sales teams; BloomNation, a community marketplace for sending fresh floral arrangements; Caremerge, a care coordination network for senior living

communities; and Rise Interactive, a digital marketing agency.

The program also has spun out three additional tracks: the John Edwardson, '72, Social New Venture Challenge (SNVC) that focuses on start-ups with a social mission; the Global New Venture Challenge (GNVC) for executive MBA students in the US, European, and Asia programs; and the College New Venture Challenge (CNVC) for University of Chicago undergraduates.

#### **RESONATING WITH INVESTORS**

True to the deep-rooted spirit of enterprise at Booth, the idea for the NVC came from

a student. **Jeff Meyer, '97**, approached Kaplan in 1996 to propose a business plan competition. "I said, absolutely," Kaplan recalled. "We pretty quickly put in place the same model we use today."

The annual NVC program begins with the fall kickoff, when students learn about the process ahead and form teams. In February, some 75 to 100 teams submit applications, each with a summary of their business idea and its viability, which are then sent to a group of judges who narrow the field to approximately 30.

These 30 teams participate in the spring quarter course, Developing a New Venture.

NVC companies have gone on to raise more than \$365 million in capital, create thousands of jobs, and generate nearly \$4 billion in mergers and exits.

## The Next Generation of Enterprise

One section is taught by Kaplan and the other is taught by **Ellen A. Rudnick, '73**, clinical professor of entrepreneurship and executive director of the Polsky Center. The teams develop their business plan, practice their pitch, and get valuable feedback—frank and often critical in every sense—from faculty coaches and classroom judges. “We throw them into the network and introduce them to people,” Kaplan said. “And we have tight deadlines, so they must produce.” Overall, about 160 judges—alumni entrepreneurs, investors, and faculty members—are involved, whether in reading applications, evaluating classroom presentations, or assessing the 10 finalists, who are selected a week before the final presentation in late May.

“If you get to the finals, the odds are that you have a real company,” Kaplan said. The NVC finals cap Innovation Week, which includes the finals of other NVC tracks as well as events and guest lectures on entrepreneurship and innovation across the University of Chicago campus.

For **Waverly Deutsch**, faculty coach and clinical professor of entrepreneurship, it's all about the strength of the business story—a story that will resonate with investors. “Your job is not to tell them *everything* about your business,” she said. “It's to get them *excited* about your business.”

“The 12-minute pitch is a coffee date,” Deutsch said. “Your goal is not to get married. Your goal is to get the dinner date, the sit-down in their office.”

That was great advice for Meers, whose PrettyQuick app enables consumers to make appointments for beauty services at spas and salons. Meers, a native of Birmingham, Alabama, spent five years at

French beauty giant L’Oreal in Paris and New York. There she identified a market gap or “pain point” as she calls it and dreamed of starting her own company. She recognized that it was difficult for busy people to line up an appointment on short notice for a manicure, massage, or haircut “at the press of a button”—and that 40 percent of capacity was underutilized at one million spas and salons in the United States. So she connected spa clients eager for appointments with the still-available spa spaces and services.

“I learned how to stand up in a room of investors who’ve seen business models like ours and are going to try and poke holes in our plan,” she said of her NVC experience. “And you’re ready for it, because you’ve done so much work. You know your model inside and out. The ability to tell, convince, sell, and defend the story—that’s what I’ll always think of as my main takeaway.”

Within three years, PrettyQuick expanded to Boston, Dallas, Miami, San Francisco, and Washington, DC. Users select from hundreds of locations that have been vetted by a team of editors. Meers said new parent Groupon will provide expertise in sales and account management, while PrettyQuick’s expertise in booking and managing merchant relationships will be beneficial to Groupon. The company plans to add 5,000 spas and salons

in its core cities by 2016 and to expand to dozens of new US markets.

The importance of narrative in building a business also resonated with **Mike Pintar**, Booth student team member of Chicago-based NETenergy that tied for second place at this year’s NVC, winning \$40,000. NETenergy developed a battery that stores thermal energy, which it says can save building owners

**In selling her start-up to Groupon, Coco Meers will be able to expand her beauty services app.**



LEFT BY CHRIS STRONG / BELOW BY MATT MARTON

## Two Decades Of Nurturing Entrepreneurs

**Steven Neil Kaplan**



1996

**New Venture Challenge Launches**

**Steven Neil Kaplan**

started the NVC after **Jeff Meyer, '97**, approached him, saying, “We ought to have a business plan competition.” Kaplan said, “I told him, ‘That’s a great idea, you do it and I’ll help you,’ and Meyer put it together and it went very well. Then students said that they wanted to do it as a class, and have more time to work on it, so we introduced a class the next year.”

1999

**Ellen A. Rudnick, '73, Named Executive Director of Entrepreneurship Program**

Before coming to Booth, Rudnick had been an entrepreneur, working with start-ups in the health information and medical diagnostic fields. “I brought more of the real-world experience to the discipline and Steve brought more of the academic discipline. So I think we were a powerful duo in terms of building the program and guiding the students.”

2002

**Michael Polsky, '87, Donates \$7 Million**

The Polsky Center for Entrepreneurship and Innovation is named for Chicago energy entrepreneur **Michael Polsky**, in honor of his \$7 million donation. “My MBA has given me the complete package as an entrepreneur,” Polsky said at the time.

2006

**GrubHub Wins NVC**

**Matt Maloney, SM '00, MBA '10**, founder of the restaurant-delivery website, wins the 2006 NVC. GrubHub would go on to raise millions and go public in 2014.

30 percent on their usage and reduce carbon emissions by 50 percent.

“The most important early advice we got was to tell a story,” Pintar said. “Our first presentation talked a lot about technical aspects, but coaches said to make sure we talk about the problem we’re solving.”

### PERFORMING ON A BIG STAGE

Faculty coaches push their students to think big and to present with ambition, knowing that investors seek companies that can ramp up quickly and sustain long-term growth. In spring 2014, former Deloitte consultant and student **Katlin Smith** was gaining distribution for Simple Mills, her family of gluten-free baking mixes. But Deutsch and **Robert Rosenberg, '97 (XP-66)**, faculty coach and adjunct associate professor of entrepreneurship, counseled that her business plan was too modest. They suggested she might take the opportunity to position her mixes as healthy, above all, which would have broader appeal than the targeted gluten-free label.

“Why should you be on the specialty product shelf?” Deutsch asked Smith. “Why aren’t you on the baking shelf? Your goal is to be the Betty Crocker of the 21st century.”

Smith’s team went on to tie for first place in the NVC that year. Within two months Simple Mills had secured funding from an angel investment group and topped its \$2 million fundraising goal. The company now has six employees, headquarters in the River North neighborhood, and has expanded distribution to 1,000 stores.

The 12-minute pitch is a coffee date. Your goal is not to get married. Your goal is to get the dinner date, the sit-down in their office.

—Waverly Deutsch

### HANDS ON

NVC coaches encourage budding entrepreneurs to think big, but also focus on the nuts and bolts of market research, sales and marketing, product development, and team dynamics. The program is known not only for its rigor but for its focus on experience-based learning. “It’s hands on and immersive, and it gives in-depth understanding, not just theoretical frameworks,” Rosenberg said. “It equips aspiring entrepreneurs with a visceral sense of whether they can navigate this career path.”

For Maestro’s David Rabie, there were particular challenges in executing the product design. “The hardware turned out to be more difficult than I expected,” he said, crediting Deutsch’s class with helping him navigate some of the potential pitfalls.

Rabie got hooked on healthy eating 10 years ago when he and his father participated in a retreat in the Los Angeles area. They hiked 10 to 15 miles a day and ate vegetarian food. “For the first two days, we hated it,” Rabie recalled, “but by the end of the week, our bodies felt completely different; we felt like we could conquer the world.” He got the idea for Maestro in spring 2014, while cooking in a digital steamer basket that he found unduly labor intensive. He thought: “there’s got to be a better way.”

He began developing the product that fall, taking advantage of the new Polsky Center i-Corps Program, which helps students, faculty, alumni, and community members validate the market need and opportunity of their business idea. “The main thing we did was talk to customers and see what they wanted and didn’t want,” Rabie said. “It

## 2007

### Braintree Wins NVC

Braintree, a web start-up that simplifies credit-card payments, was founded by **Bryan Johnson, '07 (XP-76)**, and was acquired by eBay for \$800 million in 2013.

**Bryan Johnson**

## 2008

### Global NVC Debuts

The GNVC expanded the NVC for students in North America, Europe, and Asia Executive MBA programs. Students have access to more than 80 coaches, judges, panelists, and speakers at campuses in Chicago, London, and Hong Kong.

## 2012

### Edward L. Kaplan, '71, Endows NVC; New Polsky Gift Expands Programs

**Edward L. Kaplan, '71**, founder and former chairman and CEO of Zebra Technologies, endowed the NVC; he had been a sponsor since the start of the program. A second gift by Polsky enabled an expansion of programs on entrepreneurship across the University of Chicago, including a New Venture Challenge track for undergraduates.

## 2013

### John Edwardson, '72, Social New Venture Challenge (SNVC) Endowed

**John Edwardson, '72**, former CEO of electronics distributor CDW, endowed the SNVC, which helps students develop for-profit and nonprofit ventures with a social impact mission and a model for financial sustainability.

## 2015

### NVC Ranked No. 1 University Accelerator

The Seed Accelerator Rankings Project named the NVC first among university programs and No. 4 in its list of top 20 US accelerators.







**The Maestro start-up team, headed by student David Rabie, center with glasses, won first place in this year's New Venture Challenge. A cash prize, in-kind services, and newfound connections will help Rabie develop his futuristic countertop device for cooking healthy meals.**

just gave us a lot of useful information about our audience.” He hired an engineering firm and lined up other suppliers to help with the prototype.

Full-Time student **Santiago Lopez** led the team behind TaskPath, a mobile- and cloud-based workforce management platform for service providers, such as retail merchandisers and janitors, that tied for third place in the 2015 competition, winning \$25,000. Lopez said the experience taught him how to work collaboratively. At the start of the program, he recalled, each member

of his four-person team was doing a bit of everything. “We were inefficient,” he recalled. “Then, we started to specialize. One of us would work on presentation, another would do demos, and another would go to meetings with coaches and mentors. Judges want to see you have different skills sets in your company.”

NVC coaches continually emphasize the importance of assessing demand. “I tell them go get the pulse of their market,” Kaplan said. “That’s the big one. I see entrepreneurs get excited about their

idea but then they don’t talk enough to customers or potential customers.” Added Lopez, “Conducting research and creating strategies about how to get to those customers is a huge part of the NVC.”

For Full-Time student **Daniel Kuenzi**, a major challenge was fine-tuning the user experience for his ride-sharing app Weelio. The app, which is geared to college students looking for low-cost rides to and from campus, was a finalist in the 2015 NVC and won \$10,000.

“Users are accustomed to polished apps such as Uber and Facebook,” he said.

PHOTOGRAPHY BY MATT MARTON

We offer a wide variety of classes that will enable students to bring a higher level of innovation and insight to whatever area of business they choose.

—Matt Tebbe

“Our testers were asking, ‘Can you add this, and make it more like Uber?’” The faculty coaches pushed Weelio to make its app more intuitive for users, Kuenzi said, which meant paying extra attention to features such as the log-in process and in-app payment. He plans to use the \$10,000 to improve the product’s functionality.

## GLOBAL REACH

In 2008, the Polsky Center established the Global New Venture Challenge (GNVC), extending the opportunity of the NVC to Booth’s Executive MBA students in Chicago, Europe, and Asia as well. More than 80 coaches, judges, panelists, and guest speakers participate each year.

GNVC companies benefit from the same coaching and extensive consumer research, as **Sinuhe Arroyo, ’11 (EXP-16)**, founder and CEO of Singapore-based Taiger (formerly playence), can attest. Taiger is a software vendor that simplifies search—it won the Global NVC in 2011. “We solve a familiar problem,” Arroyo said. “We all have had frustrating experiences searching over corporate intranets or interacting with customer support,” Arroyo said. “In both cases we tend to spend a lot of time and often lack prompt answers.” Taiger uses artificial intelligence to improve on traditional keyword-based search engines and mimic human customer support.

“Our version of the pitch was improved by incorporating coaches and peer feedback,” Arroyo said about the important iterative GNVC process. “It was intense and interesting. Booth helped me hone my presentation skills, streamline my business, and

understand how venture investors think and what they look for.”

Of course many of the Booth start-ups are focused on solving problems at the intersection of global and social need. LuminAID, cofounded by student **Andrea Sreshta**, won the 2012 Social New Venture Challenge (SNVC). The start-up’s inflatable solar-powered light is used to help people in natural disasters and other emergency situations. Earlier this year Sreshta and her business partner, Anna Stork, appeared on *Shark Tank*, where they accepted \$200,000 for a 15 percent stake from billionaire investor Mark Cuban.

Reliefwatch, formerly Project SAM, developed an inventory management platform to help nongovernmental organizations track the delivery of medicine and supplies to developing countries. The start-up, headed by former University of Chicago student, Daniel Yu, won second place in the 2013 SNVC.

Over the next year, the Polsky Center plans to increase resources dedicated to entrepreneurship in London and Hong Kong, as well as in Chicago, Rudnick said. In the United Kingdom, Booth has provided guidance to a new angel network of alumni and joined forces with Oxford University to launch in 2016 a student competition in private equity. Booth representatives are talking with other universities about potential joint programs. The Polsky Center in 2012 created the Global Launchpad, a start-up bootcamp for alumni outside the United States—its next session is scheduled for January in Mexico City.

In Chicago, Booth is making the most

of local connections. **Mark Tebbe**, adjunct professor of entrepreneurship, faculty coach, and a longtime NVC judge, recently was named chairman of a key city technology initiative—mayor Rahm Emmanuel now calls Tebbe the “tech mayor” of the city. Tebbe chairs ChicagoNEXT, charged with driving growth for tech start-ups and later-stage growth Chicago companies. Teaching at Booth, said Tebbe, who also is an entrepreneur-in-residence at the Polsky Center, “enables me to bring what I’ve experienced in the real world to students.”

He pointed out that interest in start-ups doesn’t mean students necessarily will pursue entrepreneurial careers. Many will end up in corporate environments, or in finance and investing. But they inevitably will have learned how to address business problems through the eyes of an entrepreneur. “We offer a wide variety of classes that will enable students to bring a higher level of innovation and insight to whatever area of business they choose,” he said.

The Polsky Center also will focus more resources on assisting companies after they get off the ground. “We recognize that there is more to creating successful companies than just getting them launched,” Rudnick said.

However the center serves students and alumni around the world in years to come, the fundamentals of starting a business don’t change. “We’re looking for companies that are going to get customers and grow,” Kaplan said. “It could be the simplest business. But if it’s going to get customers and make money, it’s a great business.” ♦



## From Idea to Impact

The Polsky Center for Entrepreneurship and Innovation is planning a series of events to celebrate the 20th anniversary of the Edward L. Kaplan, ’71, New Venture Challenge.

Watch for lectures and programs on entrepreneurship at **ChicagoBooth.edu/NVC**. The 2016 NVC finals are scheduled for June 2.

To learn more about the New Venture Challenge and view video interviews with alumni and faculty, go to **ChicagoBooth.edu/Magazine**