



## Duke Start-Up Challenge 2008

### EXECUTIVE SUMMARY GUIDELINES AND CRITERIA

(FOR PARTICIPANTS)

#### INSTRUCTIONS FOR PHASE I SUBMISSION:

Before starting the submission process, you should have the following documents on hand:

1) Your executive summary, named using the following convention:

Track\_Team\_Name\_Exec\_Summary.doc

2) A completely filled out Payout Agreement document - please fill out pages 1 and 2. You will sign page 3 at the Phase I competition on November 15th. Please using the following naming convention: Track\_Team\_Name\_Payout.doc

Submission Instructions:

1. Go to <https://courses.duke.edu/>
2. Using your NetID/Password, log in
3. Click on the "Organizations" tab
4. If you see "Duke Start-Up Challenge" listed, click on the link and go to Step 7.
5. If you do not see Duke Start-Up Challenge listed, search for "Challenge".
6. Click the "Enroll" link just to the right of the search result for Duke Start-Up Challenge and follow the instructions for enrolling.
7. Once enrolled click the link that says "Submit for Phase I".
8. Complete the survey.

If you experience any difficulties please contact Hylton Kalvaria ([hsk9@duke.edu](mailto:hsk9@duke.edu)).

**We will not accept any submissions that were received after this deadline.**

The executive summary is often the investor's first impression of the entrepreneur and his idea. It is critical to be able to sell (not describe) your business idea in a short document meant to compel the investor to read more (i.e. the business plan). You will have 2 pages maximum to convey the essence and energy of your business.

You will be judged on:

- The research and analysis evident from the business opportunity description.
- The extent to which the business opportunity, as presented, is feasible and realistic.
  - The effectiveness of the team's communication of the business opportunity.
  - What market need does the concept address?
  - What is the product or service to be offered, and how does it meet this need?
  - What is the target market? How big is it and what are its characteristics?



- The industry in which the business will be competing and the manner in which the business will compete, including:
  - Who are the existing competitors, and who are potential entrants into the market?
  - What competitive advantage does the business have?
- A description of the viability and feasibility of the business model, including:
  - How will the business bring this idea into the market?
  - How will this business make money?
  - How will the business attract investors?
  - Are financial projections realistic?
  - What are the risks and how will the business mitigate them?
- Overall clarity and writing style of the executive summary:
  - Did the executive summary make the reader want to learn more about the venture?

#### **GUIDELINES FOR EXECUTIVE SUMMARY:**

- The length of the executive summary will be a maximum of 2 pages.
  - Following is an outline for an executive summary (modified from Bill Reichert, Managing Director of Garage Technology Ventures). This outline is a recommendation and need not be applied rigidly. There is no template that fits all companies, but make sure you touch on each key issue. You need to think through what points are most important in your particular case, what points are irrelevant, what points need emphasis, and what points require no elaboration.
1. **The Grab:** You should lead with the most compelling statement of why you have a really big idea. This sentence (or two) sets the tone for the rest of the executive summary. Usually, this is a concise statement of the unique solution you have developed to a big problem. It should be direct and specific, not abstract and conceptual. If you can drop some impressive names in the first paragraph you should—world-class advisors, companies you are already working with, a brand name founding investor. Don't expect an investor to discover that you have two Nobel laureates on your advisory board six paragraphs later. He or she may never get that far.
  2. **The Problem:** You need to make it clear that there is a big, important problem that you are going to solve. In this context you are establishing your Value Proposition—there is enormous pain out there, and you are going to increase revenues, reduce costs, increase speed, expand reach, eliminate inefficiency, increase effectiveness, etc. Don't confuse your statement of the problem with the size of the opportunity (see below).
  3. **The Solution:** What specifically are you offering to whom? (e.g. software, hardware, service, combination?) Use commonly used terms to state concretely what you have, or what you do, that solves the problem you've identified. Avoid acronyms and don't try to use this opportunity to create



and trademark a bunch of terms that won't mean anything to most people. You might need to clarify where you fit in the value chain or distribution channels—who will you partner with, and why will they be eager to work with you. If you have customers and revenues, make it clear. If not, tell the investor when you will.

4. **The Opportunity:** Spend a few more sentences providing the basic market segmentation, size, growth and dynamics—how many people or companies, how many dollars, how fast is the growth, and what is driving the segment. You will be better off targeting a meaningful percentage of a well-defined, growing market than claiming a microscopic percentage of a huge, mature market. Don't claim you are addressing the \$24 billion widget market, when you are really addressing the \$85 million market for specialized arcwidgets used in the emerging wocket sector.
5. **Your Competitive Advantage:** No matter what you might think, you have competition. At a minimum, you compete with the current way of doing business. Most likely, there is a near competitor, or a direct competitor that is about to emerge (are you sufficiently paranoid yet?). So, understand what your real, sustainable competitive advantage is, and state it clearly. Do not try to convince investors that your only competitive asset is your "first mover advantage." Here is where you can articulate your unique benefits and advantages. Believe it or not, in most cases, you should be able to make this point in one or two sentences.
6. **The Model:** How specifically are you going to generate revenues, and from whom? Why is your model scaleable? Why will it be capital efficient? What are the critical metrics on which you will be evaluated—customers, licenses, units, revenues, margin? Whatever it is, what impressive levels will you reach within three to five years?
7. **The Promise (\$\$):** When you are pitching to investors, your fundamental promise is that you are going to make them a boatload of money. The only way you can do that is if you can achieve a level of success that far exceeds the capital required to do that. Your Summary Financial Projections should clearly show that. But if they are not believable, then all of your work is for naught. You should show five years of revenues, expenses, losses/profits, cash and headcount. It might also make sense to show a key driver, such as number of customers or units shipped.
8. **The Ask:** This is the amount of funding you are asking for now. This should generally be the minimum amount of equity you need to reach the next major milestone. You can always take more if investors are willing to make more available, but it is hard to take less. If you expect to be raising another round of financing later, make that clear, and state the expected amount.

#### **SOME OTHER GENERAL POINTS:**

- Do not lead with broad, sweeping statements about the market opportunity. What matters is not market size, but rather compelling pain. Investors would rather invest in a company solving a



desperate problem for a small growing market, than a company providing an incremental improvement for a large established market.

- Don't acronym your own name.
- Drop names, if they are real; don't drop names if they are smoke. If you have a real partnership with a brand name company, don't hide your lantern under a bushel basket. If you consulted for Cisco's HR department one week, don't say you worked for Cisco.
- Avoid adjectives that sound impressive but carry no substance. "Next generation" and "dynamic" probably don't mean anything to your readers (unless you are talking about DRAM). Everybody thinks their software is "intelligent" and "easy-to-use," and everyone thinks their financial projections are "conservative." Explain your company the way you would to a friend at a cocktail party (after one drink, not five).
- State your value proposition and competitive advantage in positive terms, not negative terms. It is what you can do that is important; not what others cannot do. With the one or two most obvious competitors, however, you may need to be very explicit: "Unlike Cisco's firewall solution, our software can operate ...."
- Use simple sentences, not multi-tiered compound sentences.
- Use analogs, as long as you are clarifying rather than hyping. You can say you are using the Google model for generating revenues, as long as you don't say you expect to be the next Google.
- When you are done, go back and reread each sentence: Is it clear, concise and compelling?
- Finally, one of the most important sentences you write will not even be in the executive summary—it is the sentence that introduces your company in the email that you or a friend uses to send the executive summary. Your summary might not even get read if this sentence is not well-crafted. Again, it should be specific and compelling. It should sell your company, not just describe it.