It wasn’t long after professor Steven Kaplan began teaching entrepreneurial finance at Chicago GSB that students decided they wanted to compete. Entrepreneurship was hot, and they wanted a chance to simulate the real-world battle for funding. In 1996, a group told Kaplan the GSB should have a business plan competition. “I said, ‘It sounds great. If you do most of the leg work, I’ll find you some judges and some financing,’” recalled Kaplan, Neubauer Family Professor of Entrepreneurship and Finance and faculty director of the Michael P. Polsky Center for Entrepreneurship.

Seeded by Edward L. Kaplan, ’70 (no relation to Steven Kaplan), the first contest was hosted in spring 1997 by the GSB. “The first one was good, but the students said afterward they would have been able to put more time into it if they had been able to take it for course credit,” Steven Kaplan said. The following year, the GSB offered it as a course. “We got more entries from teams that were able to work harder on their plans, and we’ve been doing it that way ever since,” he said.

The New Venture Challenge kicks off each fall with a networking event where students can meet past participants and judges, faculty, professionals, and other current students to exchange ideas and find or form a team. Teams must include at least one GSB student. During winter quarter, teams submit executive summaries; about 30 are chosen to advance. GSB students must enroll in the course Developing a New Venture during spring quarter, where they face two
rounds of rigorous questioning from venture capitalists, private investors, and established entrepreneurs.

“They get a huge amount of valuable feedback by presenting in those two rounds,” Kaplan said. Teams also get coaching from Kaplan; Ellen Rudnick, ’73, clinical professor of entrepreneurship and executive director of the Polsky Center; Waverly Deutsch, clinical assistant professor of entrepreneurship; and Robert Rosenberg, ’97 (XP-66), lecturer in entrepreneurship and assistant vice president in the University of Chicago Office of Research and Argonne National Laboratory. Additionally, each team is matched with a mentor—a professional investor or entrepreneur—who guides them for several weeks. The combination of feedback and personal attention “is a pretty strong package,” Kaplan said.

In May, teams submit a complete business plan. Between 8 and 10 teams advance to the final competition, where they have 15 minutes to present their plan to a panel of seasoned venture capitalists who award $50,000 in prize money to the top three teams. Regardless of who wins, the New Venture Challenge prepares all the student participants for the real world, Kaplan said. “In three months, you make huge progress in figuring out whether you have a viable business or not,” he said. “I’ve not seen a better process.”

To learn more about the New Venture Challenge and entrepreneurship at the GSB, check out the eight participants profiled on the following pages.

For results from the 2006 Edward L. Kaplan New Venture Challenge, visit ChicagoGSB.edu.
**THE ACCIDENTAL ENTREPRENEUR**

**NAME:** Jake Crampton, '98  
**COMPANY:** MedSpeed / medspeed.com  
**CHICAGO CONNECTION:** The angel investors included Chicago GSB alumni

Jake Crampton had successfully launched a business—a language training school in Mexico City—before coming to Chicago GSB. Still, he had no plans to return immediately to entrepreneurship. He wanted to work as a consultant and even did his summer internship at Bain & Company. But in his second year, he took a course on new venture strategy taught by James Schrager, clinical professor of entrepreneurship and strategic management. “The term project my group developed for it was MedSpeed. Professor Schrager said, ‘This looks like it might be something real. I think you guys need to enter this into the New Venture Challenge.’ And off we went.”

“The process of going through the ringer got us ready to go out there. It gave me the confidence to say, ‘This is worth a million dollars of your money.’”  
—Jake Crampton

MedSpeed, which began by providing courier services for diagnostic laboratories in the Chicago area, won first place in the 1998 New Venture Challenge. The victory gave Crampton and his cofounder Steve Muscarello the tools to launch the business. For example, learning how to raise money was a direct result of successfully presenting their business plan to judges at the New Venture Challenge, he said. “The process of going through the ringer got us ready to go out there,” Crampton said. “I gave me the confidence to say, ‘This is worth a million dollars of your money.’ That’s a big deal.”

They closed their funding in June 1999 and started the business. Crampton, as CEO, oversaw seven employees, a number that has grown to 50 as business continues to grow. MedSpeed now picks up and delivers items ranging from lab specimens to blood products to medical records for clinical labs, hospitals, blood banks, and institutional pharmacies in Chicago, central Illinois, and the Indianapolis area. Although Crampton and his cofounder have come up with a half-dozen more ideas for new businesses, they have no plans to launch any other ventures—at least outside of MedSpeed—anytime soon. “Part of our job is to say, ‘We built an organization that has certain capacities and certain relationships in various industries. What parallel businesses could we stream off of this? We’re going to try hard at MedSpeed to practice a lot of internal entrepreneurship,’” he said. “That’s a heavy initia
tive as we look ahead—not just to take MedSpeed’s business plan as it has existed, but taking it to the next two or three steps.”

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**THE CASE STUDY**

**NAME:** Michael Moyer, ’04  
**COMPANY:** Collectica.com  
**CHICAGO CONNECTION:** Several early investors were Chicago GSB alumni

Michael Moyer was kicking around several ideas for new businesses when he enrolled in a class on small business enterprise taught by Waverly Deutsch, clinical assistant professor of entrepreneurship. “It was an excellent class. It was like a game where you started your own business, with a new assignment every week—make a sale, raise money. I had about five ideas, and the one I liked best was Vicarious—direct marketing software that allows manufacturers and retailers of veterinary products and services to collaborate on marketing,” he said.

“I did it as a case study for her class and then I developed it further for the 2003 New Venture Challenge,” Moyer said. With team member Alyson Tester, ’04, Vicarious Communications took first place. Moyer began seeking funding, drawing on his experience in the competition. “I had no idea how to raise money for a business before the New Venture Challenge. This helped me understand the process,” he said.

He relied on the feedback the judges had provided about his presentation skills. “It helped me learn a significant amount about how I come across to people,” he said. “I got frank, direct feedback from the judges. Later on, I presented the business plan about 100 times to venture capitalists and angels. If they didn’t like my plan, they just didn’t call me back.”

Months into the firm’s first year, Becki Lindley, ’97 (DP-66), a lecturer in the GSB’s Management Lab, joined Vicarious as chief operating officer. Still, funding proved elusive. “It took me about a year longer than I’d thought it would,” Moyer said. “The New Venture Challenge put the wind in our sails, and we kept pushing forward.”

Eventually, Vicarious received funding from a group of seasoned direct marketers, including Ted Spiegel, who had run marketing for Spiegel Catalog, and some of the managers at the market research firm Leo J. Shapiro & Associates, including Leo Shapiro, AB ’42, PhD ’56, and Owen Shapiro, AM ’90, MBA ’96. Several investors were GSB alumni, Moyer said. “They all really believed in the concept, and as a result, they were going to fund our proof-of-concept stage.”

But a partnership with a company in the veterinary industry ultimately stalled Vicarious Communications. “The investment group wasn’t willing to stay with it,” he said.

After Vicarious, Moyer joined GVW Holdings, an investment firm that launched Workhorse Custom Chassis in 1999. Moyer served as vice president of brand strategy until the company was purchased by International Trucks in 2005. Now CEO at Collectica.com, Moyer is seeking funding for the social networking site. The firm was among finalists in the 2006 New Venture Challenge; team members include current evening student Kevin Knapp, AB ’89. “Starting a business is a no-lose situation,” Moyer said. “Succeed and you enjoy enormous upside potential. Fail and you become smarter for the next time.”
THE WELL-CONNECTED ENTREPRENEUR

NAME: Sol Kanthack, ’00

COMPANY: brightroom / brightroom.com

CHICAGO CONNECTION: Met his business partner while interning for a firm launched by GSB alumni—winners of a previous New Venture Challenge; 80 percent of his original investors were alumni or had a GSB connection

With two parents who owned their own businesses, Sol Kanthack knew he was going to be an entrepreneur. As a first-year student at Chicago GSB, he entered the New Venture Challenge with a biotech venture. “We did pretty well and I really enjoyed the process,” he said. The next year, he entered again with brightroom, a Web event photography company. “When the competition took place, we were already doing events and generating revenue,” he said. “We were actually executing the business plan.”

Kanthack had met Burch LaPrade, one of his business partners, during his summer internship at Flyswat, which had just been launched by Ray Krause, ’99, and John Rodkin, MBA ’05, JD ’05. (See “The Three-Time Finalist,” page 27.)

“I had a chance to meet a lot of people and keep them up-to-speed on what I was doing. Ultimately, a lot of those folks became investors.”—Sol Kanthack

As one of the first students chosen for the Entrepreneurial Internship Program, he was supported by the Polsky Center and the Kaufman Center for Entrepreneurial Leadership during the summer.

He and LaPrade kept in touch over the fall, kicking around the idea of taking photos at running events, putting them online, and marketing the images through e-mail. They called the company brightroom and launched it on a small scale in February 2000, partnering with an event management firm to shoot a 5K race in Chicago. “We proved that people would view and order the pictures,” he said.

Kanthack honed the business plan for the New Venture Challenge, an experience that proved invaluable. “The judges would ask questions like, ‘Do you know about this competitor?’, which helped us focus and refine our business plan, and it saved us from making a lot of mistakes along the way,” he said. As a result, brightroom tied for second place.

In seeking funding, Kanthack called upon the contacts he made as a student. As a co-chair of the Entrepreneurship and Venture Capital Group (now the EVP group), he helped host the first Willis Stein Entrepreneurial Edge Conference. He also was the first participant in the Elfman-Wareham Private Equity and Venture Capital Lab, earning course credit for interning with Trident Capital, a private equity firm in Chicago. “I had a chance to meet a lot of people and keep them up-to-speed on what I was doing. Ultimately, a lot of those folks became investors,” he said. Of brightroom’s 25 individual investors, about 80 percent were alumni or had a connection to the GSB, Kanthack said.

After five years of watching brightroom grow, Kanthack and his partners are ready for their next challenge. “I think I’m best at taking an early vision, crafting it, creating a business around it, and starting it up,” he said.

THE INVESTMENT BANKER

NAME: José Dinis, ’00

COMPANY: Université

CHICAGO CONNECTION: Learned about the GSB as an undergraduate exchange student in the College

When José Dinis first came to the University of Chicago in 1995, he was an undergraduate exchange student from École Superieure des Sciences Economiques et Commerciaux. A future investment banker, he took note of Chicago GSB’s reputation for finance. After stints at Goldman Sachs in London and later at BNP Paribas, he enrolled in the Full-Time MBA Program.

It was 1999, a heady time for entrepreneurs launching dot-com businesses. “It was something everybody was talking about,” Dinis said. “With some friends at Chicago, I began thinking about an Internet venture in the education industry.” He found himself drawn to the courses offered by Steven Kaplan, Neubauer Family Professor of Entrepreneurship and Finance, and James Schragen, clinical professor of entrepreneurship and strategic management. The New Venture Challenge provided an opportunity to try his hand at entrepreneurship, and Dinis decided to take advantage of it.

“I was still thinking about investment banking, but I decided this time at Chicago was a unique point in my career.” He competed in the 2000 New Venture Challenge with Université, which supplied online supplemental education for French students in grades kindergarten through 12. “The experience opened our minds,” he said. “A lot of us had worked in big companies and did not have the insights of what it was like to work for a smaller company or have an entrepreneurial drive to develop a project,” he said.

Université finished fourth, but the team went on to place second in the Bain Start-Up Challenge. Despite the team’s success, the team realized the dot-com bubble was about to burst and decided not to seek funding. The NVC experience “helped me better analyze the viability of my own project, so I avoided investing too much of my personal wealth and time in something that wasn’t viable,” he said.

Dinis continued to focus on education and discovered the French company Acadomia provided personal tutoring. To convince executives to enter into a partnership with him, Dinis drew on what he had learned at the GSB. “To build this partnership with this new company and justify my role as a partner was not easy. What helped me a lot were all the meetings we had with outside people for the New Venture Challenge and all the classes I had about how to develop a partnership within companies.”

He became CFO at Acadomia. As the firm grew, he launched his own company as well, a house cleaning service called Shiva that now employs about 2,000 maids throughout France. Then Acadomia merged with Shiva, creating the largest home services company in France. Dinis said the company hopes to expand into areas like gardening and child care.

Although he thought his destiny was to be an investment banker, he said, “When I was in Chicago, I decided to open up my mind, and it was really useful. I wouldn’t have done that without the Chicago experience.”
Ana-Maria Nicolau, ‘05
ClickShift / CEO "I wanted to see how I could leverage my health care background and learn entrepreneurship by starting up a company in health care," she said. At an information session hosted by the Polsky Center for Entrepreneurship in October 2003, she discovered Midway Pharmaceuticals. A biotech company, its aim is to commercialize treatments that prevent necrotizing enterocolitis (a disease that causes destruction of the bowel in infants) and keep some inflammatory bowel diseases from flaring up. "I decided it was the right opportunity for me," she said.

The classroom experience was exactly what Nicolau had been looking for. "I wanted to understand how to start a business—the process of developing a business plan, raising money. This was all very new to me, and the New Venture Challenge was an amazing opportunity to learn that," she said. Collaboration was important. Team members included faculty from the University of Chicago Hospitals and the University of Chicago Division of Biological Sciences Department of Medicine and others and El Dorado Ventures to launch the firm.

Midway Pharmaceuticals won first place. That success enabled the team to place in competitions that followed: the Global Startup@Singapore Business Plan Competition, the Rice University Business Plan Competition, and the MOOT CORP Competition at the University of Texas at Austin.

"Without going through the New Venture Challenge, we would never have been able to stand up at an international competition, defend our business plan, and ask for money," Nicolau said. Midway Pharmaceuticals was incorporated early in 2005. "We're looking to raise about $8 million for clinical studies and to get on the path to market. The whole process takes many years and a lot of money," said Nicolau, who works at a management consulting firm. "We're also looking at partnering with corporations, and with state agencies that are trying to incubate biotech companies. "We're still in the process of trying to decide on the best partnerships for us to develop this product and bring it to market." Nicolau said she appreciated the detailed feedback. "For example, the judges would say, 'You're not going to get money if you don't help me understand your path to market without any flaws. Without that, I'm not going to invest in your business.'"

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THE BOUTIQUE RETAILER

NAME: Jeff Wilcoxon, '04

COMPANY: Bobtail Ice Cream & Coffee Co.  /  bobtailsodafountain.com

CHICAGO CONNECTION: The team’s advisor became its lead investor when the firm was launched

Creating Bobtail Ice Cream & Coffee Co.’s business plan for the New Venture Challenge took up most of their first year at Chicago GSB for Jeff Wilcoxon and Christopher Hill, '04. Building, opening, and running the upscale ice cream parlor on Chicago’s north side took up most of their second year. “When we graduated, we had already been operating for three months,” said Wilcoxon.

The idea for Bobtail came from Wilcoxon’s family business in Ohio; they entered the competition with a team named Soda Jerk’s. “When you enter, you just want this awesome experience building a business plan,” he said. “Three weeks into it, when people start saying, ‘Wow, you really do have a good idea and you could do this,’ you dial up the amount of effort you put into it.”

Soda Jerk’s made it to the finals. “At that point, we were encouraged. After several judges told us, ‘You should find money and do this,’ Chris and I were determined to start the company.”

Part of Bobtail’s early success can be attributed to John Rutledge, '94 (XP-63), president and cofounder of the Oxford Capital Group. He was introduced to Wilcoxon and Hill by Steven Kaplan, Neubauer Family Professor of Entrepreneurship and Finance, and served as a strategic advisor to the team. After the New Venture Challenge, Rutledge became lead investor and CEO.

Wilcoxon was chosen for the Entrepreneurial Internship Program supported by the Polsky Center and the Kauffman Center for Entrepreneurial Leadership. Over the summer, he worked for Rutledge, performing due diligence on the deal and refining the business plan for Bobtail. “I wrote a case based on the entrepreneurial experience I had that summer, and on the tie to my family business, too,” Wilcoxon said. A full-time student, he also enrolled in two evening courses at the GSB to accelerate his studies so they could open the store in the spring.

Business has been very good. The firm opened a second store on January 2 and the team is always looking at new opportunities. “I’m so excited by what I’m doing now in the startup phase, I can definitely see myself investing in another concept, helping someone the way John helped us, or starting my own company again one day,” Wilcoxon said. “At the same time, I might decide that we’ve really built an enterprise here, and it will be fun to keep running Bobtail for a long time.

“We’re committed to Bobtail. We’re not opening 20 stores to sell in five years. We want to build a lasting enterprise.”