



**NEW BRUNSWICK INNOVATION FOUNDATION**

# breakthru

**New Brunswick's Business  
Plan Competition**

## **Participant Handbook**

**Oct 22, 2008**

*The New Brunswick Innovation Foundation (NBIF) supports the development and growth of promising, innovation-based start-up and early stage companies in New Brunswick by providing access to risk capital and the professional support necessary for growth and success.*

*For more details on our investment funds, visit [www.nbif.ca](http://www.nbif.ca)*

## Table of Contents

<b>INTRODUCTION.....</b>	<b>2</b>
OBJECTIVES .....	2
<b>ELIGIBILITY REQUIREMENTS .....</b>	<b>2</b>
INDIVIDUAL REQUIREMENTS.....	3
PROPOSED BUSINESS VENTURE REQUIREMENTS.....	3
SPECIAL PRIZE CATEGORY REQUIREMENTS .....	3
<b>PRIZES &amp; AWARDS .....</b>	<b>4</b>
PRIMARY PRIZES .....	4
EQUITY INVESTMENTS .....	5
IN-KIND SERVICES .....	5
AWARDS .....	6
<b>THE COMPETITION PROCESS.....</b>	<b>6</b>
FIRST ROUND.....	7
SECOND ROUND.....	7
THIRD ROUND.....	8
<b>COMPETITION TERMS &amp; CONDITIONS .....</b>	<b>9</b>
GENERAL GUIDELINES .....	9
WRITTEN SUBMISSION GUIDELINES .....	12
PRESENTATION GUIDELINES .....	12
USES OF FUNDS GUIDELINES.....	13
<b>APPENDIX 1 – EXECUTIVE SUMMARY GUIDELINES .....</b>	<b>14</b>
<b>APPENDIX 2 – ELEVATOR PITCH .....</b>	<b>15</b>
<b>APPENDIX 3 – BOOT CAMP WORKSHOP.....</b>	<b>16</b>
<b>APPENDIX 4 – BUSINESS PLAN GUIDELINES .....</b>	<b>17</b>
<b>APPENDIX 5 – PRESENTATION GUIDELINES.....</b>	<b>18</b>

## Introduction

*Breakthru, New Brunswick's Business Plan Competition*, encourages the creation and development of entrepreneurial, innovative business ventures in the province. Hosted by the New Brunswick Innovation Foundation (NBIF), this province-wide business plan competition provides participants with a unique opportunity to access start-up capital, mentoring, and support.

Entrepreneurial New Brunswickers who are interested in pursuing the development of a new and innovative business venture in the province are encouraged to enter the competition for a chance to win substantial prizes that will help launch their businesses. Participants will compete for over \$250,000 in prizes, which consist of a combination of start-up equity capital and in-kind services and support.

The competition unites members from all areas of the community, including business, academic and government sectors, with the common goal of enhancing entrepreneurship and seeding new and innovative business ventures.

### *Objectives*

*Breakthru, New Brunswick's Business Plan Competition*, has been developed to accomplish the following primary objectives:

- To encourage and support the creation and development of new and innovative business ventures;
- To help prepare and mentor participants and their companies for investment and growth;
- To create awareness of entrepreneurship and enhance the entrepreneurial ecosystem; and,
- To foster a culture of innovation in New Brunswick.

## Eligibility Requirements

The competition is open to entrepreneurial New Brunswickers who are prepared and committed to launching and operating a new and innovative business venture in the province. To be eligible, submissions must demonstrate the following:

- A solid business case;
- Strong market demand with growth potential;
- Commercial and financial feasibility of the proposed business venture;
- Degree of innovation inherent to the proposed business venture;
- Ability to generate a sustained competitive advantage;
- Talented management with relevant experience; and,
- The potential for economic impact on the province of New Brunswick.

This competition uses the Conference Board of Canada's definition of innovation which is defined as "a process through which economic value is extracted from knowledge through the generation, development and implementation of ideas to produce new or improved products, processes and services."

### ***Individual Requirements***

An individual or team may enter the competition by proposing a new and innovative business venture that has not yet been launched. Individuals are only permitted to participate in a maximum of one submission. To be eligible, each individual involved in a submission must be:

- At least the age of majority (i.e., 19 years of age);
- A resident of New Brunswick or be part of a team of which at least one actively participating member is a resident of New Brunswick and who holds or will hold at least 51% of the share ownership of the proposed business venture;
- Entitled to establish a business and work within New Brunswick; and,
- Willing and able to make a commitment to developing and operating a new business venture in New Brunswick.

### ***Proposed Business Venture Requirements***

Proposed business ventures must, at a minimum, meet the following criteria:

- Be in the early seed stage of development;
- Have no substantial prior operating history;
- Propose to maintain a head office and an operational base in New Brunswick;
- Be engaged in the development of innovative products or services;
- Propose to operate within the key strategic industries, namely advanced manufacturing, value-added natural resources, life sciences, knowledge industry, energy and clean technologies; and,
- Be prepared to protect any and all intellectual property, if applicable.

The following types of companies are generally ineligible for the competition: companies with substantial existing operations, buy-outs, expansions of existing companies, real estate syndications, tax shelters, internal ventures, joint ventures, franchises (purchases) and companies without sufficient ownership rights to any intellectual property comprising their core business.

### ***Special Prize Category Requirements***

All submissions are eligible for both the Grand Prize and the Silver Runner-Up Prize. In addition, Breakthru 2009 features two newly created prize categories intended to encourage young entrepreneurs and student entrepreneurship.

### **Young Entrepreneur Prize – Eligibility Requirements**

The Young Entrepreneur Prize is awarded to the best business venture led by an entrepreneur between the ages of 19-34. The prize consists of a \$50,000 equity investment and \$15,000 in in-kind contributions. To be eligible for this prize, submissions must meet the following requirements:

- Be eligible to compete in Breakthru, pursuant to the individual requirements listed herein above;
- Be between the ages of 19-34 as at the application deadline, January 19, 2009;
- Must be designated as the team leader (if applicable) and have played a major role in conceiving the business venture; and,
- Must own or propose to own a majority share ownership position in the proposed business venture.

### **Best Student Venture Awards – Eligibility Requirements**

Student or student-led submissions will have an opportunity to compete for additional cash prizes. To be eligible for such prizes, students must:

- Be eligible to compete in Breakthru, pursuant to the Individual Requirements listed herein above;
- Be graduating from an accredited university in New Brunswick or a New Brunswick Community College in the calendar year 2009;
- Have played a major role in conceiving the business venture; and,
- Own or propose to own a majority share ownership position in the proposed business venture.

## **Prizes & Awards**

The prizes are intended to support and encourage the development and growth of new and innovative business ventures in New Brunswick. Participants are competing for three primary prizes as well as a number of additional awards.

### ***Primary Prizes***

The primary prizes provide successful participants with the critical start-up capital and support that they require to launch their new business ventures. Each prize package consists of an equity investment by NBIF and in-kind support. The primary prizes are intended to provide the strongest participants with a “company in a box” solution that will support the successful launch of their business ventures. The primary prizes consist of the following:

<b>Prize</b>	<b>Grand Prize</b>	<b>Silver Runner-up</b>	<b>Young Entrepreneur</b>	<b>Total</b>
<b>Equity Investment</b>	\$100,000	\$ 50,000	\$ 50,000	\$ 200,000
<b>In-Kind Support*:</b>	\$ 50,000	\$ 10,000	\$ 10,000	\$ 70,000
<b>Total</b>	<b>\$150,000</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>	<b>\$ 270,000</b>

*\* In-kind support will be provided by local firms. The sponsors and specific contribution amounts are to be determined. The nature of the in-kind services as well as the total value of the prizes may deviate from this table. For more details, please visit [www.nbif.ca/breakthru](http://www.nbif.ca/breakthru).*

### ***Equity Investments***

The equity investment component of the prizes will be provided to the successful participants by NBIF. The investments are subject to the satisfactory completion of final due diligence by NBIF. Investments will be completed as direct equity investments into an appropriately incorporated entity. Where required, NBIF will assist the prize recipients with the incorporation process. In exchange for its investment, NBIF will subscribe for common shares of the corporation. The prize recipients will receive respective equity investments in the amounts of \$100,000 and \$50,000 in exchange for 10% and 5%, respectively, of the total fully diluted share capital in the proposed business venture. Submissions making it to the third round will be presented with a Term Sheet outlining the terms and conditions of the proposed equity transaction. All prize recipients will be required to enter into a simple shareholders agreement with NBIF.

### ***In-Kind Support***

In-kind contributions may consist of such support as legal services, accounting services, marketing and communication consulting, and IT support services. All of the in-kind contributions have been kindly provided by leading firms as prizes for the competition. Sponsors will be announced on the NBIF website ([www.nbif.ca/breakthru](http://www.nbif.ca/breakthru)) as the submission deadline nears.

### *Awards*

A number of awards will also be available to participants. These awards are intended to recognize participants who excel in a particular area of the competition and include the following:

<b>Cash Awards</b>	<b>Amount</b>
Most Outstanding Presentation <sup>1</sup>	\$1,000
Best Student Venture – University <sup>2</sup>	\$2,000
Best Student Venture – Community College <sup>3</sup>	\$2,000
<b>Total</b>	<b>\$5,000</b>

*1 - This award recognizes the most outstanding formal presentation made to the Selection Committee by all Third Round competitors.*

*2 - The Best Student Venture – University award is open to all submissions received from graduating students of an accredited university in New Brunswick. Please see the Eligibility Requirements outlined above.*

*3 - The Best Student Venture – Community College award is open to all submissions received from graduating students of the New Brunswick Community College. Please see the Eligibility Requirements outlined above.*

## **The Competition Process**

The competition takes place over three rounds of progressive scrutiny and culminates with a gala dinner and awards ceremony on March 25, 2009. The competition replicates the process that an entrepreneur normally undertakes to solicit start-up funding. Therefore, the selection committee will act as an investor choosing the most worthy business ventures for investment. In determining the prize recipients, the selection committee will evaluate the entire submission and assess the overall merits of the business model, the quality of the idea, the written business plan, the oral presentations and the capacity of management to execute the business plan. Ultimately, the prizes will be awarded to those participants who are best able to convey the merits of their business venture and demonstrate their ability to execute the business plan.

The competition breaks out the typical fundraising process into three rounds. The first round is designed to gauge and understand the business venture being proposed. The second round assists qualifying participants with the development of their business plans and also evaluates the merits of the proposed business venture. In the third and final round, selected participants are required to verbally pitch their proposed business ventures to the selection committee. The competition closes with a gala dinner and awards ceremony where the prize recipients will be announced.

***First Round***

The first round assesses the general fit of the submission with both the eligibility requirements and the overall objectives of the competition. Participants must submit their Application Form individually signed by each team member, an elevator pitch, an executive summary, and a \$50 entry fee (details of which can be found in the competition Terms and Conditions of this Participant Handbook). The executive summary is limited to a maximum of two typed pages.

**First Round Evaluation Criteria**

The submissions are assessed at a high level to quickly determine eligibility and admission into the competition. Submissions that meet the eligibility requirements of the competition will advance to round two provided their executive summary includes all of the applicable aspects as outlined in Appendix 1 - Executive Summary Guidelines. A solid executive summary is clear, exciting and effective as a stand-alone overview of the plan.

<b>First Round - Important Dates</b>	
Submission deadline	January 19, 2009
Announcement of second round participants	January 23, 2009

***Second Round***

In the second round, participants from the qualifying submissions will attend the mandatory boot camp and then submit their written business plan for evaluation.

The boot camp workshop is designed to assist participants in refining the underlying business strategy for their proposed business ventures and to assist them in developing their written business plan. More details are available within Appendix 3 – Boot Camp Workshop. Following the boot camp workshop participants are given three weeks to refine their business plan before submitting it for evaluation.

**Second Round Evaluation Criteria**

The business plan submissions must demonstrate the following:

- The viability of the business venture and financial models;
- The innovative nature and commercial viability of THE product, service or technology;
- Strong market potential;
- Sustainable competitive advantage;
- The capacity of management; and
- The potential for economic impact in New Brunswick.

Please refer to the Business Plan Guidelines (Appendix 4) for tips and guidance on writing a complete business plan.

Participants involved in those submissions that satisfy the second round evaluation criteria will enter the third round as finalists.

<b>Second Round - Important Dates</b>	
Mandatory boot camp workshop	January 31, 2009
Deadline for full business plan	February 23, 2009
Announcement of finalists	March 4, 2009

### ***Third Round***

The third round begins two weeks following the announcement of the finalists and is a one day event that is comprised of the business plan presentation as well as the gala dinner and awards ceremony. The finalists are required to present their business plans to the selection committee. Prize recipients are chosen and then announced at the awards ceremony later that day. The event takes place on March 25, 2009.

The finalists should prepare their presentations in accordance with Appendix 5 - Presentation Guidelines. The finalists will have a maximum of 30 minutes with the Selection Committee. A 15 minute formal presentation is required and the remaining 15 minutes will be reserved for a question and answer session. The presentations will take place in the morning and early afternoon of March 25, 2009.

### **Third Round Evaluation Criteria**

During the 30 minute presentation the selection committee evaluates the degree in which the finalists have followed the suggestions in Appendix 5 – Presentation Guidelines, and makes decisions based on:

- The clarity, persuasiveness and organization of the presentation;
- The degree to which the presentation concisely and accurately describes the proposed business venture as outlined in the business plan; and,
- The ability to provide direct answers to the questions posed by the selection committee.

In the end, the prize recipients will be the finalists who most strongly convey the merits of their proposed business venture and in whom the selection committee most strongly believes will be successful in launching their business venture.

**Gala Dinner and Awards Ceremony**

The competition culminates with a gala dinner and awards ceremony on March 25, 2009. All Breakthru participants will be invited to the dinner. Business and government leaders, entrepreneurs, academia, members of the press and other members of the community will also be invited to the dinner. The evening will conclude with the presentation of the prizes and awards.

To provide the audience at the gala dinner and awards ceremony with an overview of the proposed business ventures, each finalist will be required to deliver a 45 second elevator pitch.

<b>Third Round - Important Dates</b>	
Presentation to the selection committee	March 25, 2009
Presentation of Awards (evening)	March 25, 2009

**Competition Terms & Conditions**

*General Guidelines*

By submitting a business plan to the competition, each participant is deemed to have read, understood and agreed to the following terms and conditions. NBIF reserves the right to interpret these rules in a manner that is consistent with their spirit and intent:

All prize recipients must agree to formally launch and operate their business ventures in the province of New Brunswick and the award is subject to successful recipients entering into standard legal agreements customary of an equity transaction by NBIF as will be outlined within a term sheet presented by NBIF to those participants who are selected to participate in Round 3 of the competition. In addition, prize awards are subject to the satisfactory completion of due diligence by NBIF.

All participants and submissions must meet the requirements outlined under Eligibility Requirements set forth in this Participant Handbook in order to participate in the competition. To enter the competition, participants must submit one (1) printed copy of the Application Form, together with the executive summary, written elevator pitch, and a cheque or money order in the amount of \$50.00 made payable to “New Brunswick Innovation Foundation”, as an entry fee. The Application Form will incorporate by reference these Terms and Conditions, and requires a signed consent from each team member taking part in the submission to abide by these Terms and Conditions.

Submissions may be in either French or English.

Submissions received without payment will not be evaluated. The \$50 entry fee is charged per submission and not by participant, and therefore, a group submission is only charged once.

NBIF reserves the right at any time to disqualify any participants who are found to have misrepresented their data, submitted false information or committed plagiarism, therefore forfeiting any rights under this competition, including the right to claim prizes awarded.

NBIF reserves the right to reject any submission which relates to a product that is or would be unlawful or otherwise reflect poorly on the reputation of NBIF or the competition, as determined in NBIF's sole discretion.

All business plans, presentations and other submission materials must be authored or created by the participant. Any use of third party copyrighted materials, including images, may only be used with the express consent of the copyright holder, and participants must be prepared to submit evidence of such permission if so requested by NBIF at any time.

Participants have proprietary rights to their respective submissions, provided that each participant hereby agrees to NBIF making such number of copies of the business plan, presentation, and other materials as required for the purposes of this competition and using such materials in the manner NBIF sees fit for the purposes of the competition. Furthermore, participants must consent to allow NBIF to videotape or photograph presentations to include with the competition materials. NBIF has the non-exclusive world-wide rights in all languages, and in all media, to use or to publish all competition materials, or any portion thereof, in any medium for purposes associated with this competition or future competitions of this nature.

Participants must also be available and consent to participation in NBIF's media plan for this competition, which may include participating in interviews and being photographed, and to the publication/broadcast of the same.

Due to the nature of the competition, NBIF will not ask selection committee members, reviewers, staff or the audience to agree to or sign non-disclosure statements for any participant and neither NBIF nor any of its selection committee members engaged in the competition, will have any responsibility of any nature or kind, to any participant for misappropriation or misuse of information within materials submitted or presented. Each participant agrees to permit NBIF to disclose business plans and other material submitted to its competition selection committee members and organizers.

Participation in the competition does not constitute an endorsement or determination of future success by NBIF, nor a guarantee of future funding or other support by NBIF. Successful participants may be eligible for further financing post-competition, under other NBIF-sponsored funds, but such financings are made independent of this competition and at the sole discretion of NBIF under its standard terms and conditions.

Only successful participants will be notified of their eligibility to move to the next round. NBIF has no obligation to return submissions.

Participant(s) from each submission selected to proceed to the second round must participate in the boot camp workshop offered by NBIF on January 31, 2009, as detailed in Appendix 3 to this Participant Handbook. Failure to attend the boot camp workshop will result in disqualification of the submission, unless a participant cannot attend due to health or other personal situation precluding their attendance (i.e.: death in the family).

NBIF and its selection committee members reserve the right to judge and evaluate the submissions and Application Forms, in its sole discretion. NBIF reserves the right to make all final decisions regarding all aspects of this competition.

By entering this competition, each participant will be deemed to have waived any right of recourse against NBIF, its selection committee members, volunteers and staff, for any claims which may arise out of the participant's involvement in this competition.

NBIF, selection committee members, volunteers and staff, are not responsible for typographical, technical, or other errors in the offer or administration of this competition, including but not limited to errors in advertising, rules, computer failure, selection and announcement of winners or the issuance of any prize.

By entering this competition, each participant consents to the use of his or her personal information for the purposes of this competition as contemplated in these rules and the Participant Handbook. Personal information may be used by NBIF for the purpose of promoting future competitions of this nature. NBIF may retain personal information for the purpose of following up with participants for potential future business development initiatives independent of this competition but will not otherwise disclose such personal information.

Participants must complete a background questionnaire to participate in this competition. NBIF will not disclose the sensitive personal information provided within the competition questionnaire to third parties and its selection committee members. Such information will only be used for the purpose of ensuring eligibility to participate in the competition.

### ***Written Submission Guidelines***

Written submissions are comprised of the executive summary, elevator pitch and business plan. It is required that they are:

- Typed and may include whatever graphs, photos or tables that are necessary to properly convey the proposed business venture
- Complete - partial, incomplete or late submissions will not be evaluated
- Submitted with a total of two (2) copies

More specifically, the business plan must conform to the following requirements:

- Be limited to a maximum of 25 pages including the executive summary. The title page and table of contents are excluded from the page count. Pro forma financial statements, supporting documentation and other appropriate appendices are limited to a maximum of 10 pages. Any pages over the combined 35 page limit will not be provided to the selection committee; and,
- Plans with fewer than 10 pages of appendices and detailed spreadsheets may not use the remaining pages to increase the size of their business plan beyond 25 pages.

### ***Presentation Guidelines***

In the third and final round of the competition, finalists must be prepared to deliver a 15 minute presentation to the selection committee, which is then followed by a 15 minute Question & Answer session.

Presentations are expected to be prepared by considering the following:

- A maximum of 15 minutes to present the business plan which is followed by a 15 minute question-and-answer session with the selection committee. Time limits will be enforced.
- You may use presentation aides such as a PowerPoint, handouts, demonstrations, or other suitable forms. However, finalists are responsible for bringing their own presentation aids as no photocopying or printing service will be made available to them.
- The presentation room is equipped with a large-screen projector and a laptop.
- Finalists must provide a copy of their electronic presentations on CD or USB flash device.
- Finalists will have the opportunity to verify that their presentation functions as expected in advance of the formal presentation.
- If the presentation contains video, graphics, sound and/or other extravagant content, finalists must advise the NBIF two days in advance to ensure that the presentation works properly during the third round. However, based on past experience, it cannot be guaranteed that video, graphics, sound and/or other extravagant content will work 100% of the time. Thus, finalists should prepare accordingly.
- Additional set up time will not be provided for presentations containing extravagant or abnormal content or props.

### *Uses of Funds Guidelines*

Typical uses for the net proceeds of the prize include among others:

- Company creation and incorporation
- General business development including enhancement of a company's business model
- Financial modeling
- In-depth market research
- Technology and product development including: prototype development, product testing and customer trials
- Intellectual Property protection

Submissions that propose the following uses of capital are ineligible:

- Retirement of existing investments
- General debt consolidation or repayment
- Refinancing of a business operation
- Purchasing fixed assets including, but not limited to, land, buildings, and vehicles
- Undertaking construction, renovations or leasehold improvements
- Replenishing or offsetting operating losses and past business expenditures.
- Personal expenditures

The net proceeds of the prize may only be used for expenses relating to the business on a go-forward basis and cannot be used to cover past purchases or expenses.

## Appendix 1 – Executive Summary Guidelines

The executive summary should provide a high level description of the proposed business venture and should serve to excite the reviewers - leaving them wanting to know more. For the purposes of this competition it should not exceed a maximum of 2 pages. It is therefore essential that the summary be written concisely, purposefully and accurately as well as in a manner that will pique the reviewer's interest. Typically the executive summary contains information on the following topics:

- Company introduction
- The problem or need the company solves
- Customer/market analysis (market size, potential market share & evidence that customers will buy the product/service)
- Product or service description
- The current state of development (e.g., beta, customer trials, etc.)
- Intellectual property status (e.g., Patent filings; trade-marks, etc)
- Competitive differentiation
- Management team and/or advisors, including relevant experience
- Time frames to achieve significant revenue and/or cash flow positive
- Financial highlights

## Appendix 2 – Elevator Pitch

The elevator pitch is a 45 second business description of what you do and why someone should work with you. It's called an "Elevator Pitch" because it describes the challenge: "How would you explain your business and make a sale if fate placed you in an elevator with your dream prospect and you only had the time it takes to get from the top of the building to the bottom?" If your team advances to the final round, one member will be required to make the pitch to the guests attending the gala dinner.

Your pitch cannot exceed one paragraph in length and should answer the following basic questions:

- *What is your product or service?* Briefly describe what it is you sell, do not go into detail.
- *Who is your market?* Describe who your customer is, the industry and size of the market.
- *What is your revenue model?* Tell them how you will make money.
- *Who is behind the company?* Briefly outline who your team is and any achievements.
- *Who is your competition?* Everyone has competitors, outline who are they and what have they accomplished.
- *What is your competitive advantage?* Explain how and why your company is different.

Every elevator pitch should contain the following essential elements:

- Concise: The average attention span does not exceed 45 seconds.
- Clear: Use language that everyone understands. Don't add fancy jargon or industry specific terms. Your listener won't understand and you will have lost your opportunity.
- Visual: Use words that create a visual image in your listeners mind, it will make your message more memorable.

## Appendix 3 – Boot Camp Workshop

All second round participants are required to participate in a one day boot camp workshop to be held on January 31, 2009 in a central location to be determined as the date nears. It is designed to assist participants with the development and enhancement of the business strategy for their proposed business venture; therefore improving their chances of advancing to the third round. Participants will learn techniques to better communicate the merits of their proposed business ventures to the selection committee and to other outside investors. Specifically the workshop will cover the following topics:

- Business case development
- Business plan writing
  - Executive summary
  - Marketplace analysis
  - Intellectual property protection
  - Marketing strategies
  - Financials
- Presentations
  - 15 minute pitches
  - Elevator pitches

## Appendix 4 – Business Plan Guidelines

Please see the NBIF Business Plan Model found on the NBIF website at <http://nbif.ca/page/index/resources>

## **Appendix 5 – Presentation Guidelines**

Please see the NBIF Presentation Guidelines found on the NBIF website at  
<http://nbif.ca/page/index/resources>