Uncover the Entrepreneurial DNA in Yourself

October 2009

WORLD CLUB DAY

Ross Updates

• 2009 Job Data Continued
  - 77% of graduating BBA’s accepted an offer within 3 months of graduation
    - Consulting: 17%
    - Finance: 50%
    - Marketing: 13%

• Admission of the MBA Class of 2011
  - Class Size: 500 (Class of 2010: 434)
  - Selectivity: 23% of the applicants admitted were accepted
  - Yield: 79% of the admitted students chose the Ross School
  - Avg. Age: 28
  - Avg. Years of Full-time Work Experience: 5
  - Avg. GMAT: 701
  - International: 33% (31 countries represented)
  - Women: 33%
  - Underrepresented Minorities: 9%

Ross Updates

• Increased yield among International admits, 88% vs. 76% in ’08
• Applications were up slightly this year in the US, and down internationally, specifically in India and China
• BBA Admissions
  - Preferred Admissions Applicants: 1203, 95 students admitted
  - Regular Cycle Applicants: 736, 310 students admitted
  - Women: 34%
  - Underrepresented Minorities: 24%
  - International: 8%

Trends
• Applications down slightly from last year
• Class size at 384 vs. 356 last year
• Avg. GPA: 3.61

Ross Updates

Other Areas of the School...

• The school launched a Master of Supply Chain Management (MSCM) Program in January 2009. The one-year degree program includes a 14-week, guaranteed, paid summer project through the Tauber Institute for Global Operations.

• The Executive Residence and the Executive Dining Room recently reopened after an extensive renovation and will again house Executive Education and Executive MBA students, recruiters, speakers, alumni, and others.

• The Part-Time MBA Program now includes a Weekend Format in addition to the Evening Format. Weekend Format classes will begin in May 2010. The Weekend Format is a two-year program with classes held in Ann Arbor every other weekend. It also includes some distance learning.
Ross Entrepreneurial Outreach

- With Shanghai’s KIC entrepreneurial community (Knowledge-Innovation-Collaboration): business plan competition, conferences, and MAP projects
- With Israel’s high tech sector and its incubators and accelerators: MAP projects
- With Ireland’s high tech sector and its business innovation centers, high performance start-ups, and Enterprise Ireland organization: MAP projects
- With Ross School Alumni Clubs in Grand Rapids, Detroit, Chicago, and Kansas City: seminars
- Entrepreneurial MAP projects throughout the world

Program Depth and Breadth

<table>
<thead>
<tr>
<th>Desired Skill Development</th>
<th>Company Stage</th>
<th>Program Depth and Breadth</th>
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<tbody>
<tr>
<td>Identify emerging opportunities</td>
<td><strong>New Seed Development</strong></td>
<td><strong>Diverse Development Industries</strong></td>
</tr>
<tr>
<td>Formulate &amp; assess innovative business solutions</td>
<td><strong>Early Stage Business</strong></td>
<td><strong>Diverse Development Industries</strong></td>
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<td>Develop a business plan</td>
<td><strong>Growing Business</strong></td>
<td><strong>Diverse Development Industries</strong></td>
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<td>Align &amp; leverage resources</td>
<td><strong>High Performance</strong></td>
<td><strong>Diverse Development Industries</strong></td>
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<td>Drive accelerated growth</td>
<td><strong>Enterprise Growth</strong></td>
<td><strong>Diverse Development Industries</strong></td>
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Real Impact on Students

- **Dare-to-Dream student grants**
  - $692,970 awarded
  - 993 unique students
- **Business Plan Competition**
  - $372,950 awarded
  - 707 unique students
- **UM Teams competing in other plan competitions**
  - 337 students
  - $437,050 in prizes won
  - 1st: 12; 2nd: 17; 3rd: 11; 26 “best” other
    (pitch, plan, etc.)
- **Summer Internships**
  - $1,100,000 awarded
  - 203 Students /154 Companies
- **Scholarships**
  - $240,000
  - 64 students
- **Wolverine Venture Fund**
  - 195 students
  - 23 companies invested in
  - 42 investments
  - $2.8 million invested
  - 2 very positive exits
    - Versity.com, acquired 1999
    - IntraLase, IPO 2004
- **Case Studies written:** 14
  - Dare-to-Dream student grants
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The Second Decade...

Personality Assessment -

**Do You Have What it Takes?**

The Entrepreneurial Mindset
- Passion
- “Failure” is not in your lexicon
- Energetic
- Creative thinker, visionary
- Business savvy
- Determination
- Self-confidence
- Promotion

Skills Assessment -

**Do You Have the Ability?**

- Leadership
- Analytical Reasoning
- Problem Solving Skills
- Public Speaking
- Focus
- Marketing Skills
- Sales Ability
- Research Skills
- Networking

Opportunity Assessment

**Ten Important Questions:**

1. Who will buy it?
2. How big is the market and it’s growth rate?
3. What is your competitive advantage?
4. Who is your competition?
5. Are there barriers to entry?
6. What is the window of opportunity?
7. What is your sales forecast?
8. What are your expenses?
9. Will you make money?
10. Do you have the right team?
Pitfalls of Entrepreneurship

- Long Hours
- Managing cash - Cash is King
- Misjudging the window of opportunity
- Great technology/product - but NO market
- Tunnel vision
- Comfort zone
- Growth issues

To Plan or Not To Plan?
(If Shakespeare was an entrepreneur)

Business plans
- Do you always need one?
- What is the purpose of a business plan?
- How detailed does it have to be?

Business Plan Purpose

- To propose a new venture
- To provide a roadmap for company & initial product and revenue development
- To guide, maybe force, the entrepreneur to do a thorough and effective analyses
- To benchmark progress; projected vs actual analyses
- To raise capital for the company
- Should delineate and evaluate, not promote
- The best plans focus attention on carefully defined opportunities, market realities, and fact-based decision-making

Elements of a Business Plan

- Executive Summary
- Situation Analysis
- Company Overview
- Product/Service
- Marketing
- Management Team
- Operations and/or R&D
- Financials
- Funds Required
- Risk Analysis
- Appendices

Business Plan Contents

- the Company and its founders, initial investors
- the Concept, solution, product, or service
- Value propositions, F/Bs, & competitive advantages
- Customers needs addressed, or “pain” solved
- Market size, addressable markets, and segments
- Business models and revenue generation options
- Strategic, Marketing, Manufacturing, Administrative, Financial and Funding plans (as applicable to the specific business, its opportunities, and its operations)
- What If analyses and scenario planning options

Many Potential Audiences

- Management Team
  - Current – talking from the same script
  - Potential – need to understand business
- Investors
  - Friends & Family | Banks | Private investors | VCs | Grantors
- Business Partners
  - Alpha/Beta Customers | Suppliers | Distributors
Coordinated Message for Your Business

- Core Concept
- Elevator Pitch
- Executive Summary
- Business Plan
- Investor Presentation

You need the right message
...for the right audience
...at the right time
...clearly articulated
...and delivered with PASSION!

Where Does the Money Come From?

- Bootstrapping Sources
- OPM
- Wealthy "Angels"
- Venture Capital
- Corporations
- Government
- Debt
- Others...

Entrepreneurship Web Resources

- Zell-Lurie Institute website: www.zli.bus.umich.edu
- Kresge Library website link: www.bus.umich.edu/KresgeLibrary/
- Kresge Library Wikis – Resources for Alumni:
  - http://webservices.ltc.umich.edu/wiki/KresgeLibrary/index.php/Kresge_Business_Administration_Library_Wiki
  - http://webservices.ltc.umich.edu/wiki/KresgeLibrary/index.php/Entrepreneurship_and_Business_Resources_for_Ross_Alumni
  - http://webservices.ltc.umich.edu/wiki/KresgeLibrary/index.php/International_Business_Resources
- Kauffman Foundation main website links:
  - http://www.kauffman.org
  - http://www.entrepreneurship.org

Business Plan Resources

- McKinsey Business Planning guide *
- Ernst & Young Business Planning guide *
- Great Lakes Venture Quest Business Planning guide *
- Business Plan Development ppt deck *
- Marketing Plan Development ppt deck *
- Strategic Plan Development ppt deck *
- New Venture Creation – a book by Jeffry Timmons (available from Amazon.com)
  * electronic documents available to interested alumni
FAMILY BUSINESS
PRIVATE EQUITY IN CHINA

Family Business
- Governance
- Succession
- Third Generation Syndrome
- Making Changes to the Business – Family
- Growth of the Business

Private Equity

Trends:
- Growth in this area
- Better management of LPs
- Continued focus on strategy more than finance
- Risk assessment

Stages within the Venture Formation

Decision Point: Go/No Go??
- Does the original proposal still make sense?
- Do the competitive advantages exist as planned?
- Can you foresee overcoming the shortcomings?
- Have you assessed the risk?

Thank you!

Questions

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Hmm...
Corporate Situation Assessment -

Why Do You Want to Leave?

- Tired of office politics?
- Frustrated with bureaucracy?
- Overly defined job description?
- Working long hours and traveling?
- Questionable business practices?
- Bored with 9 to 5?
  - Prefer 24/7?
- Are you caught in the Dilbert Zone?