

TARGET FUNDING BONUS CHAPTER

Competition-Based Funding

A business competition (*challenge* or *contest*) is an event in which entrepreneurs, independent inventors, startup teams, or small businesses compete for an award (*prize*). Often, the prizes consist of cash in the form of either a grant or equity investment as well as *in-kind* (free) business services and/or products. With some competitions, the winners receive expert advice, freebies, kudos, and bragging rights, but no cash—although the exposure usually puts contestants in front of accelerators, investors, lenders, and other sources of funding and resources. The exposure, feedback, and networking alone make business competitions worthwhile, but the chance to win cash and in-kind prizes sweetens the pot.

Contestants are either selected from a pool of applicants or nominated by members of a community, organization, or the public. Most business competitions are free, although some charge an entry fee, which is usually nominal. The competition may be based on a business pitch, a business plan, impact, and/or merit. Winners are determined either by a panel of judges who are industry experts or by a vote from the audience (live event) or the crowd (online).

Some business competitions are one-off events, held only once. Most are held periodically, usually annually, over a few years or several years, and typically end when funding for or interest in the competition run out. Some competitions are open to all small businesses or all startups in a certain geographic location or nationwide. Others target certain industries or sectors. Others focus on entrepreneurs of a specific diversity group, such as Latinx, women, or

veterans. Many business competitions are geared for startups and early-stage companies with high-growth potential, often in a certain industry and/or a certain geographic area.

A business competition may be sponsored by, or cosponsored by two or more of, the following entities:

- Colleges and universities
- Community development agencies and organizations
- Corporations and corporate foundations
- Entrepreneur centers, startup hubs, workspaces
- Financial institutions and fintech companies
- Impact-focused and inclusion-focused organizations
- Organizations supporting entrepreneurs and small businesses
- Pitch events for startups
- Trade associations

A wide diversity and large number of business competitions are available in the United States in any given year. The benefits that can be derived from competing in a business competition go beyond the opportunity to win cash and in-kind prizes to include exposure, expert feedback, networking, and access to potential mentors, lenders, investors, and corporate partners. At nominal or no cost to you. That's why seeking out business competitions aimed at entrepreneurs like you and ventures like yours can be a great way to kickstart your target funding strategy—whether to launch or grow your business.

Colleges and Universities

More than fifty U.S. universities and colleges hold annual business competitions. Some collegiate business competitions are open to a broad range of ventures, while others focus on a specific sector. Many are open only to current and recently graduated students of the university. However, several collegiate business competitions are open to alumni—such as George Washington University (profiled below) as well as University of California, University of Chicago, University of Miami, University of Oregon, and others. Some of the larger collegiate business competitions are open to students of any U.S. university, and a few are global—such as Rice University’s Business Plan Competition, in which 42 teams from across the world compete for \$1.5 million in cash and prizes.

A collegiate business may also be sponsored by a coalition of universities—for example, the Utah Entrepreneur Challenge. Others are sponsored by nonprofit organizations—for example, the U.Pitch College Elevator Speech Competition & Showcase, an initiative of Future Founders, a Chicago-based nonprofit, which is open to college students from across the nation.

Some collegiate competitions are also open to local startups whose founders are not students or alumni of the university. Two examples are the Alaska Business Plan Competition, cosponsored by four Alaska universities and open to startups throughout the state, and MIT’s Entrepreneurship Challenge, which welcomes tech startups in the Greater Boston area.

With smaller schools, prizes may be limited to in-kind services and bragging rights. However, many collegiate competitions offer cash prizes, mostly grants but sometimes equity investments, ranging from \$5,000 to \$25,000 at the low end and up to \$100,000 at major universities, such as Harvard, MIT, Purdue, and Stanford.

The majority of collegiate business competitions are aimed at idea-stage and early-stage social-impact or technology startups with high-growth and high-revenue potential. One such

example of a collegiate business competition open to students and nonstudents follows. Please see Part Four, Funding for Innovation and Inventions, for additional examples of collegiate business competitions.

- **Enterprise Center at Salem State University: Business Plan Competition**—Open to startups and growth companies located in or relocating to the 30 cities/towns comprising the North Shore region of Massachusetts, this university-sponsored business plan competition culminates in a pitch session for selected finalists. Eligibility requires that the company has received no investment capital and plans to add at least five full-time, permanent jobs (in addition to the founders and existing workforce), but does not require affiliation with the university. Semifinalist and finalists receive one-year of pre-pitch education and coaching, at no cost to them.
- **GW School of Business at George Washington University: New Venture Competition**—Open to GW students, alumni, faculty, and staff, the annual New Venture Competition (NVC) is a four-round competition with multiple awards, all of which include in-kind services and the following monetary grants:

 - \$25,000 (1st place), \$15,000 (2nd place), \$10,000 (3rd place), \$4,000 (4th place)
 - \$10,000 best undergrad venture and \$10,000 best women’s venture
 - Three \$7,500 grants: best tech venture, best medical device venture, best international/social enterprise
 - \$5,000 best veteran-owned venture and several \$5,000 runners-up awards
- **McQuire Center for Entrepreneurship at University of Arizona: Social Impact Pitch Competition**—Open to social enterprise startups and new nonprofits, this contest

culminates in six finalists competing in a pitch session at the McQuire Center’s annual Social Impact Summit for two cash awards of \$15,000 (1st place) and \$10,000 (2nd place). Preference given to applicants located in Arizona or with a significant connection to Arizona, but affiliation with the University unnecessary.

Community Development Agencies and Organizations

The commerce or economic development agencies of many state and local governments sponsor competitions for small business and/or startups in their communities. Following is a small sampling of government-sponsored business competitions throughout the country:

- **Alabama Launchpad**—This annual competition of the Economic Development Partnership of Alabama awards a \$50,000 cash grant to a concept-stage startup and a \$100,000 cash grant to a seed-stage startup headquartered in Alabama, plus in-kind support and access to local capital providers.
- **Remington Storefront Challenge**—This best-concept / business plan competition awards two pop-up retail stores each a prime location in the Remington community of Baltimore, Maryland, rent-free for up to two years, plus a tenant-improvement grant. This one-off competition is a program of Greater Remington Improvement Association (GRIA) in collaboration with John Hopkins University and Seawall Development Corporation. The Remington Storefront Challenge is a great example of a one-off business contest that may be available in your community.
- **Yakima Valley Enterprise Challenge**—This annual business plan competition for new and emerging small businesses in Yakima and Kittitas Counties in the state of Washington awards \$17,500 in monetary grants: \$10,000 first prize, \$5,000 second place,

\$3,500 first place. Winners also receive in-kind training and individual mentoring, and their businesses are showcased at the local trade show. An initiative of the Yakima County Development Association and Kittitas County Chamber of Commerce, the Enterprise Challenge begins with applicants. Contestants attend classes and receive tutoring to develop their business plans.

Corporations and Corporate Foundations

Numerous Fortune 500 companies, such as General Electric, Google, and Microsoft, hold business competitions for innovative startups, usually in the form of an open-innovation challenge. (See Part Five, Funding for Inventors and Innovators.) Several large corporations, foundations, and even a few mid-sized companies hold competitions for small businesses—such as the following:

- **Revolution: Rise of the Rest**—Every Rise of the Rest® bus tour visits five U.S. cities in five days and at each stop hosts a pitch competition for local startups in a wide range of sectors, awarding the winner of each competition with a \$100,000 equity investment. Rise of the Rest visits multiple cities and makes a minimum of 20 investments every year. The tour is an initiative of Revolution, a DC-based venture capital firm founded by AOL cofounder Steve Case, and is supported by the Case Foundation.
- **FedEx: Small Business Grant Contest**—This fan-favorite, online contest is open to U.S. small businesses in operation at least six months and with fewer than 99 employees. Every applicant receives a discount on FedEx services. In its sixth year (2018), the FedEx® Small Business Grant Contest awarded the following prizes to ten small businesses: Grand Prize: \$25,000 cash + \$7,500 in FedEx Office services; Silver Prize:

\$15,000 cash + \$5,000 in FedEx Office services; Bronze Prizes: \$7,500 cash + \$1,000 in FedEx Office services, to each of 8 recipients.

- **Shopify: Build a Business Competition**—Billed as the “ultimate entrepreneur experience,” Shopify’s annual Build a Business Competition treats 10 winners to an all-expenses paid luxury bootcamp, where they receive tutelage from renowned experts, a slew of perks, and a \$50,000 cash prize each. For Build a Business VII: Entrepreneur Island (2019), winners and mentor were flown by private jet to Necker Island, Richard Branson’s private retreat, where mentorship was provided by Branson, Daymond John, Tim Ferriss, Seth Godin, and other notables. Applicants open a new store on Shopify (current and previous Shopify members excluded), sign up for the competition, and receive a free New Business StartUp Kit. Shopify notifies contestants when the next Build a Business Competition will begin. In each of the 10 Shopify product categories, the new shop with the highest gross sales over the contest’s eight-month period is crowned a winner.

Read about the amazing target-funding journey of RumiSpice, the grand-prize winner of the 2018 FedEx Small Business Grant Contest, in Chapter 18, Equity Funding.

Entrepreneur Centers and Startup Hubs

All major metropolitan areas and many mid-sized cities in the United States have a center or hub or coworking space—which might be a company or nonprofit organization—with a mission to

ensure local entrepreneurs and innovators have access to the knowledge, expert guidance, advocacy, and ecosystems to launch, build, and grow successful enterprises. Many of these centers sponsor business pitch competitions for which the awards typically include an array of in-kind prizes and often a monetary grant or investment capital. A few of the many such organizations around the country are:

- **Nashville Entrepreneur Week: Catfish Tank**—The Catfish Tank pitch competition takes place during the annual Nashville Entrepreneur Week (NEW). Ten startup teams selected from applicants in the city of Nashville and surrounding areas vie for the \$10,000 grand prize, comprised of a \$10,000 cash grant and \$5,000 of in-kind services from local law firm Baker Donelson, a Catfish Tank cosponsor.
- **Sundown Rundown Group:** With chapters in Akron, Canton, Columbus (headquarters), Mansfield, New Albany, and Youngstown, this nonprofit startup hub for Ohio-based startups offers coworking space, mentorship, workshops, classes, networking, funding connections, and other resources. Sundown Rundown also offers monthly pitch events, the program that launched the group in 2013. Pitch sessions are “laid back,” relationship-building events with a varied audience of founders, investors, business leaders, and job-seeking professionals.
- **WeWork: Creator Awards**—WeWork is one of the largest coworking space chains in the world, with locations in 23 U.S. cities and 21 countries. Since launching the Creator Awards in March 2017, WeWork has awarded more than \$17 million to more than 150 creators around the globe. As stated on the WeWork website: “Whether you’re just planting the seeds of your fresh idea or already growing a full-fledged operation, we offer

awards for innovation at every level, in every industry.” The award categories and amounts at this writing (2018) are:

- Performing Arts: \$18,000–\$72,000 USD, monetary grant, per award
- Business Venture: \$72,000–\$360,000 USD, equity investment, per award
- Nonprofit Organization: \$18,000–\$130,000 USD, monetary grant, per award

Pitch Events for Startups

Conferences, summits, entrepreneurship weeks, and other events where entrepreneurs gather to connect with one another and with business leaders, industry experts, investors, and other startup-ecosystem players often include a pitch competition. With some events, the pitch competition *is* the event. The sponsor may be an investment group, incubator/accelerator, business-development services company, or membership organization (in which case, the contestant may need to be a member).

Most national and global pitch competitions target scalable idea-stage or early-stage startups with a huge potential market and substantial growth and revenue potential. Many target research, technology, and innovation startups. Contestants are often pre-selected by the judging team via an application and review process. Winners typically receive in-kind prizes and equity funding. Please see Part Four of this book, *Funding for Inventions and Technology*, for more detailed information about and examples of startup competitions for technology and technology-enabled ventures.

Some national and global startup groups host pitch competitions in various cities around the country or world, with the winners of those competitions often competing in a national or global competition. Likewise, many local and regional entrepreneur groups also host pitch

events, some of which offer in-kind prizes and/or cash prizes. Some local pitch events involve an application and selection process, while others use an “open-mike” format.

To give you an idea of the types of startup pitch events that might be happening in your community, here is a short list of the many varied local pitch events held throughout the United States:

- **Hatch Detroit:** This annual business plan competition awards a \$50,000 monetary grant to one Detroit-area entrepreneur to open a brick and mortar retail store in Detroit, Highland Park, or Hamtramck, Michigan.
- **Outdoor Biz Pitch Competition:** Established, growth-stage outdoor recreational businesses with sales of less than \$1 million and located Western North Carolina compete for a \$5,000 cash prize (grant) in this pitch competition sponsored by the WNC Small Business and Technology Development Center. The winning business is also showcased at the Asheville Outdoor Show and the WCU Outdoor Economy Conference.
- **Startup Tucson Idea Funding:** This annual pitch competition offers four awards: \$1,000 plus up to \$5,000 of in-kind prizes to an idea-stage venture; \$5,000 plus up to \$9,000 of in-kind prizes to a prototype-stage venture; \$25,000 to a biotech venture, and \$25,000 grand prize to a startup venture. All 25 finalist receive free coaching, mentorship, and pitch training.

Ingenuity and 18 Startup Competitions Launch a Mighty Social Enterprise

Emily Levy entered college knowing she wanted to be an entrepreneur. She just didn't know it would happen before she'd received her degree and despite a debilitating illness.

During her sophomore year at Babson College, where she was a Center for Women's Entrepreneurial Leadership scholar, Emily was diagnosed with acute Lyme disease. A PICC line was inserted into a vein in Levy's arm to deliver medication directly to her heart. At her doctor's suggestion Emily covered the PICC line with a cut-off sock, which she thought was unsanitary, uncomfortable, and unattractive. That was a problem Emily believed she could solve and build a business around.

Over the next two years, Emily and her business partners, Yousef Al-Humaidhi and Maria del Mar Gomez Viyella, developed PICCPerfect[®], the world's first functional and fashionable PICC covers, and launched Mighty Well[®]. The company, which grew 350 percent its first year, soon expanded its line of medical-apparel products and hired a small but mighty team of industry professionals.

While seniors in college, the three cofounders invested \$40,000 into the venture, which was used primarily for product development, branding, a website, the initial production order, and legal fees. A 30-day Kickstarter campaign with a \$10,000 goal generated \$13,200 before fees, netting \$9,249 after costs. The founding team also won first prize in 17 business competitions over a two-year period, providing non-equity funding and in-kind services valued at \$225,000. Emily secured additional non-equity funding and in-kind services from incubators/accelerators at Draper University, Clinton Global Initiative University, Mass Challenge, and Babson's WIN (Women Innovating Now) Lab. Then came a mighty funding boost: Emily won the Babson Breakaway Challenge, receiving a \$250,000 convertible note and in-kind business services, including advertising campaigns, legal services, and workspace.

To fulfill her company's mission to become a leading brand of wearable-wellness products and wellness gear, Emily Levy and her team continue to create innovative wellness-wear and to raise funds for Mighty Well. In fact, they recently closed an \$80,000 seed capital deal and received a \$75,000 small business loan.

Financial Institutions and Fintech Companies

Some banks, credit unions, and fintech companies hold business competitions. In some cases, the applicant must be a client of the financial company sponsoring the contest. Business competitions in this category currently include:

- **Bank of America and Mastercard National Grow Your Business Contest**—Launched in 2017 as a Boston initiative, this online business pitch competition went national in 2018. Applicants submit a short video answering the question, “How do you plan to grow your business?” Four finalists are invited to take the stage to pitch their business at a live event to vie for a \$25,000 monetary grant and in-kind business consulting services.
- **Gorham Savings Bank LaunchPad**—This annual business pitch competition for small businesses in more than 100 cities in Maine was created in 2013. Applicants submit an online application and a video (optional), and judges select five finalists to pitch their ventures on stage. One of the five finalists is awarded the \$50,000 grand prize (cash grant). From the non-finalist entries, the judges also select the winner of the Emerging Idea Award—a \$10,000 cash grant, plus \$10,000 of in-kind prizes.
- **Nav \$10,000 Business Grant Challenge**—This annual grant competition was created to help entrepreneurs take their small businesses to the next level. Applicants post a short write-up or video on their Facebook pages describing what the business does and how the

owner overcame a challenge or continues to struggle with a challenge in their business, and tags the Nav Facebook page. Nav awards three cash prizes to the most “deserving businesses”: \$10,000 (1st place), \$2,000 (2nd place), \$1,000 (1st place).

Impact-Focused and Inclusion-Focused Organizations

Various nonprofit organizations, community development corporations, economic development agencies, and other entities host business competitions for ventures addressing certain social issues (hunger, poverty, sustainability) or led by entrepreneurs of a certain economically or socially disadvantaged group (minorities, women, veterans, LGBTQ). For example:

- **Gen2Gen’s Encore Prize**—This annual merit-based award grants \$100,000 in cash prizes as well as a year of business coaching to encore entrepreneurs (age 50+) whose businesses “help young people thrive.”
- **Business Impact Northwest’s Impact Pitch**—Two \$10,000 Grand Prizes (grants) and five \$2,000 Mission Awards (grants), annually, to idea-phase, startup, or existing businesses in the Pacific Northwest that make a positive impact on their communities.
- **Metro Detroit’s Pitch 313**—Annual business pitch competition for black and Latinx founders of tech startups located in Southeast Michigan. Grants of cash and in-kind services to top three finalists.
- **Royal Neighbors Foundation’s Know Your Worth®**—This annual business plan competition awards one \$10,000 monetary grant to “empower women to continue to build on their financial value as they expand an existing business or create a startup with less than five employees, where access to traditional sources of capital and lending are limited or nonexistent.”

Organizations and Enterprises Supporting Small Businesses and Entrepreneurs

A variety of nonprofit organizations and for-profit companies focus on empowering and supporting small business owners, entrepreneurs, or independent inventors. Hosting a business competition is a way for those enterprises to both help and attract their target market. Following are a few examples.

- **Dream Big Small Business of the Year Award**—This annual contest of the U.S. Chamber of Commerce awards a \$25,000 cash grant to one small business that “exemplifies the spirit of innovation, entrepreneurship, and individual initiative.” To be eligible, the business must be located in the United States and have fewer than 250 employees and less than \$20 million in revenue.
- **IdeaCafe Small Business Grant**—Each year since 2001, IdeaCafe, an online portal for small businesses owners, awards a \$1,000 cash prize—along with “heaps of free publicity and national recognition”—to the applicant with the most innovative business idea. The competition is open to anyone who owns or plans to start a small business that provides “a creative solution to an everyday problem.”
- **Independent Small Business Award**—Created in 2011 by the nonprofit Independent We Stand, the annual “Indie Award” offer a grand prize valued at \$25,000 in in-kind awards, including a branding, marketing, and PR makeover by Meridian Group, a \$1,000 gift certificate for STIHL equipment, and a commemorative plaque.
- **James Tyree Emerging Business Leadership Award**—This annual competition awards a \$50,000 cash grant and in-kind prizes to one high-growth small business with a “commitment to philanthropic values” located within the Chicago greater metropolitan

area. Mesirow Financial and CIBC provide the cash prize, and Chicagoland Chamber of Commerce provides the business consulting services.

Trade Associations

Some trade associations sponsor competitions for businesses in that industry. These are typically pitch competitions that take place at a trade show, where the entrepreneur, business-, or product of the year is named and their enterprise or product is showcased. Many include a cash award and/or in-kind prizes. Regardless of whether the contest offers cash and/or other tangible prizes, just being showcased by a respected trade association and especially at its trade show, whether as a finalist or winner, is worth thousands of marketing dollars. Following are a few of the many business competitions sponsored by trade associations throughout the United States:

- **American Farm Bureau Federation (AFBF) Ag Innovation Challenge**—This national, annual business pitch competition—an initiative of AFBF with support from Farm Credit—awards \$145,000 in cash grants to innovative agriculture and food startups, as follows:
 - \$10,000 each to 10 semifinalists
 - \$5,000 each to four finalists, plus all expenses paid to compete in the live pitch competition at the AFBF Annual Convention
 - \$15,000 to AFBF Entrepreneur of the Year (\$30,000 total prizes)
 - \$10,000 to People’s Choice winner, by public vote at convention (\$25,000 total prize)
- **National Retail Federation’s (NRF) Digital Commerce Startup of the Year**—This annual competition identifies and showcases the “rising stars in the retail world.” Three

finalist teams receive two free passes to the annual Shop.org conference, where each give a TechTalk. A team of venture capitalists, prominent retailers, industry analysts, and NRF® Digital Council members select the winner at the conference. The winner receives:

- \$25,000 cash prize
 - Recognition and marketing push on NRF’s digital channels (NRF.com, Twitter, Facebook, LinkedIn, STORES Magazine, Retail Gets Real podcast)
 - Introductions to the competition judges and NRF Council
 - Free one-year NRF membership
 - Two free passes to the NRF Retail’s Big Show in New York City
- **Society of Photographic Instrumentation Engineers (SPIE) Startup Challenge**—This global pitch competition for light-based technology startups is held annually at Phototonics West, consisting of three conferences and two exhibitions. Finalists (selected by SPIE) pitch live before a panel of judges comprised of industry experts, corporate development experts, and venture capitalists—vying for more than \$85,000 in cash and in-kind prizes. The “best pitchers” also receive free admittance to a free week-long entrepreneur bootcamp.

 **Target any and all competitions that align with your business.** Once you have your business plan and business pitch nailed and have identified contests that are up your alley, competing in multiple competitions can exponentially increase your funding, networking, and promotional opportunities. Just make sure that none of the competitions you enter prohibit you from competing in or having won other competitions. Although most competitions allow

previous wins and multiple competitions, some do not, particularly those that award equity investment prizes may not.
