



**McCOMBS SCHOOL OF BUSINESS**  
The University of Texas at Austin

## **Herb Kelleher Center for Entrepreneurship**

**Working Paper Series**  
**Number 5**

**THE MOOT CORP COMPETITION®**  
**CATALYST FOR ENTREPRENEURSHIP EDUCATION AND ENTREPRENEURIAL**  
**ACTIVITY**

**Gary Cadenhead**  
**The University of Texas at Austin**

**THE MOOT CORP COMPETITION<sup>®</sup>**

Catalyst for Entrepreneurship Education

and

Entrepreneurial Activity

Gary M. Cadenhead, Ph.D.  
The University of Texas at Austin

## **INTRODUCTION**

*(Portions of this paper are adapted from Dr. Cadenhead's book No Longer MOOT: The Premier New Venture Competition From Idea to Global Impact, published in spring 2002.)*

An active dialogue has long existed within entrepreneurship education circles concerning the appropriate combination of practical experience versus theoretical foundation. While proponents of both approaches readily concede that each must play a role if we are to provide entrepreneurially oriented MBAs with the best possible education, we have witnessed at times active debate about how best to balance the virtues of each.

The MOOT CORP Program, developed at the McCombs School of Business at The University of Texas at Austin, offers MBAs a unique perspective on entrepreneurship. During the span of a semester, MOOT CORP students conceptualize, research and develop a detailed business plan for a venture, which they then present to a panel of experienced business judges, many of whom are drawn from the venture capital and investment communities.

This hands-on activity is supplemented by strenuous classroom work. Even as the participants build viable new ventures, they study entrepreneurial theory and the new venture lifecycle. But rather than gauge their applicability in a series of case studies, they roll up their sleeves and put theory into practice.

The success of the model — in blending theory with experience — has proven itself time and again since the Program's inception in 1984. And through its competitive format, the Program's reach has grown from The University of Texas at Austin campus to premier business schools across the globe. Known as the "Super Bowl of new venture competitions," it has pioneered a new development in business education. Conceived as a risk-free new venture

laboratory, it has always provided invaluable experience to MBAs whether they intend to pursue entrepreneurial careers or not. But with the recent addition of the \$100,000 Pontoon Fund investment for the winners of both the fall UT-only Texas Competition and the spring Global Competition, the MOOT CORP Program has truly evolved into a new venture launch pad.

The ventures themselves range from high-tech to bio-tech, lifestyle products to corporate services — and the entrepreneurs are as unique as the companies they launch. Many hold advanced degrees in engineering and science, many have already served in startups, and all have significant work experience. What they have in common is passion, dedication and discipline.

Entrepreneurship *education* remains the focus, however. The MOOT CORP class and its companion course, Advanced Venture Development, compliment the core entrepreneurship courses offered at the McCombs School of Business. Whether or not they launch their ventures, the MBAs who enroll in the classes learn lessons applicable in virtually any business setting.

Nor are the Program's impact and benefits limited solely to participants. Supporters, alumni and the University itself all derive a multitude of benefits — a win-win scenario for all involved. The value proposition is truly attractive, a fact born out by the surging number of new business plan competitions in recent years. The model established by the MOOT CORP Program continues to attract new adherents.

That alone is a compelling reason for entrepreneurship educators to educate themselves about new venture competitions. No matter which side of the theory versus experience debate they favor, the MOOT CORP model offers something for everyone.

## **GROWTH OF THE MOOT CORP PROGRAM**

Nineteen eighty-three marked a banner year in Austin's growth as a technology center. Thanks to the efforts of several influential Texans, including Governor Mark White, Dallas businessman Ross Perot, San Antonio Mayor Henry Cisneros and former UT business school dean George Kozmetsky, Austin beat out over 60 other cities in a bid to provide a home for high tech consortium MCC. Landing MCC was a pivotal step in creating what Kozmetsky termed a *technopolis*, a network of interlocking relationships between government, business and academia designed to foster technology-based economic development.

So much for the headlines. But other events in 1983 proved equally dramatic for the future of the Silicon Hills. It was in this year that 18-year-old Michael Dell, working from his UT dorm room, began upgrading and reselling excess IBM PC components to businesses. By the mid-90s, a revolutionary "direct from Dell" distribution strategy had transformed the company into an industry giant and made it Austin's largest private employer.

Of course, none of that was apparent to city and business leaders in 1983. Nor did they have much occasion to notice another entrepreneurial effort, also the product of innovative University of Texas students: the MOOT CORP Competition. Initially modeled on law school moot court competitions, the MOOT CORP Program quickly evolved into a reality-focused business plan competition designed to provide entrepreneurially minded MBAs with a valuable supplement to their classroom activities. As the founders solicited support for the idea, in which MBA teams would conceptualize, write and present business plans to a panel of judges drawn

from the business community, it became clear that the MOOT CORP Competition could also help forge new relationships between the University and Austin's business leaders.

Thanks to substantial private support (in part from the Kozmetskys and Michael Dell), the Competition expanded in 1989 from an exclusively UT event into an annual national contest, attracting MBA teams from Harvard, Purdue, Carnegie Mellon, Michigan, and Wharton. The following year, the Program became international with the addition of teams from the London Business School, France's Lyon Graduate School of Business and Australia's Bond University.

The Program continued to grow, becoming the focal point of UT Austin's entrepreneurship curriculum as two for-credit classes were added to aid MBAs in identifying and developing their MOOT CORP ventures. The Program had even begun to help launch some real-world successes — the 1990 Champion, Professional Career Guides, Inc. (the Wharton team) published the top-selling *MBA Career Guide*. By the early 90s, about a dozen teams competed annually for championship, and many (if not most) harbored similarly ambitious goals.

In 1992, I was named the Program's director, and immediately began a strategic re-assessment of the role the Program could play in shaping entrepreneurship education not just at The University of Texas, but globally. My predecessors had boldly expanded the Competition from its origins as an extracurricular activity into a respected international event. But it was time to expand both the scope and the size of the Competition even more.

In order to have the desired impact on entrepreneurship education, we needed to do more than attract the top MBA programs in the world — we needed to reach a critical mass of entrepreneurial talent. I had to expand our pool of participants, even as we improved the caliber of the teams themselves. After careful deliberation, we selected a three-part strategy designed to further the Program's goals without sacrificing what it had already achieved.

### 1. Inviting Top Entrepreneurship Schools

Entrepreneurship education was still in its infancy in the early 1990s, so being in the highest-ranking MBA programs did not necessarily equate to having the best entrepreneurship programs. The discrepancy between some MBA programs' ranking and the actual value of their entrepreneurial programs excluded some schools with excellent entrepreneurial talent.

Therefore, my first strategic initiative was to target Top 10 entrepreneurship programs as well, adding Georgia and Arizona to the invitation list for the 1993 International Competition and Babson the following year. They did not disappoint. The team from Georgia, 21st Century Bikes, offered a particularly Austin-friendly proposition: a plan to develop and market innovative and comfortable bicycles using airplane materials and a new design. Well thought out and presented, the team placed third overall, silencing anyone who questioned the new schools' ability to compete.

### 2. Expanding the List of Top MBA Programs

The next strategic initiative was to invite other Top 20 MBA programs to compete in the MOOT CORP Competition. Within a few years, MIT, UC-Berkeley, Chicago, Duke and UNC-Chapel Hill were regular participants.

Several of these schools were universally recognized for their excellence in science, high-tech and computers, and the teams they sent often utilized homegrown technology in a variety of exciting ventures. Their plans to launch their ventures also made the Competitions even more important and entertaining — and upped the ante for their competitors. The bar rose higher with each competition as each team strived to top the previous year's entries.

### 3. Going Global

The MOOT CORP Competition had featured an international component since 1990. But the fact was that we were just barely international. Two schools from English-speaking countries and one from France were not sufficient to have a global impact. Major sections of the world — whole continents — were not represented. No schools from Asia, Latin America or Africa had participated.

I wanted to achieve a broader vision for the Program. More than simply achieving recognition as the best new venture competition in Texas, or in the U.S., or even in the western hemisphere, my goal was for the program to be truly world class. And for it to be so considered, we needed participants from every corner of the planet.

The MOOT CORP Program offers aspiring entrepreneurs a unique laboratory in which to build a venture and receive constructive feedback from experienced, highly competent and influential professionals. As compelling a value as that is for American MBAs, imagine how much more so it is for international students with far fewer resources at their disposal.

The benefits flow both ways. No nation has a monopoly on innovation, and I was confident that internationalization would result in a greater diversity of ventures and a stronger competition.

The first step in the global strategy was inviting premier business schools from previously unrepresented areas, beginning with Canada's York University and Mexico's ITESM in 1993. In 1994, we added Brazil's Fundação Getúlio Vargas; in 1995, Peru's Escuela de Administración de Negocios; in 1996, The Chinese University of Hong Kong and Germany's prestigious Wissenschaftliche Hochschule für Unternehmensführung; and in 1998, Thammasat

University from Thailand. The list of participating international schools continues to grow. The contest has become a truly global event — something reflected in 1995 by renaming it the *Global MOOT CORP Competition*.

In 1993, a *Business Week* feature article on collegiate business plan competitions dubbed the MOOT CORP Program “The Super Bowl of World Business-Plan Competition.” Teams embraced the analogy and openly talked about representing their school at Austin’s annual “Super Bowl.”

In fact, beginning with the 1994 event, the challenge no longer was recruiting schools to come to Austin. The supply and demand pendulum had swung to the other extreme, and we had a new problem to solve. The May event could only accommodate a limited number of teams in a three-day event without diluting the value of the experience.

An important element of our success is having the best-prepared judges of any new venture competition, which means extensive cramming on a tight schedule. Adding more participants meant effectively reducing the amount of time the judges spent on each plan, jeopardizing the quality of the feedback they could offer. We needed a cap on the number of teams: no more than 30. But with hundreds of entrepreneurship programs beginning to flourish around the world, extending so few invitations threatened to exclude a number of superb teams with exceptional ventures. We needed to ensure that the best teams still made it to Austin.

The answer lay in the growing number of new venture competitions nationwide. Several universities had launched competitions modeled after the MOOT CORP Program in the early and mid-90s, including Nebraska, San Diego State, Georgia and Oregon. By extending invitations to the winners of those competitions, which were held earlier in the spring semester

than the Global MOOT CORP Competition, we could dramatically increase the Program's reach while bringing the best of the best new ventures to Austin.

A final, vital piece of the long-term strategy had yet to be realized, however. I had significantly increased international participation at our May Competition, but logistical limitations prevented me from inviting as many foreign universities as I would like. We needed a collection of regional competitions abroad whose champions could be invited to Texas, expanding our pool of international talent in the same way as we expanded the pool of domestic MBAs. Since those competitions did not yet exist, I was determined to help create them in order to achieve our global strategy.

I knew from our own experience that the key was finding host universities with sufficient prestige to entice other schools to participate. Fortunately, I had a number of candidates from which to choose, all of them MOOT CORP veterans. The faculty advisors who accompanied teams to Austin had seen our model firsthand and understood its value.

This network of experienced MOOT CORP faculty advisors enabled us to partner with these influential foreign universities to launch competitions beneficial to us all. We licensed the MOOT CORP name to give these fledgling "continental" competitions instant name recognition, and I shared both my personal experience and our institutional knowledge with the new directors.

The Chinese University of Hong Kong hosted the first Asia MOOT CORP Competition in 1998, attracting schools from China, India, Korea, Singapore, the Philippines, Taiwan and Thailand. Encouraged by the success, I assisted the Queensland University of Technology in launching the Australian MOOT CORP Competition the following year. In 2000, the Canadian

MOOT CORP Competition debuted at the Ivey Graduate School of Business at the University of Western Ontario, and the first African MOOT CORP Competition was co-hosted by the Universities of Witwatersrand and Cape Town. The Latin American MOOT CORP Competition, hosted by Fundação Getúlio Vargas in Sao Paulo, Brazil, launched in 2001.

These continental competitions have already attracted a growing and enthusiastic following. For many of these MBAs, the MOOT CORP model represents an entirely new experience in entrepreneurship education, at once demanding, exciting and rewarding. I expect the seeds we have planted will yield a rich harvest. Inevitably, the competitions drive MBA demand for more entrepreneurship courses at their business schools.

Even as we partnered with foreign universities to launch continental MOOT CORP Competitions, I recognized the need for more focused domestic new venture competitions to tap traditionally neglected entrepreneurial areas. Although I decided not to license the MOOT CORP name in the U.S., to avoid confusion with our event in Austin, I provided the same assistance we gave our international partners.

In 2001, I helped Rice University launch its first new venture competition, a regional event for universities in the Southwest U.S. I also helped Clark Atlanta University debut a new venture competition designed to encourage entrepreneurship among historically black colleges and universities. Champions of both the Rice and Clark Atlanta competitions have standing invitations to the Global MOOT CORP Competition in Austin.

## **CATALYST FOR EDUCATION**

The excitement of an intense competition sometimes makes it easy to overlook the real mission of the MOOT CORP Program: to provide MBA students with the best possible entrepreneurial education experience through a comprehensive, realistic and risk-free process.

Each year, we encourage the winners of the Texas Competition launch their venture with \$100,000 of financing and a year's free rent in the Austin Technology Incubator (ATI). We also award the winning team from the Global Competition with a \$100,000 investment through the MOOT CORP Pontoon Fund. Unquestionably, the financial incentives intensify the efforts of the teams within reach of the finals. For the winners, there is nothing moot about it. But where does that leave the hundreds of MBA students around the world who do not achieve the ultimate prize?

With an unparalleled educational experience, answer the alumni who apply the program's lessons in their diverse careers as entrepreneurs, venture capitalists or leaders within corporate or non-profit organizations. The entrepreneurial principles they learned at McCombs and through the competition help them improve their organizations and communities.

“MOOT CORP is as close to the real world as an MBA student can get,” says Pat Mack, who translated her experience as president of a winning team into a management role with Applied Micro Devices. “It is an experience that is beyond the lessons that are taught in an educational format. Even if you pursue a different business idea (than your MOOT CORP venture) or choose to work for a big company, the lessons you learn are phenomenal.”

When the MOOT CORP Program was launched in the mid-1980s, The University of Texas had no formal entrepreneurship curriculum. During the Competition's first year,

participants were forced to develop their business plans without the support of a corresponding MBA course. As the significant amount of work involved in writing a business plan became evident, the Program's leaders determined that it would be very appropriate to give academic credit. By the Competition's second year, a course was developed to assist the students and provide them periodic feedback from area experts as their plans progressed.

The MOOT CORP Competition served as a major catalyst in the development of the McCombs entrepreneurship curriculum. While participating in the development of that new curriculum, I also worked on a new iteration of the use of videotaped presentations as a teaching tool. I incorporated this methodology into the framework of a supplementary textbook, which I co-authored with Dr. Ray Smilor, my predecessor as director of the MOOT CORP Program.

First published in 1996, these *MOOT CORP New Venture Modules* consist of a student workbook containing the business plans of Global Competition finalists. Faculty members teaching the course are provided with an instructor's manual and videotapes of the team presentations and Q & A sessions with the competition judges. They also receive support materials, including sets of questions and updates on the companies. Through structured classroom sessions, the students discuss the business plans and analyze the judges' line of questioning, developing their own evaluation, writing and presentation skills.

The *MOOT CORP New Venture Modules* have been utilized literally around the world. Any business school sending a team to the MOOT CORP Competition naturally wants to see the quality of the plans that made the finals in the preceding year, so there is a continuing strong demand for the modules. After all copies of the original printed book were sold, we moved to a more easily updated medium: the Internet. The *MOOT CORP New Venture Modules* are now

available online, where streaming video technology makes them instantly viewable by participating schools.

Prior to the development of the *MOOT CORP New Venture Modules*, good business plans were rarely available because of successful companies' understandable reluctance to share their plans and strategies. And since few case-driven entrepreneurship textbooks included complete business plans, entrepreneurship courses were limited to providing only broad prescriptions of what to include in business plans and examples of fictional business plans. Although software and guidelines for writing business plans were available, none really helped students develop the analytical skills necessary to produce and present top-quality, fundable plans.

Students learn best when they solve real problems utilizing state of the art theory. The case method is based on this fundamental principle, and so are the *MOOT CORP New Venture Modules*, which force MBAs to think analytically. They offer a unique and rigorous methodology for achieving three pedagogical objectives: 1) the evaluation and analysis of business plans; 2) the writing of business plans; and 3) the oral presentation of a new venture plan.

The process of achieving these objectives includes following a carefully structured outline: 1) the written plans are assigned in advance of the course and the students are expected to have read and analyzed them prior to the first day of class. They are encouraged to take several perspectives in their analysis. First, they are asked to assume the position of prospective investors and ask themselves whether they would seriously considering putting their own money into the venture. Second, they are asked to view each business plan through the eyes of the

entrepreneurs themselves — has each venture been presented in the best possible light? How would they present it differently? Third, the students are encouraged to view the business plans from their perspective as fellow entrepreneurs, and asked to consider what techniques and approaches in the subject plans would work well in their own business plans.

I begin each classroom session by asking the students for their evaluation of the assigned plan. Simply put, would they be willing to invest in the venture? Typically, a great deal of energy pervades this part of the discussion as the students focus on individual areas of interest and personal preferences, critiquing the plan and offering suggestions for improvement.

When that initial energy begins to flag, I show a videotape of the team's MOOT CORP Competition presentation. After viewing the tape in class, I ask my students whether their assessment of the venture has improved or declined as a result of viewing the presentation. In nearly every case, the students say their opinion has been favorably impacted — no real surprise, since these are typically good presentations. But our goal is to take the analysis further, by actually quantifying what the presenters have communicated that has resulted in an improved assessment of the venture.

Sometimes the students learn equally valuable lessons from poor performances. A frequent example is team's obvious lack of enthusiasm, energy or passion. Occasionally the presentations are just plain boring. By seeing firsthand what does and does not constitute an engagingly presented business plan, the students gain invaluable insights into their own plans and presentations.

Then we put the students in the position of investors. What questions would they ask the team? What areas of the plan present the greatest risk? Our goal is to sharpen our students' abilities to analyze the essence of a business plan and quickly grasp its risk factors. In my

experience, most good business plans have only two or three real vulnerabilities. I give the students about 10 minutes to work together in small groups to generate a list of the top three questions they would ask as prospective investors. I record them on the board for all to see, and then view the Q & A session with the MOOT CORP judges, all of whom are professionals in evaluating business plans. Our students are able to compare their questions with the questions asked by venture capitalists and other investment experts. By the semester's end my students have typically analyzed seven such plans, and a strong convergence has developed between their questions and the judges'.

I also spend time with the students challenging them to evaluate how well the entrepreneurs in the video answered the judges' questions. When they observed mistakes, I ask them to define the nature of those errors. As my students will soon be in a similar position, these discussions are frequently high-energy sessions.

The most consistent mistake we observe centers around the presenters misunderstanding the nature of a judge's question and answering inappropriately. This is such a frequent and damaging error that we spend some time focusing on various methods good teams use to ensure that they are getting to the heart of the question asked. Kristin Etheredge of Halsa Pharmaceuticals, the 2001 Texas Champion, developed the most effective technique I have seen — she repeated the question if it seemed in any way vague or open-ended, confirming her interpretation with the judge before calling on a member of the team to answer. Her process was subtle, but achieved two key things: 1) it ensured that the team squarely addressed the judge's question; and 2) it gave the team member designated to answer the question an additional 30 seconds or so to collect his or her thoughts.

After my MOOT CORP class views and discusses this portion of the presentation, I ask for their assessment of the venture. Would they as prospective investors continue due diligence on this particular entity? More importantly, why or why not?

Following that discussion, I reveal the judges' own comments and evaluations. Then I update the students on the venture's current status and how it has fared since the Competition. A number of the modules have very interesting post-Competition stories and in some cases I lead the class through a series of decision points that faced the real venture, asking the students what they would have done in the entrepreneurs' place.

This process of thoroughly examining seven different modules of well-written and successful business plans forces my MBAs to develop skills in analyzing a plan, in selecting approaches to widening the plan that are relevant to their own venture, in seeing a spectrum of presentation tactics and utilizing those which are relevant in their presentations.

Part of what drives this process and makes it successful is that the MBAs are concurrently writing their own plans and are highly motivated to write an excellent plan and present it superbly. The *MOOT CORP New Venture Modules* methodology becomes an iterative process of looking at other plans and incorporating appropriate features into their own plan. As a result, the quality of the business plans and presentations our MOOT CORP MBAs produce are at least equal to what local entrepreneurs are presenting to The Capital Network and, as the judges consistently say, often better. At other national competitions, teams from the McCombs School of Business frequently win the award for best-written plan, results I attribute in part to this methodology.

Whether or not they go on to launch their ventures, though, MOOT CORP alumni learn a number of valuable lessons applicable in any business environment, entrepreneurial or corporate. As a purely educational experience, the Program's value is superb. Consider the areas in which participants gain insights:

### 1. Analyzing Business Opportunities

In addition to developing the plans for their MOOT CORP ventures, students review case studies from previous winners through the *MOOT CORP New Venture Modules* and evaluate the business plans developed by their peers. Faculty advisors and volunteers from the Austin business community, including venture capitalists who evaluate hundreds of business plans a year, provide valuable critiques. At semester's end, MOOT CORP students are asking the same questions asked by experienced investors.

"Learning how to prepare a business plan and put information together that investors would need to provide capital is very useful whether you are with a large company or starting a new venture," says Rob Easley, who has written or evaluated dozens of plans for capital appropriations with HEB. "Without that ability, you're never going to get any ideas sold. A big part of leadership is getting new ideas in place."

In a circuitous way, Rainey Knudson is still working on her MOOT CORP project. She is applying her entrepreneurial education towards the launch of Glasstire, an online magazine about visual art in Texas. Her ability to communicate ideas through a business plan, learned in the MOOT CORP class, is a key factor.

"Incorporating as a non-profit," she says, "I've used the skill set I learned in the entrepreneurial program at UT: writing a business plan, defining goals, creating a budget,

engaging partners and anticipating the concerns of financial backers. Perhaps Glasstire is not making the dreamy entrepreneurial big bucks, but it is definitely making the world a better, more interesting place — and meeting my personal goals of self-employment and professional happiness.”

Geoff Tudor has applied lessons learned from his MOOT CORP experience while preparing business plans that have helped raise more than \$27 million of financing as president and CEO of Advent Networks.

“For me, MOOT CORP was an important turning point because it synthesized all of the disciplines taught disparately at UT into a single initiative: develop a concept, raise the required capital and launch a new business opportunity. Although our team did not win, we did launch and successfully harvest a profitable software company. Building upon this early success, I have now founded two venture-backed startups in the networking and communications markets.”

## 2. Learning to Manage Scarce Resources

In 1995, Ed Acosta’s Digital Dynamics team was poised to make a splash in the emerging web and digital communications arena, and after years of modest growth as a digital surveillance system company, a change was needed if the business was to prosper. After careful consideration, Digital Dynamics became BroadCloud.com in 1999, and its focus shifted to wireless Internet communications. As Ed remembers, along the highway to prosperity, the BroadCloud vehicle occasionally ran on fumes.

“When you’re starting a business, the two most important things to know are: 1) your burn rate — how much money you are burning per unit time — and 2) your fume date — when you’ll run out of money,” he says. “As you raise money and near your fume date without having

the money you need to continue, that can be pretty stressful. I remember times when we were pitching to potential investors one day, then the next day building contingency plans for filing bankruptcy.”

In the end, Ed’s ability to maneuver between close calls enabled BroadCloud to raise nearly \$15 million of venture debt and equity financing and close business deals with Dell and other large corporate customers.

Sam Bloom also has maintained a frenetic pace since earning his MBA, and credits his MOOT CORP experience for teaching him a similar lesson of entrepreneurship: you must be able to accomplish great things with limited resources.

“One of the purposes of the business school is to teach students to prioritize their schedules,” says Sam. “With MOOT CORP, students need to really prioritize their time and remain focused. Inevitably, students won’t have enough time or resources, but that is no different than real life. You have time constraints, money constraints and people constraints — all of those things are very real in the entrepreneurial world.”

### 3. Building and Working with Teams

MOOT CORP teams are encouraged from day one to seek diversity. If an entire team has an engineering background, or a finance background, or a marketing background, it will likely have deficiencies in the areas where its members lack experience. Accommodating these different backgrounds and perspectives requires skilful handling.

“From my MOOT CORP experience, I learned the importance of dealing with differences of opinion,” remembers Pat Mack. “I understand how critical it is to listen to what people have to say. Now, even when I think I know an answer right away, my tendency is to

listen more and wait before I blurt it out. I now understand that it is important to listen to everything someone has to say, realizing this person's perspective can make a positive impact on the company. Before, my perception was that everything revolved around money, and decisions had to be made quickly. Now, it's a matter of understanding that all team members can and must contribute if you want to maximize the value of their time with the team."

#### 4. Honing Presentation Skills

"The most valuable things I got out of MOOT CORP were the lessons about pitching," says Aruni Gunasegaram, who applied these lessons with her entrepreneurial team many times while raising more than \$14 million of venture capital for Isochron Data within three years after graduation. "MOOT CORP helped me polish my pitch and gain confidence."

We assist our McCombs MBAs in honing their presentation skills by devoting class time to the activity and by bringing in an "investor road show" communications expert to coach them. Our teams frequently win the "best presentation" award at other intercollegiate new venture competitions.

These presentations illustrate one of the few differences between the MOOT CORP Competition and the "real world" of seeking a venture capital investment. At venture capital conferences, a new venture's best speaker, usually the CEO, CFO or VP of Marketing, will give the entire presentation. In the MOOT CORP Competition, to contrast, everyone must take center stage — no matter how much he or she might dread the prospect.

"This is a big benefit of this course," says Rob Easley, now a senior vice president at HEB. "You're going to stand up and present a business plan that you've worked on for months.

You're presenting to a group of professional managers, leaders and investors from around the country. That is a real learning experience.”

As a Senior Vice President at HEB, Rob routinely speaks in public, whether opening a new store in front of a group of employees or as the keynote speaker at an industry conference or community event. He has long since conquered any trepidation about standing before a microphone, but he remembers a time when it was less easy.

“I had always been a fairly private and somewhat shy person, and had never really been in a position to do a lot of public speaking,” recalls Rob. “When it came time to present our MOOT CORP business plan, it was an extremely anxiety-provoking event for me. But we did it, and although we didn't win first place, we did a good job. That was very memorable and extremely powerful, because once I joined HEB, of course, the leadership roles I moved into required a great deal of public speaking.”

## 5. Reaching Great Advisors

In advising MOOT CORP teams, McCombs faculty come to know not only a team's business plan, but also the team's individual members and their career goals. This personal affiliation allows students to receive advice outside a formal classroom setting, and often continues long after the MBAs have graduated.

“It is really important for students to realize how much faculty members can help them after graduation,” says Ingrid Vanderveldt, a 1995 MOOT CORP graduate who founded a completely new venture soon after completing her MBA coursework. “I met Dr. Kozmetsky at school, and then contacted him after graduation. I informed him that I was a recent graduate of

the MBA program, and gave him my specific reasons for wanting to meet. He accepted the meeting, and once I told him about my vision, we were essentially off and running.

“I cannot begin to tell you how valuable Dr. Kozmetsky is to me. There have been so many times when I have wanted to do something, and everyone else would discourage the idea. I have gone to Dr. Kozmetsky, and he has encouraged me to continue to proceed with my vision, offering advice and support along the way.”

The accessibility to five-star faculty has proven a powerful draw in attracting some of the business world’s best and brightest young minds.

“I specifically sought out UT for an MBA in part because of the number of adjunct professors with real world entrepreneurial experience,” says Jeff Hoogendam, who has raised more than \$40 million of venture capital for several enterprises, including SmartPrice.com. “I didn’t want to just learn from books, I wanted to learn from people with years of insight and depth of experience.”

Larry Hanrahan, an entrepreneurially minded MD, selected the McCombs School of Business to pursue an MBA in 1990. Aware of the School’s international reputation in entrepreneurship education, he was intrigued by the breadth of intellectual resources at his disposal.

“MOOT CORP was appealing because I would have access to so many experts that could: a) help in getting my idea patented, and b) put a company around it and take it to market,” says Larry. “I particularly remember putting my business plan in front of venture capitalists who tore it apart. When I am asked to read business plans now, all those images come back. Even going back to 1990, sitting at IC2 and getting my business plan reviewed by various VC firms, I

use those same teachings to help my current clients write business plans. Those are things that I learned in MOOT CORP, not in my 10 years in the business world.”

#### 6. A Risk-Free Educational Environment

Even as the MOOT CORP Program has become a launch pad for promising new ventures, it remains a safe, secure harbor for those MBAs testing the entrepreneurial waters.

“The MOOT CORP process is a great time to learn while stakes are low,” says Jeff Hoogendam. “Our team pursued advisors in marketing, engineering, accounting and other disciplines. You can do this while you’re a student much easier than later, because people are more open to helping students.”

During the intense activity, it is not uncommon for students to better envision their real proclivities and career goals.

“A number of students learned that they did not want to be entrepreneurs after doing this,” remembers former MOOT CORP Director Ray Smilor, now president of the Foundation for Enterprise Development. “That is beneficial. It is an unintended consequence, but it helps students learn about themselves.”

## **NO LONGER MOOT**

The founders of the MOOT CORP Program intended from the outset that it be more than simply an academic exercise. That vision took time to come to fruition, however. During its first five years, the MOOT CORP Competition remained primarily a business plan, rather than a new venture, competition. Not until nine years after the first Competition did a Texas team successfully launch and achieve success as a going concern.

Since 1993, though, a number of MOOT CORP Ventures have successfully launched. Ampersand Art Supply, Partnerware, BroadCloud, Isochron Data, Halsa Pharmaceuticals and Private Concepts are examples of MOOT CORP-spawned companies still in operation.

The Program's evolution from business plans to new ventures can be explained by four factors:

### 1. Precedent

Never underestimate the power of precedent. Beginning with the successful launch of Texas MOOT CORP Champion Ampersand Art Supply in 1993, each winner of the fall Texas Competition has attempted launch. Every spring's Global Competition sparks at least three or four ventures serious about translating their MOOT CORP experience into real-world success. And with every success story, the legacy begun by Ampersand grows. Today, when our MBAs look around the room on the first day of the MOOT CORP class, they are no longer wondering, "Can anyone here do it?" Instead they are asking themselves, "Who here will do it?"

### 2. MBAs bring more experience

As the McCombs School of Business gained prestige in the 1990s, we followed the admissions trend established by schools like Harvard, Wharton and Stanford by favoring MBA students with greater work experience. The creation of the McCombs Executive MBA program also deepened the wells of industry experience. Today's McCombs MBA has an average of five years of work experience prior to admission, which lends credibility and a variety of real-world expertise to MOOT CORP ventures. Increasingly, we are attracting more aspiring entrepreneurs like Dr. Patrick Pevoto, who brought a prototype for a new product and 18 years of experience as a physician to the Executive MBA program and the MOOT CORP class. Joined by four other talented and experienced teammates, he is helping launch the 2002 Global Champion, Private Concepts.

### 3. ATI provides impressive office space and technical assistance

Soon after being launched by the IC<sup>2</sup> Institute in June 1989, the Austin Technology Incubator began providing the fledgling, mostly unfunded Texas Competition winners with access not only to world-class facilities, but also to invaluable technical assistance. For most, this opportunity was the first pledge of real value awarded to the startups, and it showed the participants that the MOOT CORP Program was a serious avenue through which a new venture could be launched.

### 4. Austin has become a technopolis

Whether a MOOT CORP venture develops technology or not, the team can benefit from the infrastructure and support network that developed to support the boom in venture-capital-financed tech companies in the mid-to-late 1990s. In fact, it is virtually impossible to receive an

MBA from the McCombs School of Business without interacting with a number of prominent local attorneys, accountants, bankers and venture capitalists, all with a vested interest in helping entrepreneurs launch and develop their businesses.

Although at least one — and sometimes more — UT new venture team takes its class project into the business world every year, the majority of the students from a MOOT CORP class may not actively seek an entrepreneurial opportunity immediately after graduation. Some are primarily motivated by the exceptional learning experience afforded by a realistic, but risk-free, activity. Only a few teams have the “launch or bust” attitude from the first day, and their leaders generally have that goal in mind prior to signing up for the course.

Even for them, the decision to launch is usually a difficult one. No venture, no matter how promising, is risk-free. Opportunities have never been greater for entrepreneurially educated MBAs in well-paying corporate jobs. In the aftermath of a competition, there is usually some soul-searching about what course to take, and it is rare that all of the members of even the most promising teams will remain with a venture as it attempts to launch. Fortunately, many more resources are available today for individuals who stay on to proceed towards a successful launch than were available just a few years ago. And those resources are available for all types of new ventures, not just the hottest industry trends attracting the most venture capital dollars.

In Austin, where the business community and UT have well-publicized core competencies in technology-related ventures, the MOOT CORP Program is sometimes perceived as being geared towards high-tech entrepreneurs. The successful launches of companies like Isochron, BroadCloud and Partnerware certainly support the reputation that we understand the issues facing technology companies and can educate our students on how to launch them. MOOT

CORP Program alumni who have shepherded an idea from opportunity to launch after graduation, sometimes many years later, further enhance this reputation. Such alumni include William Glasgow, CEO of @Security Broadband, Riss Estes, co-founder of ClearCommerce; and Geoff Tudor, CEO of Advent Networks — to name only a few.

But the MOOT CORP Program is equally suited for other types of new ventures, ranging from biotech companies like Halsia Pharmaceuticals and Private Concepts to traditional manufacturing operations like Ampersand.

One innovation for which the MOOT CORP Program cannot take credit is the introduction of cash prizes into the world of collegiate business plan competitions. Soon after I became the Program's director in 1992, other competitions began to give cash prizes to their winners, though not much more than enough to cover the out-of-pocket expenses for the team to compete. Ampersand won a competition on the road in 1993 and received \$5,000. We soon realized that to retain our reputation as a thought leader among the growing number of competing events, we would need to offer a cash prize — preferably one larger than most.

That was right about the time Motorola became a strategic partner and sponsor of the Program. In fact, Motorola managers became such advocates for the value of the MOOT CORP concept that they ultimately sponsored business plan competitions all over the U.S. and the world, even ones unaffiliated with our Program. However, Motorola ensured the prize awarded at the Global MOOT CORP Competition in Austin was more than any other competition they sponsored. In 1996, it was \$10,000.

The dollar amount of cash prizes began to grow exponentially with the market boom started by the commercialization of the Internet in the late 1990s. MIT, for example, had \$50,000

in prizes by 1998. That year one of its finalists, Akamai Technologies, scored a huge venture capital investment, went public a year later and achieved a market capitalization of over \$35 billion by the time they celebrated the new millennium. Unfortunately, when boom turned into bust less than two years later, Akamai had lost more than 98 percent of its value. But that chapter of the story was inconceivable to most investors in the late 1990s. Sponsorship monies were more readily available than ever, and most competitions poured money straight into their best ventures.

We had considered raising our cash prize a notch, but I was not convinced this was the best option for the teams or the Competition. While maintaining a highly acclaimed event was strategically important to UT and the prestige of our business school, I did not subscribe to the strategy of raising the bar of annual fundraising simply to grant a larger prize. A cash prize brings publicity, but it is deceptive — it is still far short of what the vast majority of new ventures need to launch. Additionally, it puts enormous pressure on the Program to raise more money than the previous year. While raising additional funds is always the goal, corporate giving is far from recession-proof, and the first year the prize money actually decreased would be an embarrassment. After consulting with a number of Program supporters and advisors, we decided to try a different approach — awarding the winning teams of the Texas and Global Competitions with an investment instead of a cash prize.

The initial concept was to find 10 venture capitalists to put \$100,000 each into a MOOT CORP venture capital fund. From this \$1 million fund, we would invest \$100,000 twice annually: once for the Texas Competition winner, and once for the champion of the Global Competition. The investment would be structured as a bridge loan convertible into stock at the same per share price as the first subsequent venture capital investment. If a company ultimately

achieved success and a liquidity event for the investors, the fund would first return the capital put up by the fund's sponsors; 80 percent of proceeds above and beyond the return of the seed capital would go to the investors, and 20 percent would be invested toward an endowment of the MOOT CORP Program. So it made more sense than giving a cash prize for two reasons: 1) we could help the teams trying to raise money; and 2) the program could really benefit if even one venture hit big.

Our advisors considered this idea an innovative and compelling value proposition with an appropriate risk/reward balance for the Program and the investors. The investors take a considerable risk considering that the convertible debt investment would be committed to the winning teams every year, provided that the teams intended to launch the venture. By so doing, they would make a remarkable statement of confidence in the quality of the MOOT CORP Program and the MBA students at the McCombs School of Business.

As I pitched the idea to members of Austin's business community, I was encouraged by the response. The fact that one of our advisors had already pledged to be the first investor in the fund gave us immediate credibility. If this fund had been in existence five years before, I noted, the investors and the program would now have a Series A round stake in three Texas ventures backed by leading venture capital firms: BroadCloud, Partnerware and Isochron. In theory, the winning teams from the Global MOOT CORP Competition, whether or not from Texas, would have an even greater likelihood of success.

As the model for the Pontoon Fund evolved over several months of discussion, I had an opportunity to meet with entrepreneur Steve Smith. As an extraordinarily successful businessman who had pioneered the concept of network marketing with Excel Communications,

I thought he would be an ideal candidate for a \$100,000 investment. Much to my delight, he committed the entire \$1 million.

“What captured my interest most was that the MOOT CORP Program had ceased to be an exercise, and became reality for many of the participants,” Steve says. “I think a real turning point came in that 1993-1994 time frame when participants started converting their classroom presentations into real ventures. That intrigued me, because no longer were they just engaging in a ‘safe’ academic exercise, they were risking something — if not everything — of themselves.”

Steve has said that his goal in supporting the MOOT CORP Program is to help develop a more independent society. “More than anything else, I think programs like this are an opportunity for students to develop self-worth and self-reliance,” he says. “We live in a society that has become a dependent society, rather than the independent one it used to be. As a whole, we’ve become a society that depends on a web of social services and government programs, rather than independent initiative and creative problem-solving.” Steve sees in the MOOT CORP Program an opportunity to contribute to the raising of new generations of business people who embrace challenge and solve problems independently.

The advent of the Pontoon Fund through Steve Smith’s generous endorsement of the MOOT CORP Program marks the beginning of a new era. We have now reached the stage in the new venture lifecycle that all entrepreneurs aim to achieve – the stage where financial returns may be harvested for its investors.

Of course, there is no certainty that a MOOT CORP Competition winner will achieve a liquidity event with extraordinary returns for investors in the next five years. But should it occur — and I am optimistic that it will — the MOOT CORP Program will take a giant step towards

our ultimate goal: a fully endowed Program consistently achieving a world-class standard for innovation in entrepreneurship education, funded through the accomplishments of the ventures it spawns.

## CATALYST FOR INVESTMENT

Of the many sponsors whose investments of time, expertise and funding have made the MOOT CORP Program the world's premier new venture competition, two names stand out at the top of the list: the McCombs School of Business and The University of Texas at Austin. Without the pervasive culture of entrepreneurship, the freedom to innovate, the incredible faculty, the strategic partnership with the IC<sup>2</sup> Institute and the Austin Technology Incubator, and the administrative resources of a world-class organization, the MOOT CORP Program would not have achieved so much so fast.

The benefits flow both ways, however, and the Program for its part has provided exceptional value and positive exposure to the University. Even as we focused on the global growth of the Program, I considered it imperative that the Program not sacrifice the value it offered to MBAs at the McCombs School of Business. While our "external" goal is marketing the Competition to sponsors and directors of leading entrepreneurship education programs, our "internal" aim has been to encourage the growth of entrepreneurship education at UT. The Program's early supporters were part of a goal-oriented academic culture, and understood where the MOOT CORP Program fit into the greater vision of entrepreneurship education.

For many years, the MOOT CORP Program was not only the premier entrepreneurship program at UT — it *was* the program. Students could enroll in the two-course MOOT CORP sequence or a number of other classes mostly taught by exceptional adjunct faculty, but the business school offered no comprehensive entrepreneurship education program.

That changed in the mid-90s, thanks in part to the MOOT CORP Program's ability to act as a conduit for information sharing between schools. I formalized the exchange of information

among faculty advisors at the Global MOOT CORP Competition by conducting the Texas Forum on Entrepreneurship Education. The faculty advisors of competing teams were almost always the leaders of their own entrepreneurship programs. Motivated to establish entrepreneurship as an academic discipline and to improve their own programs, the participants openly shared course descriptions, syllabi and teaching methods. The visiting faculty professors appreciated the innovations developed by UT faculty, and after each Global Competition I had a wealth of valuable data and anecdotes from entrepreneurship educators around the world.

In sharing these insights with my UT colleagues at regular monthly lunch meetings, it became clear to us the entrepreneurship curriculum needed to evolve to keep pace with changing realities. Participants in any MOOT CORP Competition, including students, faculty, judges, and spectators, see firsthand the results of innovative entrepreneurship education. But it was only when Dean Robert May articulated the school's vision for the future — entrepreneurship, technology and globalization — that entrepreneurship education finally reached the mainstream at UT.

“When I became dean in 1996 and began working on a strategic vision for the school, I proposed a focus in entrepreneurship,” says Dean May. “I did that because of all the things that we could support in the school, entrepreneurship most captured for this particular school the essence of Texas culture. Texas is a very entrepreneurial state, so I said that if we are going to strive for distinction in particular areas spanning the disciplines, entrepreneurship ought to be one of them. It turns out it was a very good choice because people really relate to entrepreneurship in Texas, and a whole lot of the strength of the Texas economy is built on that spirit.”

To Dean May's credit, the development and rollout of this vision preceded the start of the Internet-driven investment boom of the late 1990s. The UT faculty and students were ahead of the curve, and the MOOT CORP Program played a significant role. "MOOT CORP helped to get resources allocated for entrepreneurship at our school as well as at some other really good schools," says Dean May, "and it attracted positive attention to Austin and the business school."

The process of writing a business plan entails incorporating information from a number of different areas that are frequently not covered in the traditional MBA curriculum. For instance, a typical business law course primarily deals with torts, whereas entrepreneurs are most concerned with intellectual property. In responding to this need for information, nearly every semester we invite an attorney specializing in intellectual property to visit the MOOT CORP class and discuss patents, trademarks, copyrights and trade secrets.

Traditional finance courses are generally corporate-oriented and normally pay little attention to venture capital. But venture capital is obviously critically important to new ventures, so we invite venture capitalists from the community to come in and discuss what the goal, objectives and processes are for venture capitalists as they invest in new companies.

Similar analogies can be drawn from the particular parts of accounting that are relevant to business plans, especially the areas concerning financial projections. Sometimes guerilla marketing is important. In short, a number of areas are frequently best served by bringing in experts from the community to speak to the class.

The "experts' networks" that result can be of tremendous importance to the University. Sometimes an expert who visits one of our classes to give a lecture is so enthused by the experience that he expresses an interest in teaching — a lecture on venture capital, for instance,

may be expanded into a semester course on venture capital, or the lecture on guerilla marketing may be expanded into a particular marketing course focusing on the needs of entrepreneurs.

In this manner, universities may find successful entrepreneurs who have met their material goals and would now like to “give something back.” And one means of giving back is to teach a course at the local university in which they can share their relevant real life experiences with aspiring entrepreneurs. Most of these adjunct professors have MBAs (some even have PhDs), so they are eminently qualified to deal with the conceptual frameworks in addition to offering valuable practical insights.

A number of courses here at the McCombs School of Business have grown out of these associations. At first, they may be somewhat idiosyncratic to the specific experience of the adjunct faculty teaching them. But as their popularity increases over time, the themes become better developed and organized — and thus entrepreneurship curricula are born.

At The University of Texas, our particular set of core entrepreneurship courses is organized around the life cycle of the new venture. We began with an overview course and then added four courses focusing on identifying opportunities, gathering resources and launch, managing entrepreneurial growth, and harvest. In 1997, *Success* magazine ranked UT Austin’s Entrepreneurship Program as the best in the country. Since then, we have consistently ranked among the elite MBA entrepreneurship programs in the world. And in 2000, the United States Association of Small Business and Entrepreneurship (USASBE) recognized UT as the Model MBA Program in Entrepreneurship.

But it was the MOOT CORP Program that provided the initial launch methodology that spawned (during a 10-year period) a whole curriculum in entrepreneurship and resulted in a number of faculty being recruited from the community.

Nor was this evolution limited to UT. I have observed a similar development model at a number of universities. Frequently, students demand a business plan competition, just like ours did in the early 80s. Once the competition is in place, it inevitably puts pressure on the university administration to offer additional courses in response to the students' interest in entrepreneurship, and it also provides access to individuals from the entrepreneurial community who have a strong interest in joining a university and teaching a course or two.

When San Antonio businessman Red McCombs pledged \$50 million in cash to UT's business school in May 2000, the investment galvanized the whole UT system. The blockbuster amount, unprecedented in UT history, will be disbursed annually over eight years and will provide half the capital for a planned \$100 million endowment fund to further increase the school's stature as one of the premiere business education facilities in the world. It will permit the school to greatly increase faculty productivity, attract more star-quality faculty, and improve student programs.

It also holds a special significance for the MOOT CORP Program. For the first time, the school is now named after an entrepreneur. Considering the disrepute in which entrepreneurship was held by mainstream academia when the MOOT CORP Competition was founded in the mid-80s, the transformation is incredible. Entrepreneurship education has clearly advanced to the head of the class.

As important as the University's support has been, the MOOT CORP Program's continuing impact would also not be possible without the support of the Austin business community and other globally minded sponsors. They regularly devote time, money and

expertise — and many have received unexpected dividends from their involvement with the Program. Some of them have formed valuable business relationships while attending a Competition and interacting with other sponsors and guests. Some have used the intellectual exercise of judging MOOT CORP teams to reflect on how they judge investment opportunities in their own companies. Some have brought employees or colleagues to the competition to invigorate them with the MBAs' entrepreneurial energy. On several occasions, sponsors have not only invested in new ventures, but in people, recruiting students for their own companies. The stories they tell affirm that the MOOT CORP Program provides value to students, the community and its sponsors.

New ventures share a common challenge, whether they are for-profit or non-profit entities — they must show promising results to investors in order to continue receiving their support. Educational programs come and go just like venture-backed startups. Ultimately, most fail or wind down after interest wanes or when more pressing needs appear. But as long as investors see consistent milestone achievements and a growing demand for the product or services provided, they find a way to keep the venture funded, whether by their time and dollars or by passing the torch to another. We have enjoyed a mutually beneficial relationship with scores of businesses and individual sponsors since that first Texas Competition in 1984. They contribute their time while serving as Competition judges, advising MOOT CORP teams, or even providing their professional services on a pro bono basis.

For nearly two decades, investors in entrepreneurship education and the MOOT CORP Program have formed a partnership for the betterment of students and the business community. The Program has received the support it needs to deliver value to each class of participating

MBA's. In turn, the program's sponsors have received value matching their goals, and sometimes far beyond. The best business partnerships provide a win-win value proposition for both sides, and by that standard, the MOOT CORP Program ranks among the best values in entrepreneurship education.

### 1. Venture Capitalists

Every day on the job, venture capitalists meet with entrepreneurs, review business plans and research market and technology trends in pursuit of an answer to the most important question in their industry: "Which new venture is worthy of our next investment?" Naturally, venture capitalists make excellent judges of MOOT CORP Competitions, where the fundamental question is the same.

Joe Aragona has been a finals judge for over a decade. A founder and general partner in Austin Ventures, he has helped finance and advise dozens of startup ventures which have had a major impact on Austin's growth as a high tech center. Joe's stature in the professional investment community helped establish the Competition's credibility as it took its first steps as an intercollegiate event.

"MOOT CORP is a way to practice applying a lot of the functional skills that students attain in an MBA program to an early-stage venture," he says. "When measured along some qualitative guidelines, it has been a raving success. I think that the competitors from the other schools would compliment UT for the job that it has done with the Program."

Though Joe has never cut a check from one of Austin Ventures' funds after watching a particularly compelling presentation, his firm has backed companies founded by MOOT CORP Program alumni, including Ed Acosta's BroadCloud and Riss Estes's ClearCommerce. Most

venture capitalists say they invest in people as much as they invest in ideas. At the Global MOOT CORP Competition, Joe's approach to judging is no different.

“For me, it is always intriguing to see the younger members of our society thinking about entrepreneurial endeavors and actually doing some real, credible field work in trying to get their ideas to fruition,” he says.

Though several venture capital firm sponsors have invested in startups launched through the MOOT CORP Program, they do not continue to sponsor the Program year after year simply for the opportunity to size up new ventures. Former Program Director Ray Smilor remembers when he first saw the value many of them were realizing from the experience.

“Initially, all of the judges were volunteering their time because they thought it was a great educational effort, the right thing to do for the community, and a great exercise in experiential learning,” he recalls from his first Competition as director in 1989. “As they discussed and judged the different companies, one of the unintended consequences was how much they enjoyed the process and what they learned from one another. In this setting, you had a group of well-educated individuals evaluating a company, discussing what they would do differently and what they would recommend to make it better. In the end, it became an interesting, fun and insightful learning experience for them.”

## 2. Corporate Law Firms

Like many of the Competition judges from the venture capital industry, corporate law firms have developed a sharp eye for promising new ventures because their success depends on it. Sponsoring the MOOT CORP Program ties directly to the business interests of law firms providing a broader range of corporate law services as well. Entrepreneurship law is a core

competency for any successful corporate law firm doing business in Austin, and several firms value their MOOT CORP Program sponsorship for providing an annual refresher course on developments in technology and entrepreneurship in Austin and around the world. But the continuing education value is secondary to the most fundamental reason why many law firms have discovered the value of a sponsorship — it is simply good for business. With so many teams now launching, they have an opportunity to establish lasting relationships with new ventures that may someday grow into successful, well-paying clients.

“It is common for us to work with entrepreneurs who have yet to form a company and may never raise capital,” says Carmelo Gordian, a partner in Brobeck, Phleger & Harrison. “As a result, we take on risk that other law firms usually do not. Time is our asset, and the time we spend on early stage companies may be lost time. We have to look at all those situations and evaluate them the way a venture capitalist would, because it is an investment on our part.

“My decision to become involved in MOOT CORP stemmed from a strong desire to promote entrepreneurship in Texas. MOOT CORP is an attempt to embody entrepreneurship. It is much more than a contest.”

Beyond serving the interests of his firm by giving back to the community, Carmelo has found his involvement with the MOOT CORP Program to be personally fulfilling. “Working with young entrepreneurs is, aside from my family, the most rewarding thing that I do,” he says. “I enjoy working with young entrepreneurs who are trying to develop ideas and create a company. That experience of being with the company since its early days is incredible.”

### 3. Global Accounting Firms

CPAs similarly view the MOOT CORP Program as a chance to watch a new class of potential clients develop. Access to expert advice from CPAs is just as important for a new venture as access to solid legal advice — and accounting firms have just as much incentive to build relationships with these promising ventures as law firms.

“My goal was to create awareness for the firm and its benefits to entrepreneurs,” remembers Dan Garner, formerly a National Office partner of Ernst & Young who directed the firm’s Entrepreneurial Services Group in the U.S. “I arranged for a partner from each city near competing schools to assist the teams with both their business plans and their presentations. Often times the partners leveraged this opportunity to participate on campus in other ways as well. For example, many of the partners, including myself, would seek opportunities as guest lecturers for entrepreneurial classes. I used to go to Austin twice a year to give presentations on raising capital and business strategy.

Other major firms like KPMG and PricewaterhouseCoopers have sponsored the MOOT CORP Program as a means of supporting the entrepreneurs who may someday engage their firms for audit, tax or business consulting services. Like E&Y, these firms have been successful in Austin because they have consistently invested in endeavors like the MOOT CORP Program that provide a long-term benefit to the business community.

“Professionally, I viewed the sponsorship of MOOT CORP as a responsibility to get to know these exciting future success stories. Ernst & Young has a lot to offer entrepreneurs, and it was my responsibility as a partner of the firm to ensure that they used these resources to their advantages.”

Like Carmelo Gordian, Dan also derived personal pleasure from serving as a MOOT CORP Competition judge. “MOOT CORP was one feel-good experience after another,” he says.

“I enjoyed spending quality time with the students at the social activities, and I really enjoyed watching these students work and seeing how clever and dedicated they were. It was like getting an annual dose of adrenaline. Even when the economy was at its worst, these students remained very enthusiastic. They provide optimism for the future.”

#### 4. Large Corporations

Like venture capital firms, many corporations support academic programs as a means of giving something back to the community. But with shareholders to satisfy and a cyclical economy to navigate, investments with a long-term horizon must still serve a strategic need. Corporate involvement is critical for the MOOT CORP Competition, not only for financial support, but also to bolster the MOOT CORP infrastructure that allows students interact with the business community, and vice versa.

In nearly two decades since the first Texas Competition, dozens of companies, ranging from technology companies like Dell, Motorola and Hewlett-Packard to such diverse companies as Eli Lilly and HEB, have supported the MOOT CORP Program and received value in return. Their motivations are as diverse as their products and services. Some of the more common ones include the need to identify and recruit top MBA talent, promote their brands in entrepreneurship circles and identify trends in technology commercialization efforts at leading universities.

The NASDAQ Stock Market became a Partner of the MOOT CORP Program in 1998. Christine Niles, a director of the NASDAQ Educational Foundation, says that NASDAQ often chooses university programs to support based on recommendations from its contacts with NASDAQ-listed companies. In our case, NASDAQ first became aware of the Program through its involvement with San Diego State University’s Venture Challenge and its affiliation with

QUALCOMM, Inc. Since then, Nasdaq has partnered with us to help extend the global reach of the MOOT CORP Program as part of its own business development strategy. Specifically, Nasdaq was an instrumental partner in the launch of the first Asian MOOT CORP Competition.

“Understanding that Nasdaq is an entrepreneurial market, we are involved in programs such as MOOT CORP because we want to recognize trends in entrepreneurship, as well as to respect our roots,” Christine says. “We understand that entrepreneurs have made our market what it is today. These students are the future leaders of business. If we can support their efforts at an early stage, it is valuable to the U.S. economy and Nasdaq. The tangible benefits are that we have an opportunity to relate to these business students early in their development and support the learning process for them. Ultimately, it is a long-term relationship in support of the entrepreneurial spirit.”

Executives often speak of the need to maintain an entrepreneurial spirit even as corporate growth necessitates greater bureaucratic control. Motorola’s Dave Willis was one of the first corporate executives to realize that when a team launches its business, not all of the team’s talent joins the new venture after graduation. On a typical team with five MBAs, only one or two will attempt to launch the business, if any. The others have great entrepreneurial experience under their belts when they enter the market and launch their corporate careers. As a judge at the Global Competition, Dave regularly asked for the participants’ resumes. Several MOOT CORP alumni have been hired by Motorola and encouraged to infect the large global company with their entrepreneurial spirit.

“This Competition is extremely valuable to corporations,” he says. “By having our executives participate in the judging — or even just attending as spectators — we found it was a good way to expose some of our VPs to entrepreneurial ideas that would assist them in running

their specific sectors of Motorola. Not only were we giving back to the community, but we were also learning about entrepreneurship. I wanted them to see how the students recognized opportunities and utilized technology. So, you could say that we used the Competition to train Motorola VPs in the practice of entrepreneurship as well.”

### 5. Civic Entrepreneurs

Business communities do not achieve stellar reputations by accident. Behind every successful development initiative are tireless civic promoters who understand economic growth benefits the entire region. The best civic entrepreneurs do more than just identify local success stories and shine a light on them – they roll up their sleeves to help make those success stories even better. Ron Kessler was one of the civic entrepreneurs who helped shape Austin’s growth as a technopolis, and the MOOT CORP Program benefited tremendously from both his efforts and his interest.

A partner in the Austin office of Locke Liddell & Sapp, Ron is someone I want the entrepreneurs from our best MOOT CORP teams to meet. He is an attorney, an influential lobbyist, an expert in intracompany dispute reconciliation (i.e., helping companies reconcile disputes between management teams and board members without legal action) and an advisor for economic development initiatives across Texas. But when it comes to advising new ventures with a great idea, he is superb at connecting people who can help transform that idea into reality.

Ron was one of the five original sponsors approached by Ray Smilor to support his idea for an intercollegiate MOOT CORP Competition in 1989. He knew Ray through the IC<sup>2</sup> Institute and Dr. Kozmetsky, and he enthusiastically rallied the support of his law partners behind the unproven initiative.

“We saw in MOOT CORP an opportunity to assist the University in going in a direction that we thought was producing important infrastructure for the community,” says Ron. “My main objective was to help support a program that could enhance technology transfer from research at the University into commercial business ventures. Very few universities are effectively transferring technology into the marketplace. With MOOT CORP, we saw a piece of the infrastructure falling into place, another piece of strategy that would allow MBA students to begin forming companies.”

Ron was also intrigued by the Program’s potential to draw diverse disciplines together: “MOOT CORP could be a tremendous vehicle for an MBA student to hook up with another student or researcher on campus to create a business around innovation in another field, whether it was natural sciences, engineering, computer sciences, chemistry or physics. There is always a great potential for that at The University of Texas.”

## 6. Alumni

While successful entrepreneurs (and corporate executives who think like entrepreneurs) are by definition both smart and astute, most recognize they also have been very fortunate. With success comes the realization they could not have achieved great things without many people helping them along the way. When they finally achieve success, many decide to share their fortune by helping others.

As our MOOT CORP alumni base grows, we are beginning to see more alumni come back to contribute to the Program. Since the MOOT CORP class was first offered to our Executive MBA students (working professionals who participate in a two-year MBA program designed for their specific needs), the numbers of MOOT CORP alumni are rising more quickly

than ever. The McCombs graduate program now has over 500 alumni who have experienced the MOOT CORP Program, and many of them return regularly to support the current MBA class. Some serve as Competition judges, some are in leadership positions in large corporations and actively advocate the value of sponsoring the Program to their employers, and some personally contribute to the Program as sponsors. In almost all cases, these alumni seek to return value to a Program they credit for a measure of their success.

William Glasgow and Jeff Hoogendam are two MOOT CORP alumni leading entrepreneurial ventures backed by elite venture capital firms. They have enjoyed returning to the Competition as judges, using their experience to provide valuable feedback to new venture teams from around the world. Rob Easley has found support for the Program within HEB, the San Antonio-based grocery store chain that has built one of the strongest consumer brands in Texas, and HEB became a Partner-level sponsor of the Program for the 2001-2002 academic year. Sam Bloom is passionate about sharing his good fortune with Broadcast.com and has returned to judge several Competitions, even while embarking on his third new venture since participating in the 1995 Texas Competition.

“I feel very strongly about MOOT CORP because it is where I got my start,” says Sam. “It opened my eyes to entrepreneurship, and my responsibility is to give back to the school and other entrepreneurs. Last year, I had everyone from my company attend the Competition because I wanted them to experience MOOT CORP.”

I have also found it very helpful to invite entrepreneurs who have successfully launched ventures out of our Program to come back and speak to the current class of MBAs and to share their stories. Not only does this provide our students with first-hand examples of entrepreneurial problem-solving, it also reinforces their morale to see successful entrepreneurs who came from

the same program. It creates energy, opportunity and tradition. And a business plan competition that leads to the creation of new ventures within a community is a major win-win situation. Research from the University of Arizona indicates that graduates of a university's entrepreneurship program are much more likely to give back to their alma mater than business school graduates with a more traditional focus. I expect to see this reinforced at The University of Texas as our ventures become more successful.

## CONCLUSION

Reflecting on a decade of growth, the results are stunning. With premier universities representing every populated continent, the MOOT CORP Program can truly lay claim to the title “the Super Bowl of World Business Plan Competitions.” We have achieved — and continue to achieve — an impact on entrepreneurship education around the globe. Each September, approximately 1,000 MBAs worldwide begin working in earnest on their MOOT CORP ventures. By the following May, 120 of the best and brightest will compete in Austin for the MOOT CORP Global Championship.

All the participants, whether or not they make the final cut, learn invaluable firsthand lessons immediately applicable to their own careers — regardless of whether they attempt to launch their venture. That said, with ventures launching internationally each year, we have evolved from a business plan competition to a *new venture* competition.

The past 10 years have represented a gradual, continuous evolution of the MOOT CORP Competition, not a series of abrupt changes. As we take stock of our accomplishments, I am proud of how far we have come. The program has certainly returned value to the University. Years after *Business Week* magazine first dubbed the Global MOOT CORP Competition “The Super Bowl of World Business-Plan Competition,” the Program was featured again in a *Success* magazine cover story, “The Mother of All Business-Plan Competitions.” More recently, *Red Herring* magazine called the Global Competition “The Granddaddy of Them All.” An interesting — and valuable — note is that the articles were published over a span of seven years: *Business Week* in 1993, *Success* in 1997 and *Red Herring* in 2000.

The prestige of the MOOT CORP Competition is indisputably one reason why the McCombs School of Business ranks among the world's best MBA entrepreneurship programs. The London-based *Financial Times* has recognized McCombs as having the 5th best entrepreneurship education program in the world. We also rank among the elite programs in *Success's* annual top 25 list, earning the top spot in 1997.

As we approach its 20<sup>th</sup> anniversary, the MOOT CORP Program is no longer a startup. In fact, it is the market leader, generating an entirely different set of challenges. We must continually innovate. No opportunity comes without risk, no success without the prospect of failure. And for all the success it has enjoyed, the MOOT CORP Program has only begun to fulfill its potential.

One important area of concern to me for the future is endowing the Program to insulate it against the economic downturns that frequently limit corporate donations. Perhaps the returns from the MOOT CORP Pontoon Fund will provide this endowment, but that is likely to take several years. Perhaps some successful entrepreneurs will make a major contribution as a means of "giving back." The reality is that it endowing the MOOT CORP Program would be relatively cheap; five million would clearly do it and that seems much more realistic than it did even a few years ago. With or without that level of support, however, we are pressing forward with an agenda of ambitious but achievable goals.

Globally, our goal is to partner with prestigious foreign universities to establish self-sustaining regional MOOT CORP Competitions on every populated continent whose winners would compete in our Global Competition here in Austin. With successful competitions already

in Asia, Latin America, Australia and Canada, we have made a good start, but a great deal of work remains to be done.

Domestically, we are committed to aiding new regional competitions, such as Rice University's Southwest Business Plan Competition and Clark Atlanta University's OFC Venture Challenge for historically black colleges and universities. Although those events do not carry the MOOT CORP name, they are modeled on our format, and we have worked closely with their organizations – sharing ideas, experience and some hard-earned lessons.

Here at The University of Texas at Austin, we intend to continue innovating our flagship Program. We will expand the Texas Competition beyond the walls of the McCombs School of Business, involving the Colleges of Engineering and Natural Sciences. New ventures are no longer solely the province of MBAs, especially as they increasingly rely on new technologies. In fact, many MOOT CORP participants already enter the Program with advanced scientific degrees, intending to maximize the commercial value of their technical knowledge. By encouraging greater interdisciplinary involvement in the competition, we will help foster a new generation of highly qualified, technically proficient entrepreneurs, who, in turn, will create even more cutting-edge ventures.

With a few notable exceptions, U.S. universities have not been particularly proficient at commercializing technologies coming out of their research labs. For many, until recently, it has simply not been part of an academic, research-oriented culture committed more to discovering and disseminating truth and knowledge. During the past decade, however, several environmental forces have come together to shift those cultural viewpoints, both at The University of Texas at Austin and at several other universities. All universities are facing major budgetary problems as costs continue to escalate while revenues, especially tuition and government subsidies, have

flagged. Technology commercialization can provide some universities with millions of dollars in royalties — setting an example other schools desire to emulate.

Nor is it simply about raising money for the university. Community service is a key component of many university charters, particularly in the public sector. That concept of service is now being expanded to include the commercialization of ideas developed at the university to benefit society and to increase employment and wealth in the community.

I see business plan competitions, especially our own MOOT CORP Competition, as a means to facilitate this process. One of our goals is to actively recruit graduate students from other schools, especially engineering and sciences, to come into our entrepreneurship course and team up with MBAs so that ventures can be launched utilizing the methodologies developed in the other departments. This should be a rich experience for both the technologists and for the MBAs. The core competency of our MBAs lies in putting the venture together — not necessarily in developing the technology central to the venture. By combining the skills of the technologist with those of the MBA the likelihood of successfully launching a venture is increased.

Given the number of mid-career people in McCombs' executive MBA program, evening MBA program and full-time MBA program (the average entering age is now 28), our MOOT CORP ventures are increasingly composed of very diverse, very experienced entrepreneurs. Needless to say, that dramatically increases the ventures' chance for success.

The MOOT CORP Program continues to be a thought-leader in entrepreneurship education, delivering exceptional value for all its constituents: participants, alumni and sponsors. Whether it is serving as a new venture launch pad or a forum for the study of entrepreneurship

theory, the Program has influenced the careers and touched the lives of thousands of gifted MBAs. And for all that we have already accomplished, the best is yet to come.