

CRUNCHTIME: VenturePrize finalist Ken McDonald of Collaborative Learning Network makes his elevator pitch to 1,300 onlookers at Edmonton's Shaw Conference Centre

ENTREPRENEURIAL

idol

Part fund-raising boot camp, part reality TV show, VenturePrize puts would-be (and still could-be) Bill Gateses and Steve Jobses through the wringer. **Writer Marina Michaelides** followed the 2006 contestants through the highs and lows of their bids for \$150,000 in startup money. Here is her competition diary

OCTOBER 3, 2005: THE STAKES

Across Alberta, the hopefuls gather. More than 100 contestants squeeze into lecture theatres and huddle around teleconference projectors, gearing up to enter this year's VenturePrize, a province-wide business plan competition put on by TEC Edmonton, a joint venture between Edmonton Economic Development Corporation and the University of Alberta dedicated to nurturing next-generation businesses. In four short years, VenturePrize has become for entrepreneurs what *Canadian Idol* is to wannabe pop music stars.

Over the next few months the contenders will need every drop of focus, brains, guts, passion and creativity to prove that theirs is Alberta's next top business model. Only the determined will survive gruelling rounds of mentoring, screenings, presentations and

scrutiny by a panel of judges. Only the top three will make it to the final face-off against each other, winning or losing more than \$150,000 in prizes, in a 60-second pitch to an audience of more than 1,000 business leaders.

VenturePrize competitors vary as widely as their inventions. Two years ago, a funeral director came up with technology to turn a loved one's ashes into synthetic diamonds. Innovative? Sure. But is there mass-market appeal in wearing grandma round your neck? This year's ideas include Sweet Moma, a spa for expectant mothers; Dog Domain, an e-portal publisher/directory for dog-lovers everywhere; Verigo, an automated log book for truck-drivers; and Romantic Expressions, a provider of "Solutions for husbands to ensure they are meeting the romantic needs of their partner." There's got to be mass appeal in that.

**OCTOBER-DECEMBER 2005:
CRASH-COURSE MBA**

Selling the idea, in a written business plan, is the first test of the competition. Which means cramming the equivalent of a business degree into just six short weeks. Weekly 'mini-MBA' seminars are held at the Business Link offices in downtown Edmonton and teleconferenced to 15 locations across the province. Thirty-year old Kyle Braithwaite grabs the last of 40 seats in the packed Edmonton lecture theatre for the first class. An ambitious MBA student by day and VenturePrize entrant by night, he convinced Ken McDonald, CEO of Collaborative Learning Network (CLN), to let him write CLN's business plan entry. McDonald, 51, is so busy launching his educational e-portal into the U.S market, "I dumped all the marketing plans and RFPs I've ever writ-

**LA BOSSIERE AND
RIEP TAKE THE JUMP
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ten into Kyle's lap," he jokes, "and trust he'll do a great job." Braithwaite is going to need all the help he can get.

There's lots of it. Lloyd Steier, a director at the U of A School of Business, gives the lectures; armed with a war chest full of witty anecdotes, theory and expert guest speakers who reel off all the dos and don'ts of starting up and raising money. They even manage to make tax law interesting. Also invited are past VenturePrize winners, now successfully raising millions of dollars and breaking ground on new operations. Collectively they are all here to inspire contestants to think bigger.

Sitting in the front row of Steier's class are Mack Male and Dickson Wong, 22-year-olds who look like they've walked into the wrong classroom. But looks are deceiving; these whiz-kid computer undergrads at the U of A have already raised a hundred grand to fund their baby, Paramagnus Developments. The soon-to-launch company sells creation tools for the

latest high-tech craze, podcasting. Although podcasting, described as "time-shifted digital audio & video files," may well be the next big thing, Steier cautions, "If people don't understand the technology, they won't invest."

Just look at Walt Disney. He was asked "What on earth is animation?" by 360 banks before he finally cut a deal with the 361st, Steier continues. Apple Computer's visionary CEO, Steve Jobs, got the thumbs-down from venture capitalists who couldn't fathom why anyone would want a computer in their home. The VCs also considered Apple's \$60-million valuation "outrageously expensive." At \$54 billion, it's worth 900 times that today.

"It's about kissing frogs," the professor cries. "Kiss enough, and one will turn out to be prince charming."

Motivational rags-to-riches stories aren't enough to convince all participants that scrambling to hit next month's submission deadline is worth the sacrifice, however. When faced with the amount of research and writing involved, four out of five drop out. Some vow to submit next year.

For the others, there's a ton of work to do. In addition to attending the seminars, and despite an MBA of his own, David Alton scratches his head, surrounded by prototypes in his laboratory. He's thinking, "Writing a business plan is a lot harder than testing things in tubes." Alton heads Alberta Microfluidics, a startup company established with a specific mission to commercialize research discovered by a consortium of the universities of Alberta and Calgary, and the Cancer Research Board - the epitome of the type of company VenturePrize was set up to encourage.

Alton's problem is focus. The company's state-of-the-art DNA test kit could be sold for hundreds of different applications. But it takes him and a volunteer-mentor who specializes in marketing medical diagnostics until mid-January to come up with a strategy.

**JANUARY 16, 2006:
LATECOMERS' COUNTDOWN**

With two weeks to go before the business plan submission deadline, 30-year-old Edmontonian Mat Mathews is tucked up in bed with his Palm Pilot and a magazine. He spots an ad for VenturePrize and thinks, "I should enter. I still have time."

Across town, it's 11 at night and Chris La Bossiere and Don Riep, both 34, are still at the office. They've known about the competition

for a while, but stayed away, terrified of the amount of work involved on top of running their online testing and exam-hosting software company, ProExams.com. "Let's sleep on it," they agree.

The next day, Mathews walks into Forge Dynamics, the online safety company he set up in honour of his father who died in a mining accident. He calls his three partners in for an emergency meeting.

Two days later, La Bossiere and Riep take the jump and register to submit a plan to VenturePrize. All it's going to take is two weeks of 16-hour days to make up for lost time. "If we win," muses La Bossiere, "I'll give up my day job."

Mathews and his partners also agree to go for it. The plan is finally finished at 10 p.m. the night before submission.

An hour before the noon deadline, 22 plans have been submitted, but La Bossiere and Riep are cursing a broken-down photocopier at their local copy shop. Totally out of breath and with just a minute to go, they eventually push their envelope into the VenturePrize receptionist's hand at the U of A. "We didn't think you were going to make it," she declares.

Volunteer screeners across the province have 10 days to score all the plans.

**FEBRUARY 10, 2006:
THE SEMI-FINALISTS**

David Alton gets a call at his lab. Thumbs up for Microfluidic's DNA test kit. He's made it through to the final six and he's thrilled. Over at Forge Dynamics, Mathews and his online safety team break out the champagne. For ProExams' Riep and La Bossiere, the celebratory mood is tempered by practical considerations, a sentiment mirrored by CLN's McDonald on hearing his education e-portal made it: "Damn it," he says. "Now I've got to do a presentation."

Polish émigré Thomas Janacek, in his mid-40s, is driving back to Calgary after a business meeting when he gets the news. His company, New Parking, is pioneering a system whereby drivers pay for parking meters by cellular phone. Janacek isn't surprised at all to have been selected. He dismisses the rest of the competition out of hand.

Two days later than all the rest, Male and Wong of Paramagnus are buying furniture for their company launch when the phone rings. They're through to the next round. "I was so shocked," laughs a clearly delighted Male. "I really didn't expect to make it this far, but

now we're going to work hard to win."

To do that, they'll first need a stellar score on the next round, a 15-minute presentation to a panel of seven judges to make it to the final three.

MARCH 6, 2006: PRESENTATION DAY

It's 9 a.m. at the Northern Alberta Institute of Technology campus. The panel of seven judges tuck into breakfast in a newly built boardroom. (So new, a drill can be heard next door.) These men are all Alberta-based venture capitalists, builders of their own corporations and investors of millions into other people's. They know their stuff and they've volunteered to pick apart the six remaining business concepts. Do a little drilling. And grilling. And pepper it with some constructive criticism.

The ProExams team is chomping at the bit to get going. But the projector isn't working. As soon as it is, they'll have 15 minutes to deliver their presentation, followed by a 45-minute question-and-answer session.

When they start, 10 minutes late, La Bossiere and Riep's strategy is to claim that their online exams sell so well, their only problem is funding additional staff to convert leads



KISSING FROGS: Finalist Mack Male, 22, of Paramagnus Developments makes his case for the \$80,000 first prize

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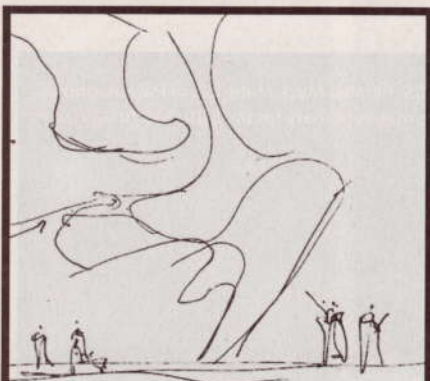
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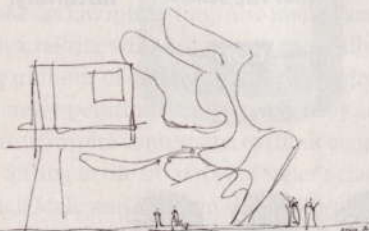
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"I WAS SO SHOCKED," LAUGHS A CLEARLY DELIGHTED MALE. "I REALLY DIDN'T EXPECT TO MAKE IT THIS FAR, BUT NOW WE'RE GOING TO WORK HARD TO WIN."

into sales. But the VCs grill them on long-term plans to insulate themselves from competition. They also want more detailed analysis of the best and worst-case financial projections.

When it's over, La Bossiere and Riep remark, "It's like pitching to poker players, impossible to tell what they're thinking."

Alton from Microfluidics is up next. His computer won't talk to the projector and he loses 20 minutes of his allotted time making it work. "You win a point for staying calm," quips one of the judges. The judges love the idea of his DNA test kit, but inadequate market research means he can't answer how his product compares with competitors', nor how he'll solve the thorny issue of sharing intellectual property rights between the three institutions who invented the device.

In between bursts of the drill next door, Mathews from Forge Dynamics passionately details how his safety software saves worker's lives - and clients' money - by predicting accidents before they happen. But the judges express doubt that any system alone can do what he claims - namely, change a company's safety culture.

After lunch, and assurances the drilling is over, the judges are impressed by the ingenuity, poise and enterprise of Paramagnus' podcasting youngsters. But they issue three warnings. To grow fast, it's vital they speed up getting their products to market, insulate themselves from dot-com competition and find experienced management.

McDonald, finally taking the reins of his entry, is the penultimate presenter. His story is that computing giant IBM is so keen on CLN's e-portal solution it is going to try and sell it to all its educational clients for him. The judges agree it's an attractive proposition, but question McDonald's insistence on raising cash by offering seats on his advisory board (which he can choose to listen to), as opposed to a board of directors (which he must listen to).

Last up is Janacek from New Parking, who explains why pay-parking by cell phone is the best thing since sliced bread. "The concept is

great," agree the judges, but worryingly lacking is any proper financial analysis, or any development of the business plan in the two years since one of the judges first saw it.

After six hours of presentations, the judges spend two more picking three finalists. Cheers go up at the CLN, ProExams and Paramagnus offices. McDonald celebrates by going to bed. La Bossiere and Riep "deplete the red wine population of Edmonton" with their wives. Male and Wong go out for a quiet dinner. They have no time for girlfriends.

Celebrations over, the next fortnight is a chaotic mess of trying to keep their businesses afloat while producing a video and prepping for the next round. McDonald rear-ends someone on the way to a meeting, the result, he believes, of the stress he's under.

MARCH 22, 2006: THE BIG DAY DAWNS

The same seven judges as before settle into a meeting room at the Shaw Conference Centre overlooking Edmonton's river valley, awaiting the first presentation. The stakes are higher now and so are the finalists' nerves. One of them will end the day \$80,000 richer.

First up in the day's first heat: La Bossiere and Riep of ProExams. They play the judges their video and then take a big risk. They discard the formal presentation. A discussion would be better so they can address in detail the judges' concerns from the last round, their competitive edge. It's not an issue, they claim. Just days ago they won a major client away from the leading competitor in their market. The panel look quietly impressed, but follow with a barrage of ever-more probing questions about their financials.

By the time La Bossiere and Riep leave the room, they're so frazzled they have no idea how they scored.

McDonald is up next and the judges lay a minefield of questions about CLN's e-portal revenue stream. Their most searching questions focus on whether he's able to hand over part-ownership in exchange for the funds he needs to take the company to the next level.