

THE TOURNAMENT APPROACH

Professor Karl T. Ulrich



Wharton
UNIVERSITY *of* PENNSYLVANIA

ONLINE

INNOVATION TOURNAMENTS



CHRISTIAN TERWIESCH
KARL T. ULRICH

CREATING AND SELECTING
EXCEPTIONAL OPPORTUNITIES



Christian Terwiesch and Karl Ulrich

Innovation Tournaments: Creating and Selecting Exceptional Opportunities

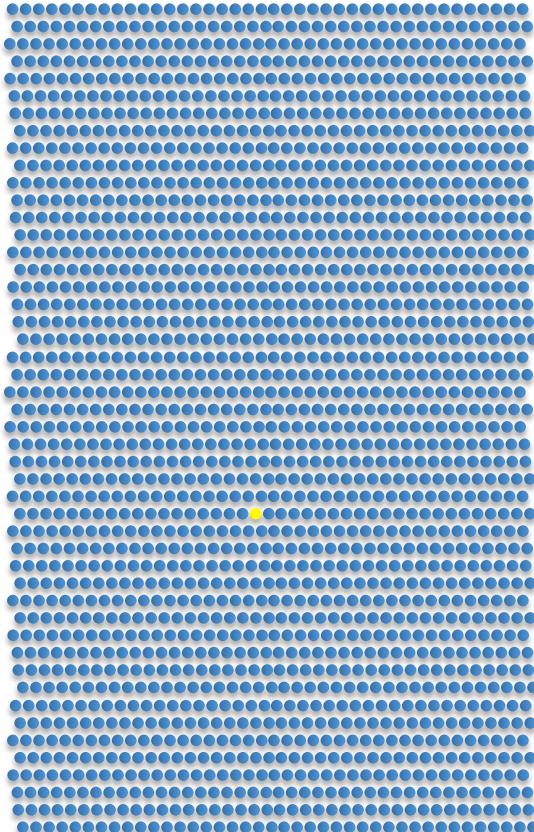
Harvard Business Press

2009

The Ugly Truth of Entrepreneurship

- Any single opportunity is plagued by uncertainty.
 - Is the need real?
 - Will the solution work?
 - What will competitors do?
 - What will happen to the macro economy?
 - Will our team be able to execute?
 - Will our partners deliver?
 - What will happen to the regulatory environment?
- You can't analyze away all the uncertainty.
- There is only one known mitigating strategy: diversify and delay commitment.

Venture capitalists know this. So, for each fund...



1000+
meetings



40 initial
investments



20 follow-on
investments



1-2 wins
(plus several smaller hits)

General Tournament Structure

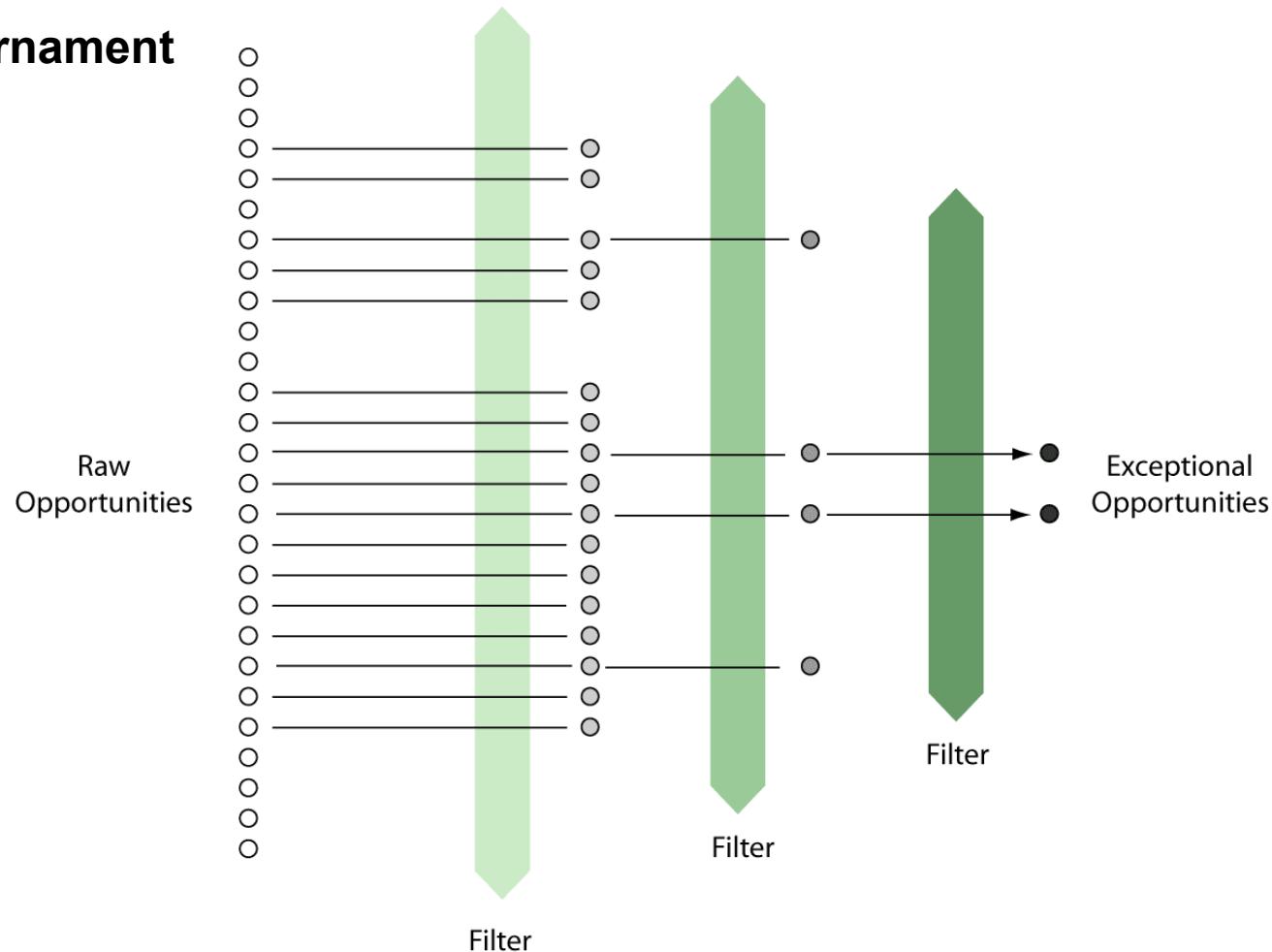




Photo:

Manfred Werner - Tsui
(wikimedia commons)



Photo:
Phil Konstantin
(wikimedia commons)

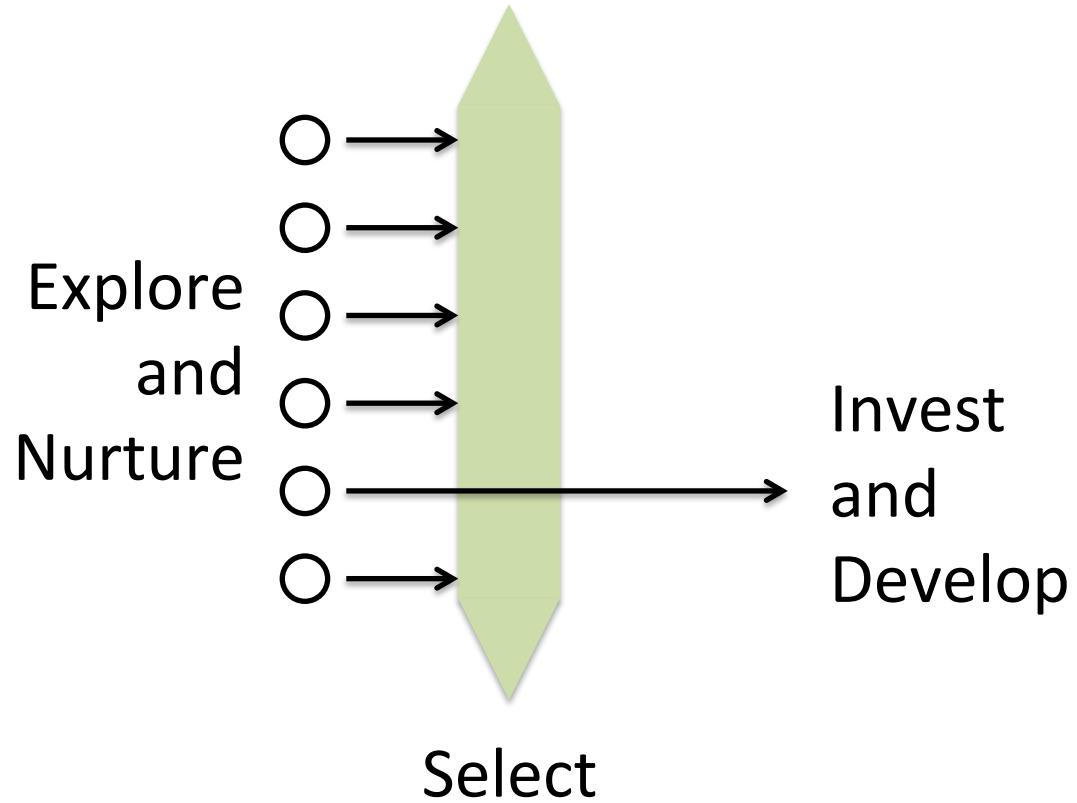




Photo: Lunar Design

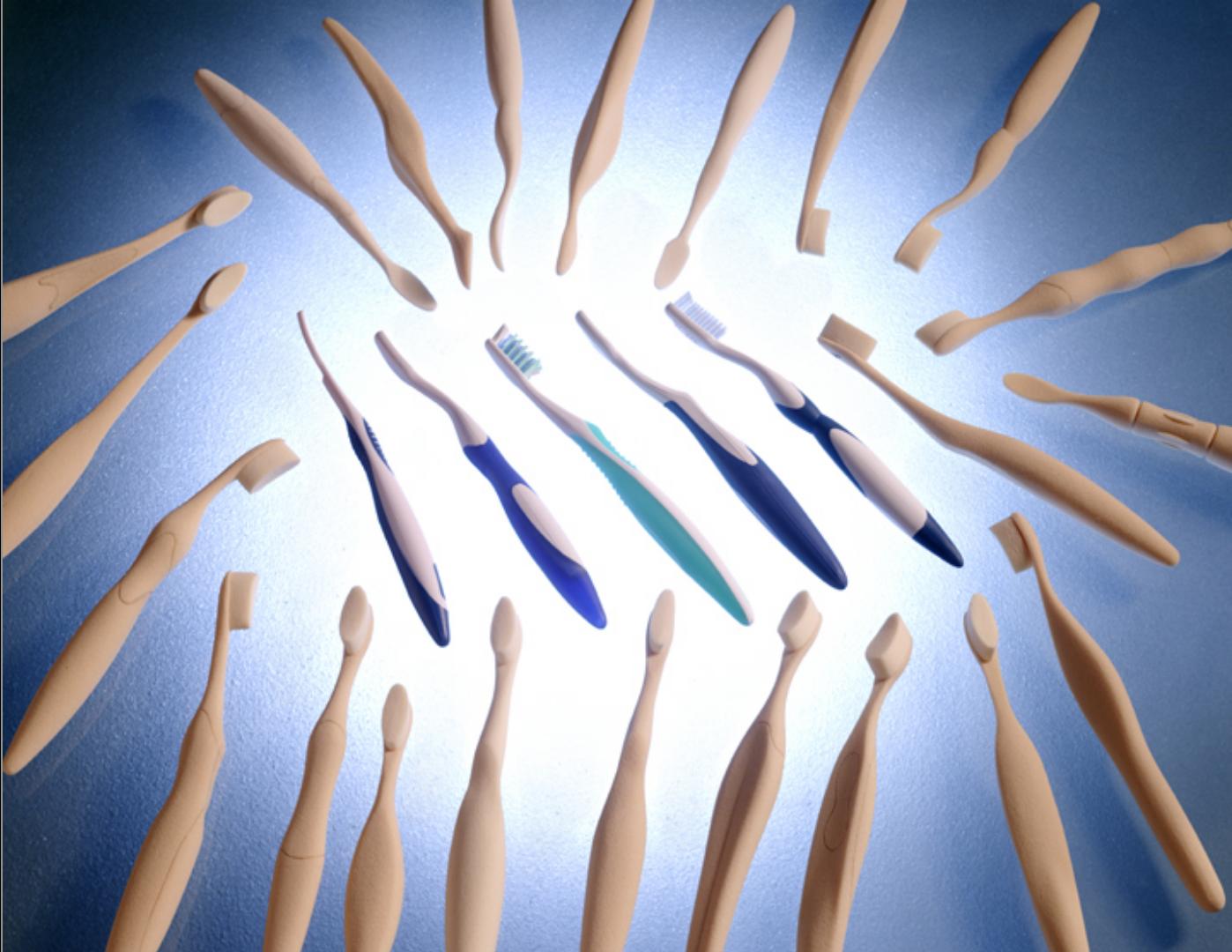


Photo: Lunar Design



Source:
Lunar Design

Initial Concepts

AstroPong
Catapong
Catapulooza
ExperiPult
FlingThing
Fooz
Funpult
Hurlicane
Hurlitzer
LearningLever
PennPong
Physazz
PingFling
Pongit
Slingcat
Swish
TheCatapult
Varipult
Xpult

Best Ten

Catapong
Catapulooza
ExperiPult
FlingThing
Funpult
Hurlicane
PingFling
Slingcat
Varipult
Xpult

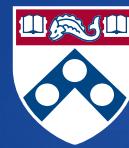
Best Three

Catapong
Varipult
Xpult

Final Name

Xpult





Wharton
UNIVERSITY *of* PENNSYLVANIA

ONLINE