THE BULL, BEAR & LION

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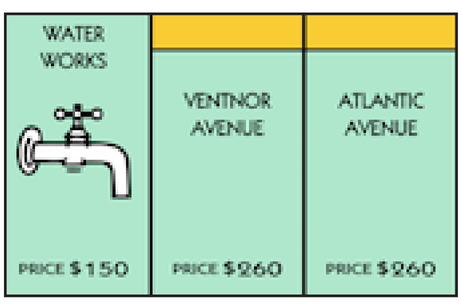
The Mayo Business Plan Competition

BUILDING ON THE BOARDWALK

2017-18 Finalist ***Our Tsunami*** *Channeled Summer in NJ*

The hopeful strategy starts with Ventnor and Atlantic; but the game-changing space is the Short Line. The chances of triumph improve as competitors are eliminated, and the promise of a payout comes into view each time a participant advances to go for another round. The Boardwalk is risky for many visitors, except for those who are in charge of it, and understand how lucrative enhancements to the beachfront domain can be.

As familiar as the developments above may sound to board game fans, they aren't from a particular game of Monopoly, but from the 2018 edition of another commerce-creation simulation: TCNJ's Mayo Business Plan Competition. The narrative belongs to finalist company Our Tsunami and its improved board shorts for ocean lifeguards, and begins with a fateful account from company CEO Denis Tuohy. Standing before the long, varnished conference table in the Bloomberg Room at a rehearsal late one night, the Business Building silent and empty save for his Our Tsunami teammates, he breaks the tension: "Five years ago in Atlantic City, 8PM late shift on Kentucky Avenue, five people were swept out to sea, with only four lifeguards on duty to save them. I started swimming to get the farthest one, and the drag I felt on my boardshorts was tremendous."

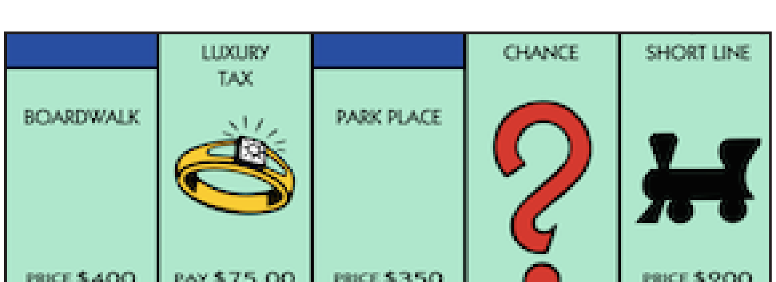


THE EMOTIONAL

"YOU ARE SAVING LIVES AND YOU ARE SAVING THE PLANET." It's a Tuesday night in April two weeks ahead of the MBPC finals, and TCNJ Management professor Karl Peterson is exhorting the team that asked him to serve as its advisor to live and breathe its product's unique value proposition. Our Tsunami, composed of Tuohy, a Class of '19 Economics and Political Science major, COO Erika Hausheer, a '19 Finance major, CFO Neil Desai, a '19 Finance major, and CMO Jason Kwon, an '18 Marketing major, is a team that reunited for the MBPC after finding success in three previous TCNJ-based business plan competitions. This time, though, the product that they develop is theirs to keep -- and the stakes of the contest are much higher.

The challenge for all Mayo teams is manifold: building a business that succeeds in the context of the commercial landscape, and crafting a presentation that succeeds in the context of the business plan competition rules.

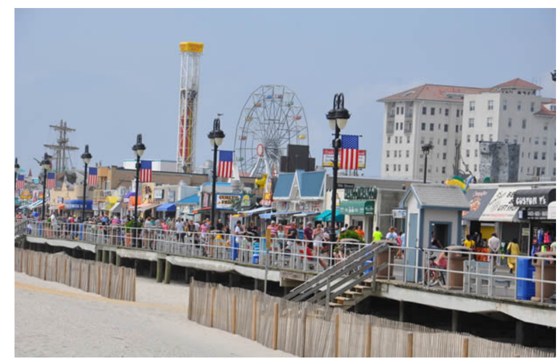
Tuohy's inspiration for a product for the Mayo Competition (which increased its total prize money in 2018 to $30,000 for the first-place team, $20,000 for the second-place team, and $10,000 for the third-place team) came while working during summer 2017 as an Atlantic City Beach Patrol lifeguard, a position he has held for the past six summers. After an ocean rescue left him exhausted, he realized that the drag on his patrol-issued board shorts was preventing him and his co-workers from efficiently saving lives. Many ocean rescue communities statewide and nationwide purchase their board shorts from the same large apparel manufacturer, Hawaii-based Maui Rippers, whose products hold water and often tear. Tuohy recognized a gap in the market for lighter, higher-quality, more aquadynamic lifeguard uniforms.



In addition to being part of the ACBP and the Mayo Competition, Tuohy has served as an executive member of TCNJ's Leadership Development Program. It's easy to see how a leadership role in a leadership-oriented organization fits his profile. Tuohy commands attention with his authoritative physical stature, but earns respect with his easy-going demeanor, articulateness, and confidence. He delivers a story as intense and harrowing as that of an ocean rescue with earnestness and aplomb; and does so while building his audience's trust in his abilities not only as a lifeguard with well over 100 saves, but also as a co-founder of a profitable business.

The challenge for all Mayo teams is manifold: building a business that succeeds in the context of the commercial landscape, and crafting a presentation that succeeds in the context of the business plan competition rules. In 2018, the prize money, raised through the generosity of TCNJ finance professor Dr. Herbert Mayo and alumnus Eric Szabo '97, is larger than ever; but with a greater reward comes higher expectations. More than thirty teams submitted a business plan in January 2018 to be reviewed by TCNJ faculty, alumni, and professional connections of Mayo, Szabo, and Dean Keep. Six teams were invited back to the semi-final round, which consisted of a live, 20-minute presentation to a panel of judges. Three teams advanced to the final, set to be held for the first time in Mayo Concert Hall, a cavernous venue compared to the hermetic Bloomberg Room that hosted the semi-final presentations. A full audience would attend the final pitch.

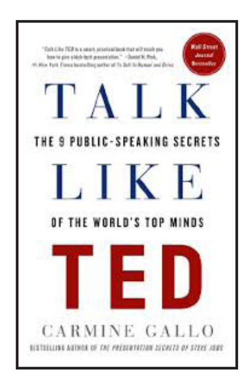
To help prepare for that formidable environment, twice during the two-week window between the semi-finals and the finals, TCNJ Communications professor Sean O'Grady meets with Our Tsunami to critique the mechanics of its presentation. In the session on the eve of the finals, O'Grady, an astute analyst of verbal and visual rhetoric, commends the effectiveness of the team's on-stage line-up. He notes how the audience would be cued to draw "a marriage between energy and savvy" between CEO Tuohy and COO Hausheer on the right side of the stage, and CFO Desai and CMO Kwon on the left.



The chemistry and balance that O'Grady talks about were honed through the teammates' hours of practice from across previous competitions. Tuohy and Hausheer originally met on their freshman floor, and came to meet Kwon and Desai through business fraternity Delta Sigma Pi. The team assembled to win the PricewaterhouseCoopers Challenge in the fall of 2016, and again to win the Johnson & Johnson Case Competition in the spring of 2017. According to Tuohy, the desire among the teammates to compete together in the 2018 MBPC, before Kwon graduated in May, was unanimous: "It was kind of like, 'Let's bring the band back together.'"

In addition, MBPC teams are encouraged to partner with an advisor from TCNJ's faculty or their network of business contacts, someone who can guide them through the pitfalls of writing a business plan and pitching a product. Our Tsunami requested Peterson, a four-year veteran of advising MBPC teams and a key stakeholder in 2017 MBPC champion Handl, to bring his experience to their company. Where O'Grady is a tailor of a presentation's style, Peterson is an architect of its substance, building the logos, ethos, and pathos that best represent Our Tsunami's plan, product, and presentation. Peterson helped the team design its plan for national expansion, explain its brand message, and demonstrate enterprising grit and conviction in the power of its product.

Our Tsunami's presentation came together one week before the finals, when the team clinched the wording of its mission statement, "To bring a wave of change to the ocean rescue community."



THE NOVEL

Two weeks before the competition, Peterson supplied each member of his team with a book entitled *Talk Like TED*, which distills the presentation techniques that the think-tank media platform's most accomplished speakers use down to three common elements: "the emotional," "the novel," and "the memorable." The "emotional" component of Our Tsunami's presentation came together one week before the finals, when the team clinched the wording of its mission statement, "To bring a wave of change to the ocean rescue community." Our Tsunami knew that its board shorts represented a potent life-saving business, just like finals competitor MARCo Technologies' product, a companion robot for depression patients.

Our Tsunami also had other ways of standing out, and its presentation's "novel" aspect was figured out early on. Among the cornerstones of its PowerPoint was a slide with a thirty-second

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THE BB&L

CULTURE & COMMERCE

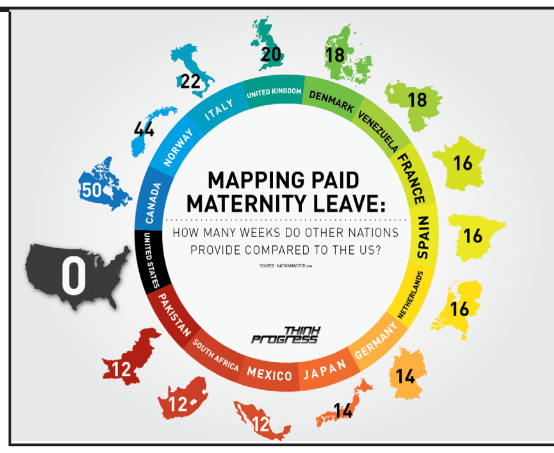
PRINCETON PROFESSOR'S *UNFINISHED BUSINESS* POINTS TO A LARGER TREND

By Jess McGuire

Anne-Marie Slaughter was a professor at Princeton University, where she and her husband held full-time faculty positions, when she was offered a position in the U.S. State Department. Chosen to work under Hillary Clinton as the first-ever woman Director of Policy, Slaughter seemingly then "had it all" -- including two children. In her book, *Unfinished Business*, Slaughter discusses how women, regardless of the position they rise to, cannot really "have it all": the responsibility of caregiving almost always falls squarely on women's shoulders, and they are forced to decide between their careers and their families.

When a man and a woman have a child, American society dictates that the man is meant to be "the breadwinner," while the woman has to make the necessary professional sacrifices to raise the child. This belief is held by both genders: in 2010, when Pew Research conducted a study asking whether it was very important for a man to be a good financial provider or not, 64% of woman responded "yes." When asking that same question about women and their ability to financially provide, these women responded "yes" at a 39% rate. Even though both parents are equally responsible for creating that child, societal norms dictate that the male is financially responsible, and the woman is responsible for nurturing and caring for the child.

Further, women face obstacles in the workforce that discriminate against them and their biological right to bear children. Slaughter writes that out of the *Fortune* 500 companies, women hold fewer than 15% of executive officer positions. For perspective, women also hold 62% of the minimum-wage paying jobs in America. Inequality in the workplace leads to the misguided notion that caregiving is a women's issue: statistically speaking, women are making less money and doing less skilled work. Slaughter notes that motherhood is an even greater enforcer of wage inequality than gender. She acknowledges that women make 82 cents to every man's dollar; but then analyzes a second statistic, continuing, "But hidden within that average is a stark difference. Single women [in high paying jobs] without children made 96 cents on the male dollar. Married mothers [in high paying jobs]? They make 76 cents." This discrimination in high paying positions makes it logical to conclude that mothers in lower-earning jobs face the same disparity.



When a man and a woman agree to have a child, it is both equally their decision and responsibility. When the child is born, the responsibility should remain the same. The United States is one of only four developed countries that has no federally mandated policy giving new parents paid time off. Countries in Europe are much more advanced in their legislation, promoting a more nurturing environment for new babies. Norway's private and public sectors typically offer parental leave to both parents, which can be divided between both the mother and the father. The parents are given either forty-six weeks of leave at 100% paid time off, or fifty-six weeks at 80% paid. This policy allows for the child to have a parent present for the first year of its life. Additionally, Norway's public sphere encourages men to take care of their babies by providing a non-transferrable, ten-week quota reserved for them to take time and raise their baby. Almost 90% of fathers take at least twelve weeks paternity time off.

Despite the United States being one of the most advanced countries in the world, its legislation when it comes to parental leave is outdated. Slaughter cites a 2013 Pew Research study based on modern parenthood that revealed that 50% of fathers and 56% of mothers find it difficult to balance their work responsibilities with their family responsibilities. Both the U.S. government and private society need to reevaluate their fixation on making money when it comes to valuing people's personal and professional lives. Raising children is just as difficult as earning and managing money. ◆

Jared Kofsky:

NEW JERSEY, NEW BUSINESS

A German market chain will open another Essex County location, a seafood chain is coming to the Hudson River waterfront, and one of the tallest buildings in Newark is set to undergo a rehabilitation.

FROM THE SUMMER

After closing in Newark, a Texan seafood chain is planning to expand once again in New Jersey. Meanwhile, a burger franchise and an international chain of food markets from overseas are opening locations throughout the state and one of North Jersey's highest residential buildings has a new owner. Here is a look at some of the Garden State's business news since last edition of The BB&L last spring, as initially featured on Jersey Digs.

One of New Jersey's most unique buildings is now occupied by a seafood restaurant again. **Joe's Crab Shack** opened on April 30 at 541 River Road in Edgewater. The building overlooks the entire Manhattan skyline and is designed to look like a lighthouse. Located on a pier over the Hudson River, the space previously contained locations of Mitchell's Fish Market and The Crab House. The opening of the location in Edgewater comes nearly two years after the chain, which was recently acquired by Houston-based Landry's, Inc., closed its restaurant within the Courtyard by Marriott Hotel in Newark.

While Joe's Crab Shack might have moved out of New Jersey's largest city, other restaurants are looking to move in. For instance, **BurgerIM** is planning to open one of its first three locations in New Jersey at 98 Halsey Street in Downtown Newark. The chain, which is based between Tel Aviv and Haifa, serves items such as mini burgers, chicken sandwiches, turkey burgers, falafel patties, chicken wings, salads, and home fries. It recently expanded to the United States and currently operates restaurants in six states, but the Garden State will be home to the first BurgerIM locations in the Northeast. New Jersey will be home to not one, not two, but three outposts of the chain, since in addition to Newark, outposts are planned for New Brunswick and Englewood. The Newark space, which is located within Prudential's Shoppes on Broad development, was previously occupied by Grabbagreen.

A few miles away in Newark's South Ward, the tallest all-residential building has a new owner. The Zion Preservation, LLC subsidiary of Larchmont, New York-based **L+M Development Partners** has acquired the Zion Towers high-rise at 515 Elizabeth Avenue for $28 million. Situated across the street from Weequahic Park, the building dates back to 1969 when it was constructed by a former synagogue called B'nai Zion. Today, it includes 268 apartments and a four-story parking garage. While it is not yet clear exactly what L+M intends to do with the building, City records show that the company is seeking to "substantially rehabilitate" the complex and is looking to obtain a loan from the New Jersey Housing and Mortgage Finance Agency in order to do so. The controversial company, whose owner has been called the "gentrification king of New York City" by protestors, is behind other projects in Newark including the adaptive reuse of the New Jersey Bell Headquarters Building.

L+M and BurgerIM are far from the only companies that are continuing to expand in Essex County. **Aldi**, the discount German grocery chain, is planning to open its second market in the county. Bob Grammer, the Vice President of the company's Center Valley division, confirmed that the company will be opening a location in Livingston, but would not reveal where in the suburban township the store would operate. Two possible locations are the former Bottle King space at 19 South Livingston Avenue and the former Fresh Market space at 277 Eisenhower Parkway, since both sites are among the only vacant supermarket spaces in Livingston. According to Grammer, the Livingston Aldi is expected to open its doors this fall. The company opened its first Essex County store in Bloomfield in 2016. ◆

THE BB&L

In The School of Business

THE NEXT FRONTIER OF FINANCE: DIRECT BANKING

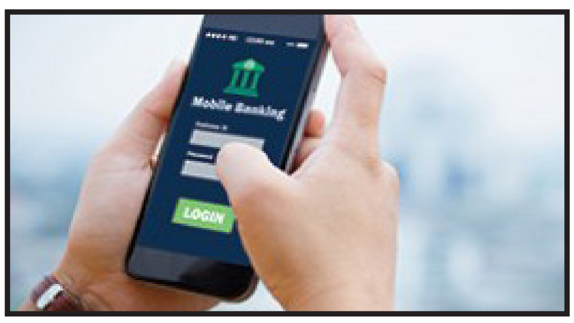
By Connor C. Introna

Originally marketed as "home banking services," the first internet banking platforms were born during the turbulent banking era of the early 1980s. Four major American banks (Citibank, Chemical Bank, Chase Manhattan, and Manufacturers Hanover) built basic information infrastructures, and they failed largely due to lack of usage. Despite the rudimentary nature of their initial platforms, both Citibank and Chase Manhattan Bank (which later absorbed the merged Chemical and Manufacturers Hanover in 1996) would dominate online banking in the years to come. During the 1990s and 2000s, as technology improved and public usage increased, more and more financial institutions adopted online banking and began offering the services to their customers. When smartphones entered the mainstream in the mid-to-late 2000s, the technology was quickly made operable on a mobile platform and grew in popularity along with other digital financial services. While online banking was initially designed to supplement and not entirely replace the in-person experience, these new platforms would serve as the pilots for those that later completely transformed the financial industry.

In 2018, online and mobile banking, in addition to digital payment processing, online lending services, and electronic brokerage houses, are mainstream financial staples. Services like Venmo, LendingClub, and E*TRADE are tools with massive user bases that are becoming more relevant with each passing day. These tools have become so powerful that physical branch locations are becoming obsolete in large urban markets (although holding ground and growing in rural areas and smaller markets). With more and more financial institutions reducing their physical footprint on a yearly basis, it's clear that the future of retail banking is not focused on the physical landscape, but on the cyberscape. The question is, will there come a time where consumers will wholly forfeit the physical bank altogether and go entirely digital, using a direct bank?

A direct bank is defined as a financial institution that exists without a physical branch system and instead operates online or through telephone and/or mail-in services. Its concept is very nonconforming to what is generally imagined when thinking about traditional banking. This is one of the reasons why, over the bulk of its considerably short existence, direct banking has been largely unpopular and underutilized. People normally imagine the retail banking experience as walking up to an ATM or maybe walking into the lobby of a traditional brick-and-mortar branch. But what about a banking model that involves none of this? With a direct banking, an individual cannot instantly or directly access their funds at a physical location, because none exist. Instead, his or her account balances are held online, and are normally available for withdrawal (from an intermediary) within one business day or so.

So what is there to say about the trade-off? Direct banks have much lower operating costs resulting from the decision to not manage costly physical branches. With these savings, they have



eliminated virtually all fees and can afford to pay out higher annual percentage yields (APYs) on savings accounts and certificates of deposit (CDs). At the time of this article's publishing, Bankrate.com reports that the average APYs offered by direct banks are around 2% for savings accounts (and are around 3% for five-year CDs). These APYs, according to Ally Financial and Goldman Sachs, are around eighteen to twenty-three times the national average offered by major financial institutions. Unlike brokerage accounts, these savings accounts are FDIC-insured up to $250,000 and are offered by "big name" institutions. Barclays, Ally Financial, Goldman Sachs (through its subsidiary Marcus), CIT Bank, and American Express all offer easy to use, transparent, fee-free, high-yield online savings products with $0 to $1 minimum balance requirements. Some, such as Goldman's Marcus, offer personal loans and debt consolidation tools to their customers, also at competitive rates. Granted, to open and fund these accounts an individual needs a checking account to set up ACH (automated clearing house) transfers -- but most people already have one of these.

There are a few other objections to direct banking. First and foremost, the non-physical technological aspects scare people. As it always has (and always will, for that matter), technological change frightens and discourages people who fear the unknown. Some others may be deterred by the delayed access to funds, arguing, "What if I need my money right now?" or, "What if I don't have internet access -- how do I get my money?" A true savings account is not supposed to be continuously accessed and withdrawn from; it is an account that is supposed to remain untouched and left to grow (the money for "what if?" scenarios should be kept in an emergency fund that can be accessed right away). If one does not have internet access (most citizens of developed countries do, however), then a direct banking service is simply not the best option.

Other arguments against engaging in direct banking include hesitance to open a new bank account, concern of bank failure, and moral righteousness against big banks. The world is no longer in the trial phases of services like online and mobile banking, digital payment processing, online lending, and electronic brokerage; the innovators are now the major players in the industry. If someone trusts a digital service like E*TRADE or TD Ameritrade to house their retirement plans or investments, why would they not trust Goldman Sachs or Barclays to safeguard their savings? After all, unlike the investment accounts, the savings accounts at Goldman Sachs and Barclays are FDIC-insured, guaranteed to pay a higher interest rate than a majority of financial institutions, and are managed at systemically-important banks. For more than three decades, innovators in the financial sector have tirelessly, through a fair share of trial-and-error, developed and refined massively successful and powerful platforms for the public to take their finances digitally. However, in the twenty-first-century, every major bank is essentially an information-based and intuitive technology company that also just happens to deal with money. ◆

Ask me a financial or investment question! Maybe, it will be made into an article here on The BB&L! *Send an email to Connor at intronc1@tcnj.edu*

THE BB&L

WELCOME BACK

TSUNAMI, FROM PAGE A2

countdown clock, a profound illustration accompanying Tuohy's narration of the watershed moments in an ocean rescue. With the clock running, the CEO explains how a drowning victim's survival chances decrease exponentially at ten-second intervals. As the timer backdrop zeroes, Touhy points into the audience, and, with the full, solemn implication of what heavy board shorts and a rescue time delayed by startling seconds means, concedes, "That could have been you."

The team also differentiated itself through its operations strategy. Its board shorts would be made with HLX bionic yarn, a plastic-based textile used in the snowsuits of world-class skiers and snowboarders. The requisite plastic would be sourced from bottles and containers collected during beach clean-ups along the Jersey coast. Additionally, the board shorts' manufacturing would also take place in New Jersey, at the North Bergen-based garment manufacturer Suuchi, Inc., a female-led start-up that strives to provide jobs to underprivileged women. In addition to saving lives, Our Tsunami's business would impact the environment and society.

Relative to operations, COO Hausheer not only held the tedious responsibility of coordinating late night, weekend, and early morning meetings for the team, but was instrumental in conducting the research that took Our Tsunami's board shorts from a viable product to a valuable business. Hausheer was not only in-tune with the personal sacrifices that had to be made for Our Tsunami to succeed, but was familiar with the critical thinking needed to deepen the logic behind the Our Tsunami brand. In the last rehearsal before the finals, the Watchung, NJ native, also a member of TCNJ's Leadership Development Program, a brand partnership intern for TerraCycle, and a valuation intern with KPMG this summer, is able to focus the team. She pivots an insignificant line in the presentation into an influential one, changing "valuable seconds saved" to "critical seconds saved." *Valuable* would be about saving money; *critical* would be about saving lives.

As the timer backdrop zeroes, Touhy points into the audience, and, with the full, solemn implication of what heavy board shorts and a rescue time delayed by startling seconds means, concedes, "That could have been you."

THE MEMORABLE

Like Monopoly, whose properties are named after the renowned beach municipalities' venues and public departments, an essential part of Our Tsunami's value is its Atlantic City heritage. Tuohy is from Atlantic City, and his parents were formerly lawyers in the area. Our Tsunami anticipates an advantage from ocean rescue communities' insider culture. The team dedicates part of its presentation to noting how the Atlantic City Beach Patrol sources its oars from Garbutt's Oarhouse and its boats from Van Duyne, both small specialty businesses founded and run by former New Jersey lifeguards. Our Tsunami would leverage Tuohy, now a veteran in the community, and his connections to secure orders for its board shorts. The team would also sponsor the state's major lifeguard races, in which patrols from around the state and the nation come to contest their ocean rescue speed and skills. From these competitions, Our Tsunami would be able to both promote its brand and assess an ROI based off the revenue from orders it subsequently receives in relation to the sponsorship fees it paid.

CFO Neil Desai, from Edison, NJ, initially drew up the forward-looking finances for Our Tsunami's business plan; but similar to his teammates, his role evolved from determining finances to delivering a high-quality presentation performance. Desai especially thrived in the rehearsal and competition settings, and was commended by O'Grady, Peterson, and his teammates for his mastery of his lines and his recall of Our Tsunami's key metrics. The key detail was the average of $33 that Our Tsunami expects to save local beach patrols per order of board shorts in just its first fiscal year of operations.

But while memory is one of Our Tsunami's greatest net assets, it's also one of the top complications of the Mayo Competition. The judges for the finals likely would be some of the same ones that evaluated the semi-final presentation and the opening-round business plan. The challenge, therefore, is adapting the twenty-minute semi-finals presentation to a thirty-minute finals edition distinct from what the judges would remember. "It's about that last one, two percent," Peterson preaches at the onset of the first finals meeting, torquing his thumb and fist to evoke a wrench fine-tuning a car engine. The bulk of the work had been done, and Our Tsunami had been guaranteed a share of the prize money, but a perfect performance -- achieved through incorporating the semi-finals judges' comments and criticisms, practicing constantly, and making creative tweaks to the lines of the PowerPoint -- could secure first place.

The visual-detail management and digital operations are the domain of CMO Kwon, who worked on accounts for Coca-Cola and Coach last summer during an internship with UM Worldwide. Our Tsunami concedes that it didn't find cohesion as a team until a marathon Saturday meeting when it finally agreed on the theme and design for its PowerPoint. From that turning point, it was Kwon's job to meticulously source and select separate photos for each of the thirty-something slides. The Bergen County resident, who was also an executive for TCNJ's American Marketing Association in the spring, brought professional-grade polish and a cohesive shore aesthetic to Our Tsunami's presentation.

On April 4th, Our Tsunami finished behind MARCo in the MBPC finals. What can't be overlooked, though, is that the team succeeded in creating the ultimate New Jersey product for New Jersey's top business school's signature competition. The idea of the shore and ocean is inextricable from New Jersey itself; and even if someone doesn't visit one of the state's beach towns at least once during the summer, they know someone who does. "It's not just theory," says Peterson, referring to Our Tsunami's value to NJ beaches. "You were there last summer, You're going to be there this summer." Our Tsunami's board shorts would serve every New Jersey resident and community, by promoting safer and cleaner shorelines and better business statewide. Here, the Monopoly board game and Our Tsunami's board shorts cross paths again. Our Tsunami may not have finished first in the MBPC, but where it finished is fitting. By not making it all the way back to "Go," our Tsunami is left to build in the next best spot: the Boardwalk. ◆

JUST STARTING BUSINESS?

- THE MBPC IS TCNJ'S SIGNATURE BUSINESS CASE COMPETITION, FOUNDED BY CURRENT FINANCE PROFESSOR DR. HERBERT MAYO AND PAYING OUT CASH PRIZES TO 3 FINALIST TEAMS EACH YEAR
- TEAMS OF 2-4 TCNJ STUDENTS FROM ALL MAJORS ARE ENCOURAGED TO FORM AND REGISTER IN THE FALL, AND SUBMIT THEIR BUSINESS PLAN FOR AN ORIGINAL PRODUCT OR COMPANY DURING JANUARY
- FROM A FIELD OF ABOUT 30 TEAMS, SIX TEAMS ARE CHOSEN TO GIVE LIVE BUSINESS PITCHES TO A PANEL OF JUDGES IN APRIL. THREE TEAMS THEN ADVANCE TO THE FINAL ROUND OF LIVE PITCHES IN MAY

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