It’s game day at MIT’s Kresge Auditorium. This Wednesday evening, after weeks of practice, eight teams of student entrepreneurs will deliver a well-rehearsed pitch for a new business to a panel of Boston’s top investors and entrepreneurs.

It’s the 25th anniversary of the annual MIT $100K Entrepreneurship Competition, the business-plan contest that has gained a national following among those looking to keep up with the next hot tech trend. When it was launched in 1990 with a modest $10,000 prize, the event pioneered the college pitch contest, a style that now dominates the startup landscape.

Several major companies have used the event as a launchpad, and along the way some pretty wild schemes have won the top prize: one to derive power from poop, a flying car with folding wings, and a group that is building penny-sized paper-based blood tests to help detect diseases in the developing world.

Several of the contest’s most successful alums did not win the contest. Akamai Technologies Inc. came in fifth place in 1998, its founders spending the $100 prize for topping the software category on beer. Today, it manages
Internet traffic around the world and is valued at more than $13 billion. Another also-ran, Harmonix, maker of the hit video game “Rock Band,” was bought by MTV for $175 million.

Akamai founders Tom Leighton and Danny Lewin, a few months after they took part in the MIT pitch competition. (Photo via Akamai)

The current contest has three stages, each testing entrants on a different phase of launching a company. For the final pitch the teams must convince judges both of the novelty of their technology and its usefulness in the world beyond MIT.

“To me it is not surprising at all that the teams who don’t win it end up doing as well or are better off than the ones who win it,” said Bill Aulet, managing director of the Martin Trust Center for Entrepreneurship at MIT. He said the contest gives teams an opportunity “to eat their vegetables and get in good shape” before competing for higher stakes in the real world.

No one knows this better than Anmol Madan, who entered the MIT contest three times, starting in 2004, while a student at the MIT Media Lab — each time with a different idea.

“The first time I was terrible. The second time I did it my pitch was slightly better,” Madan said. “By the third time it became really clear how to think about a startup.”
These lessons came to use were useful when he later founded Ginger.io, a mental health-tracking company that has a research partnership with Massachusetts General Hospital.

Teams that do well but don’t win stand a good chance at success, Aulet said, because founders learn which among them have the resilience to weather tough times. “The sooner you can get this sorted out the leaner and meaner your team becomes,” he said.

In 2011, four MIT graduate students entered an idea for high-tech clothing: shirts that would regulate temperature or help you sweat less. They didn’t make it past the first round, but it allowed them to think through the idea as a viable company. They raised more than $420,000 on Kickstarter and dropped out of school to launch Ministry of Supply.

TJ Parker did not even enter the contest but still got a company out of it: PillPack, a pill-delivery system. A student at the Massachusetts College of Pharmacy and Health Sciences in 2009, Parker offered to run the life sciences track at the contest. That allowed him to absorb behind-the-scenes discussions about the entrants.

“Everyone around that table was an investor who was evaluating ideas in real time,” Parker said. “I could observe that in a way that you don’t oftentimes get insight into.”

Winners and organizers including PillPack’s TJ Parker of the MIT $100K contest in May 2010. (Photo via TJ Parker)

One judge he met that year, entrepreneur Sridhar Iyengar, founder of the wearable-device company Misfit, later became one of his first investors. “It was a lot easier to pitch him,” he said.
Luis Perez-Breva, who teaches commercializing new technologies at MIT, said the contest experience complements other training that entrepreneurs receive. “The contest forces them to think about their concepts more tangibly,” he said.

A group of MIT graduates missed out on the top prize in 2012 with LiquiGlide, which allows sticky fluids to slide out of bottles. Its contest video of ketchup sluicing from a bottle went viral, and three years after dropping out of school founder Dave Smith had his first major deal, with Elmer’s.

It is proof that when it comes to the pitch, being a runner-up is enough to get you a running start.

Image via Flickr user Sayamindu Dasgupta

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