West Africa Vocational Education (W.A.V.E)

WAVE Hospitality
Empowering West African youths with skills and jobs

April 2013
Over 300 million people, 15 countries, over 43 million unemployed youth (aged 15-30) across West Africa

- **Nigeria**: 42% Youth unemployment
- **Conakry, Guinea**: Youth unemployment among graduates > 66%
- **Sierra Leone**: Youth unemployment > 60%
- **Liberia**: Youth unemployment > 85%
- **Abidjan, Cote d’Ivoire**: 35% Unemployment
- **Gambia**: Youth unemployment > 40%
- **Nigeria**: 42% Youth unemployment
- **Accra, Ghana**: 25% unemployment

Source: African Economic Outlook, allAfrica.com, ILO, IYF reports
Beyond the statistics are real faces...
However jobs are being created...with the retail & hospitality sector projected to generate 8.8 – 13 million stable jobs by 2020.
Meet Friday

**Today’s Reality**

- 25 years old
- Lives on < $2/day
- No college education
- Limited /no soft or technical skills
- No networks/connections
- Resilient, flexible, creative thinker
- Chronically unemployed and locked out of the formal economy

**Tomorrow’s Promise**

- Entry-level frontline job that leverages innate abilities
- Learning a range of technical, business and life skills
- Stable growing income
- Responsibility, professional growth + Career advancement

“I hope to build a stage that is mine, and have my future”
Meet Ada, HR Manager of Wheatbaker Hotel

- Sizeable recruiting and training budget
- No efficient way to vet for soft skills when recruiting...emphasizes work experience as a proxy
- Customer service becoming a bigger problem as competition ↑

Lack of critical soft skills hindering staff performance

“The customer wanted a refund after a bad experience...but our staff did not know how to escalate the situation to upper management...customer was extremely frustrated”

“Staff unable to preempt situations (when customers have unscripted need)”

“We were having generator issues and the staff weren’t good about communicating with hotel guests about the power issue”

“I am looking for new ways to hire people whose skills match my needs”
Introducing W-VE

We up-skill West African youth to fill employment gaps in high job-creating sectors such as hospitality & retail sectors

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By 2018...

- 50,000 WAVE youth trained in marketable skills to reach their true potential and supported in stable jobs
- Average WAVE Alumni would have experienced increased income of 2-3x
- …Converting Africa’s youth from demographic liabilities to “demographic dividends”
### WAVE’s Unique Value Proposition

<table>
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<tr>
<th>Considerations for the average trainee</th>
<th>Access</th>
<th>Cost</th>
<th>Relevance</th>
<th>Quality</th>
<th>Convenience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can I get in?</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>Can I afford it?</td>
<td>✓</td>
<td>×</td>
<td>×</td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>Will I get a job?</td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>Will I learn useful skills?</td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td>-</td>
</tr>
<tr>
<td>Will it fit my schedule?</td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td>-</td>
</tr>
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**Government-led institutes, e.g. NIHOTOUR**

- Access: ✓
- Cost: ✓
- Relevance: ×
- Quality: ×
- Convenience: -

**Private sector programs, e.g. WaveCrest**

- Access: -
- Cost: ×
- Relevance: -
- Quality: ✓
- Convenience: ×

**Placement / Recruiting agencies**

- Access: ×
- Cost: ✓
- Relevance: -
- Quality: ×
- Convenience: ✓

**In-house HR**

- Access: ×
- Cost: ✓
- Relevance: ×
- Quality: ✓
- Convenience: -

**WAVE**

- Access: ✓
- Cost: ✓
- Relevance: -
- Quality: ✓
- Convenience: ✓
How will we deliver?

**Screening**
- Employer-driven EI assessment tool
- Based on group exercises, role plays & visual tests
- Basic literacy & numeracy tests

**Training**
- Industry-centric curriculum design
- In-class and mobile/online-based learning
- Instructor training
- Program cycles (2-3 weeks)
- Class size (60:1)

**Placement**
- Partnerships with strategic employers + training for their current employees
- Fast-track placement available to top-performing trainees
- Ongoing support for un-placed trainees

**Continuous learning**
- Top-up training modules
- Ongoing database of talent/skills and employer role requirements
- KPI monitoring

**Lean, data-driven, highly-efficient delivery mechanism**
Go-to-Market Approach

Stage 1

• Target youth clusters (e.g. youth groups, non-profits)
• Brand-building → social + traditional media
• Target smaller hotels / retailers with limited recruiting $$
• Leverage personal networks
• Build preferred supplier status

“Low-hanging fruit”

Stage 2

“Establish Credibility”

• Pull strategy based on results – placement success and income transformation
• Target larger employers
• Introduce new offerings for hotels, e.g. plug-and-play software

Stage 3

“Partner for Scale”

• Leverage public sector and social impact partnerships
• Target multi-chain multi-sector conglomerates with scale economies

Trainees

Employers

Stage 1

Stage 2

Stage 3
WAVE offers two paths for potential trainees

1. Training
   - $60 upfront per trainee
   - Self-directed trainee job search
   - Problem-solving
   - Critical thinking
   - Expectations management
   - Communication
   - Job readiness
   - Team work
   - Negotiation
   - Literacy (grammar) & numeracy
   - Paid job placements to develop technical skills
   - $70-80 additional fee from first paycheck

2. Training + Support
   - $80 upfront per trainee
   - Job search support (interview facilitation)
   - Top 50th percentile of trainees
   - Bottom 50th percentile
   - Ongoing job support through access to WAVE job database

   Guaranteed Placement
   - Paid job placements to develop technical skills
   - $70-80 additional fee from first paycheck
   - $150 employer charge
What we’ve done so far to test our major assumptions

**Customer Value Proposition**
- 5 ‘prototype’ training sessions
- Focus groups to understand motivations

**Tech, Ops & Management**
- Curriculum development
- Learning techniques
- EI testing
- Performance measurement

**Go-to-Market**
- Effectiveness of social media + mobile-based marketing vs. traditional marketing

**Profit Formula**
- Youth + Employer Willingness-to-Pay Payment features
- Hotels, restaurants + retail partners signed

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**Hypothesis Testing**
- March 2013
- 5 days
- 100 students

**Summer Pilot**
- July 2013
- 2-3 weeks
- 30-40 students
WAVE Team is uniquely poised to deliver

Misan Rewane (HBS)
- Strategy + Operations experience in education/ youth development
- Monitor Group, TechnoServe, Bridge Int’l Academies
- (Nigeria, Cote d’Ivoire, Kenya)

Bryan Mezue (HBS)
- Social Enterprise operations
- BOP consumer marketing
- Bain & Co, dLight, Actis
- (Nigeria)

Karan Chopra (HBS)
- Startup Fundraising and Operations Experience
- McKinsey & Co, GADCO
- (Ghana, Ethiopia)

Navid Rahimi (HBS)
- International development
- Secondary education
- World Bank, Global Good of Intellectual Ventures
- (Togo)

Modupe Fadugba (HGSE)
- Curriculum Development + technology
- Education start-up
- African University of Sci & Tech
- (Togo, Nigeria, Tanzania)

DongGun Sim (HGSE)
- Human Development and Psychology
- (Uganda, South Africa)

1. Deep Understanding of the local context
2. Ability to Execute in Africa
3. “We are the counterfactual”
Engagement with Advisors and Partners

**Curriculum Development**

M.A.D. Hospitality

- Best-in-class customer service excellence and hospitality experts
  - Prof. Anita Tucker, HBS; Prof. Vincent Magnini, Cornell Center for Hospitality Research

**Emotional Intelligence**

- Emotional intelligence experts, psychologists and career assessment platforms

**Job Placements**

- Commitments for placements from 5 hotels and 1 apparel retailer

**Technology**

- Mobile recruitment and web-centered learning companies

**Strategic Partnerships**

- Industrial Training Funds
- Government training schemes
- Graduate Internship schemes
- Vocational education government programs
Attractive program level economics: each course program has ability to generate strong EBITDA returns ($90k per program)

Key financial drivers identified and tested: through MVP and fieldwork, 4 of the 6 critical assumptions have been tested; other drivers will be tested in the pilot

Unit economics will improve with scale: current economics do not factor in scale benefits (multiple programs with same overhead) and other revenue streams (e.g., training existing employees)
Scaling & Funding Plan

Wave Projections

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$35,366</td>
<td>$492,441</td>
<td>$1,411,838</td>
<td>$3,017,102</td>
<td>$6,817,466</td>
</tr>
<tr>
<td>Net income</td>
<td>($118,681)</td>
<td>$80,738</td>
<td>$402,427</td>
<td>$925,859</td>
<td>$2,210,360</td>
</tr>
<tr>
<td>Cash surplus / (Deficit)</td>
<td>($307,631.6)</td>
<td>$72,644</td>
<td>$394,696</td>
<td>$887,290</td>
<td>$2,182,823</td>
</tr>
<tr>
<td>Number of students trained</td>
<td>300</td>
<td>2,240</td>
<td>5,760</td>
<td>14,400</td>
<td>25,920</td>
</tr>
<tr>
<td>Number of students placed</td>
<td>150</td>
<td>1,120</td>
<td>2,880</td>
<td>7,200</td>
<td>12,960</td>
</tr>
<tr>
<td>Estimated Income Transformation</td>
<td>$162,000</td>
<td>$1,209,600</td>
<td>$3,110,400</td>
<td>$7,776,000</td>
<td>$13,996,800</td>
</tr>
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- **Scalable and Sustainable Model**: break-even in year 3 with strong revenue growth and margins from driving high asset utilization and leveraging technology
- **Funding Requirement**: $400,000 of initial capital required
  - $50,000 New Venture Prize Winning to cover content development and July pilot
  - ~$150k for technology platforms (training + placement), instructor recruiting/training
  - ~$200k for operating expenses (salaries, rent, customer acquisition, business development)

In 5 years, WAVE aims to:

- Empower ~50,000 trainees with marketable soft skills
- Create ~$27M of incremental wealth amongst disadvantaged youth
- Build a model that is replicable across sectors and geographies
## Rigorous Testing and Performance Measurement

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<th><strong>Key Driver</strong></th>
<th><strong>Performance Indicator</strong></th>
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<tr>
<td>• Effective customer acquisition (both trainees and employers)</td>
<td>• Customer acquisition cost</td>
</tr>
<tr>
<td>• Value proposition for trainees</td>
<td>• Application and enrollment</td>
</tr>
<tr>
<td>• Value proposition for employers</td>
<td>• Trainee placement rates</td>
</tr>
<tr>
<td>• Unit economics for each student, program and office</td>
<td>• Performance of “WAVEr” relative to existing staff</td>
</tr>
<tr>
<td></td>
<td>• Placement departure rate (% fired within apprenticeship phase)</td>
</tr>
<tr>
<td></td>
<td>• Employer retention rate + placement allocation to WAVE</td>
</tr>
<tr>
<td>• Unit economics for each student, program and office</td>
<td>• Contribution margin</td>
</tr>
<tr>
<td></td>
<td>• Cost per placement</td>
</tr>
<tr>
<td></td>
<td>• Overhead cost</td>
</tr>
<tr>
<td>• Youth employment opportunity</td>
<td>• Number of people trained</td>
</tr>
<tr>
<td>• Increase in skills and preparedness</td>
<td>• Trainee retention rate</td>
</tr>
<tr>
<td>• Income transformation</td>
<td>• Number of trainees directly placed</td>
</tr>
<tr>
<td>• Income transformation</td>
<td>• Number of trainees indirectly placed*</td>
</tr>
<tr>
<td></td>
<td>• Soft skills and job readiness assessment (pre and post WAVE training)</td>
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<td>• Increase in income (pre and post)</td>
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### Business & Operating Model

- Indirect placement through WAVE-facilitated interviews or mobile recruitment app

### Social Impact

- Income transformation
  - Increase in income (pre and post)
  - Increase in skills and preparedness

### Constant and rigorous testing, refining and measurement of key drivers of business and impact model

- Indirect placement through WAVE-facilitated interviews or mobile recruitment app
Why WAVE?

Concept
✓ Disrupting vocational education through data-driven, technology-enhanced model focused on soft-skills and job placement
✓ Replicable across sectors and regions

Social Value
✓ Bridges gap between unemployed youth and jobs created in economy
✓ Composite of old techniques applied innovatively to train people faster, doubles and triples the earning power with multiplier effect
✓ Trains 50,000 youth over the next 5 years (conservative)

People
✓ Understanding of local context
✓ Extensive execution experience in Africa
✓ Passion to make a difference in Africa’s Rising (“we are the counterfactual”)

Context
✓ Big dent in a very large, very real high-stakes problem
✓ Increasing attempts to address mismatch of skills vs. employer needs have not lived up to expectations

Resources
✓ Large investments in research, development, technology, and curriculum
✓ Investigating various sources of funding (angels, impact investors)
✓ Multiple product channels to drive recurring revenues
Back to Friday...on the path to promise