The Problem and the Opportunity: Youth Unemployment coupled with Skills Shortage.

In major west African economies like Nigeria, youth unemployment rates are as high as 25%, with rates in commercial capitals even higher: e.g. Lagos, the most densely populated and 7th fastest growing city in the world has an unemployment rate of 25%, while cities like Accra (25%) and Abidjan (35%) share similar unemployment burdens.

At the same time, businesses across the region, employers complain that they cannot find enough skilled entry-level workers, given the low quality of education systems.

We believe there is an opportunity to up-skill West African youths for employment job-creating industries and, at a system level, level out the playing field such that youth can be recruited based on their industry-specific skill sets rather than their connections or paper qualifications (which the most disadvantaged youths do not have).

Our Mission: Empowering youth to access employment opportunities through vocational training, whilst broadening employer access to qualified talent in job-creating sectors.

Theory of change: If we work with employers in job-creating industries in West Africa to define the critical soft skills required for entry-level jobs and develop those skills in low-skilled youth through vocational training, then we can improve their employability and place them in jobs where they can learn the technical skills required to perform the jobs.

Our Solution: We will focus initially in the hospitality sector, with these core elements:

1) [Screening] Create proprietary screening tools to identify talented personnel
2) [Training] Create training materials to up-skill personnel and prepare them for jobs
3) [Placements] Build partnerships with employers (e.g. hotels) for job placements
4) [Information] Build and maintain a database of employers & individuals by talent level and needs

Our proposed model is distinct from many competitors:
Progress: We have interviewed >10 major hotels in Lagos and several best-in-class global companies for customer service (JetBlue Airlines, Southwest Airlines, Four Seasons, etc.). We have created an initial version of an EI screening test (focused on Flexibility, Empathy, Willingness to Please, Creativity and Persuasiveness), and tests for the soft skills. Over Spring Break, we ran an MVP in Lagos to test willingness to pay from hotels and student (N > 100). We have also built a strong core team (see below), with many advisors signed up.

Karan Chopra: Raised in Ghana and lived there for 20 years. HBS 2nd year student. Ex-McKinsey, GADCO (agribusiness in Ghana). Launched an organization to implement higher education initiatives in partnership with African universities.


Misan Rewane: Born and raised in Nigeria. Ex-Monitor Group, TechnoServe (Cote d'Ivoire), Center for Public Policy Alternatives (Lagos). Worked with Bridge International Academies (network of low-cost private schools) to expand across West Africa.

Scaling Strategy: For customer acquisition, we will follow two parallel processes:
1) We will work directly with employers to up-skill their existing staff. As we develop a training curriculum and skills assessment tests to improve employees’ effectiveness, we will build mutual trust in order to position WAVE as a partner of choice for their recruiting needs. We have already secured interest from 3 hotels for an initial pilot.
2) We will function as a ‘vocational school’ for individuals, providing free access to our screening tools, ‘freemium’ (and continuous) access to our training materials, and employment placements. This will help us build a database of students by skill level, and improve our matching process.
Geographically, we will focus initially on Lagos, working with individuals and employers in the commercial center of the city, and expand out from there based on initial learnings.

**Measuring Results:** Our primary measure of success is number of “successful job placements”. Secondary measures aligning to this include: pre- and post-placement performance indicators, customer satisfaction, and our retention of interested individuals.

**Risks:**
1) People risk: Nigeria is abound with ‘horror stories’ of under-performing teams and fraudulent employees. We will need to be careful to set the right internal culture as it will permeate widely through our students;
2) Reputation risk: We are only as good as the students who we place and how they perform. We need to put into place follow-up systems to track and support “WAVErs”;
3) Business risk: The ‘shared value’ nature of the business model implicates risks around speed of growth, level of impact required, etc. We need to be unified as a team in the messaging we provide to WAVE employees and outside investors.

**Financial Plan:**
Focusing initially on the retail and hospitality sector in Nigeria, the start-up costs - including content development for the test, training and e-learning platform as well as 3 months worth of expenses as working capital for rent, teachers, material and administrative costs - come out to about $170,000. Seed capital is actively being sought from various sources including business plan competitions and angel investors; agreements with content suppliers are also in the works so as to make their payment contingent post-satisfactory use rather than upfront, allowing some supplier financing. So far, $2,000 were raised from the HBS Independent Project funds and allowed for a mini-pilot in Nigeria over spring break.

Burn rate per office (running 5 simultaneous vocational trainings) is expected to be $271,000 which includes all direct costs associated with the trainings - teachers, rents, materials - as well as selling, general and administrative costs. Break-even is expected within the first year of operation and the organization can largely fund its growth needs internally from there on if it were to stay to the retail and hospitality sector in Nigeria with an expected annual revenue close to $10 million and about 100,000 students in 5 years. It should be noted that half the market capacity of the city of Lagos by itself would allow such growth considering it houses about 50% of the Nigerian service jobs and unemployed population, both growing. WAVE however does have the ambition to extend to further job-creating sectors including other services and possibly manufacturing and expand geographically, which would require further financing when the business model is established.

We have more details on unit economics analysis per WAVE office, as well as financial projections based on expected office openings and relating to the size of the retail and hospitality job market. The education sector can be capex-light while maintaining quality, particularly when focusing on a systematized approach to learning with high throughput and the use of e-learning, and limiting fixed assets by renting rather than buying. We expect each office to achieve gross margins in the 70% range and operating margins in the 50% range. We also do expect some economies of scale in terms of staff and administrative costs as offices multiply.