

LEADER ACADEMY: FROM A DREAM TO A SUSTAINABLE BUSINESS CONCEPT

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Andrei Iliev, the CEO of Leader Academy, was on a phone call with Marian and Georgi, the other two founders of the organization. The co-founders were about to review the results from last year and set goals for next year. Leader Academy had gone through its proof-of-concept challenge, and it was time to evaluate the organization's performance. Leader Academy was a social enterprise launched 5 years prior in Bulgaria. The founders had designed the "Talent Pull" project and had been running it for the last year and a half to test its viability. They faced the challenge of preserving their initial mission as a social enterprise while creating a sustainable business model: Leader Academy was a for-profit organization with a social mission. The founders hoped they could scale up the business and significantly expand services and markets in the future.

Introduction

Leader Academy was an academy for personal development and career success focused on young people between ages 16 and 29. The organization targeted this youth niche because it believed that young Europeans were motivated, talented, and oriented toward purpose-driven careers with social impact. The Academy served as a bridge between the business world, in its search for outstanding future employees, and the bright and ambitious young people looking for a career start. Addressing this demand, Leader Academy created an educational format for

a purpose-driven career. The academy ran its “*Talent Pull*” project to link companies and talented prospects through internship programs.

Background

Five years prior, Leader Academy had created an educational format called “*Talent Factory*” to help young people throughout their career journey. The format corresponded with the founders’ main purpose – to create an impact by investing in young people’s academic and career development. Leader Academy organized discussions on leadership and career development in more than 20 Bulgarian cities and met more than 1,500 young people in the country. Ten exclusive “*Talent Factory*” boot camps were organized, and more than 50 training courses, workshops, and career events were delivered to welcoming audiences.

In 2020, the first scholarships for “*Talent Factory*” were given to young people by several companies. In return, these companies had the opportunity to offer an internship to the recipient of the scholarship, or even to recruit a potential employee. In the pilot project, ten young people took part and six of them were hired after the Internship program.

Leader Academy started as a small, dedicated team of believers. The co-founders all brought something to the table. Andrei served as CEO. Marian brought with him know-how from his business in executive search and funding advisory, while George brought expertise in administration and Real Estate management. They purchased two properties for Leader Academy activities, one they called the “*International Educational Business Center*” and another they called the “*Recreational Center for Human Development*,” where training sessions were held.

In addition to the founders, the Leader Academy team consisted of 6 people (2 full-time, 2 part-time, and 2 interns), plus the 3 project-based trainers at the “*Talent Factory*” boot camps.

The Founders

What brought Andrei, Marian, and Georgy together was their passion to change in education and their mutual drive to add value. The three co-founders were spread around Europe – Bulgaria, England, and Denmark. The magnet that pulled them together was the idea of creating an academy that would develop leaders. They built the concept around the values that they cherished the most. They believed that values were strong drivers of progress. They relied on frank and open communication, partnership in the mutual journey, and support for each other. The brothers Marian and Georgy were serial entrepreneurs. They had global mindsets and had invested in education for several years. In their hometown, they had established years ago the “*International Education Center.*” Leader Academy was the next step, and another dream that came true for them. They recognized the need for a connection between business and education, and wanted to strengthen that connection. For this mission, they joined together with Andrei. Andrei had an impressive academic background and defined himself as “*a seeker.*” He had studied in several countries where he had specialized in education and cognitive learning. Andrei was convinced that he would never stop learning, and he was motivated to share his experiences with others.

Leader Academy sought to provide an environment of shared energy through seminars, training, and events that have added value for people. The organization relied on lecturers who have achieved some personal success and could serve as role models for young people. The founders invested effort, knowledge, and commitment. They believed in exchanges through the generations and in the power of giving back. What made them convinced of the long-term value of their project was the positive feedback and gratitude they received from the people they had served.

The Market Need

Young people in Europe struggled to find a way into a career. They often experienced being at a dead-end because of the lack of an efficient system in European higher education to provide adequate career consultation, orientation, and professional guidance. This often led to impulsive decisions with frustrating and disappointing results for an individual. Young people in Bulgaria and other countries in Europe often chose a vocational training program or college major based on what appeared to be in demand in the job market, or what was considered “modern.” Often, the choice was a poor fit for the individual student, resulting in frustration and failure. In Bulgaria, the drop-out rate was nearly 14%, significantly higher than the European Union average (see Exhibit 1).

Young people needed to identify what they were good at. They needed assistance choosing the right academic and career direction. In Bulgaria, some facts and figures about the overall educational environment were disturbing. There was a “*rising skill shortage*,” a high need to reskill the adult population, and a very low level of adult learning participation (Education and Training Monitor 2019). Furthermore, young college graduates often did not have the skills and knowledge demanded by the market. One report concluded that the “*overall higher education is still insufficiently aligned to the needs of the labor market*” (Education and Training Monitor 2019). Employers reported that graduates had severe knowledge and skill deficiencies, including soft skills and other transversal skills⁹ (Education and Training Monitor 2019).

56 % of the youth in Bulgaria considered that their education was not helpful when seeking a job, while only 14% considered their education relevant to the job search (see Exhibit 2). It was disturbing that most young people relied on chance - not on their own skills. Young people ranked “Luck” as the number one factor in finding employment (Figure 3 in the Appendix, Youth

⁹ UNESCO defined transversal skills as: “**Skills that are typically considered as not specifically related to a particular job**, task, academic discipline or area of knowledge and that can be used in a wide variety of situations and work settings (for example, organisational skills).”

study Bulgaria 2018/2019). Reliance on luck made young people passive, and they missed out on opportunities. The missing link between graduates and business was obvious.

Personal and career development required effort, time, motivation, and dedication, as well as the guidance of leaders and the support of professionals. The environment in Bulgaria and elsewhere in Europe suggested woeful inefficiency of higher education, misalignment of college with the needs of the labor market, insufficient (or complete lack of) career guidance and mentoring, graduates' skills deficiency, unpopularity of life-long learning, lack of motivation, and low social impact awareness.

Internships were also quite unpopular in Bulgaria. The internships offered by government agencies were seen as inflexible and inefficient. Private companies regularly opened internship positions to recruit young professionals, but their scope was quite small. There lacked a proper process of recruiting young people for internships and jobs, and for young people to identify opportunities.

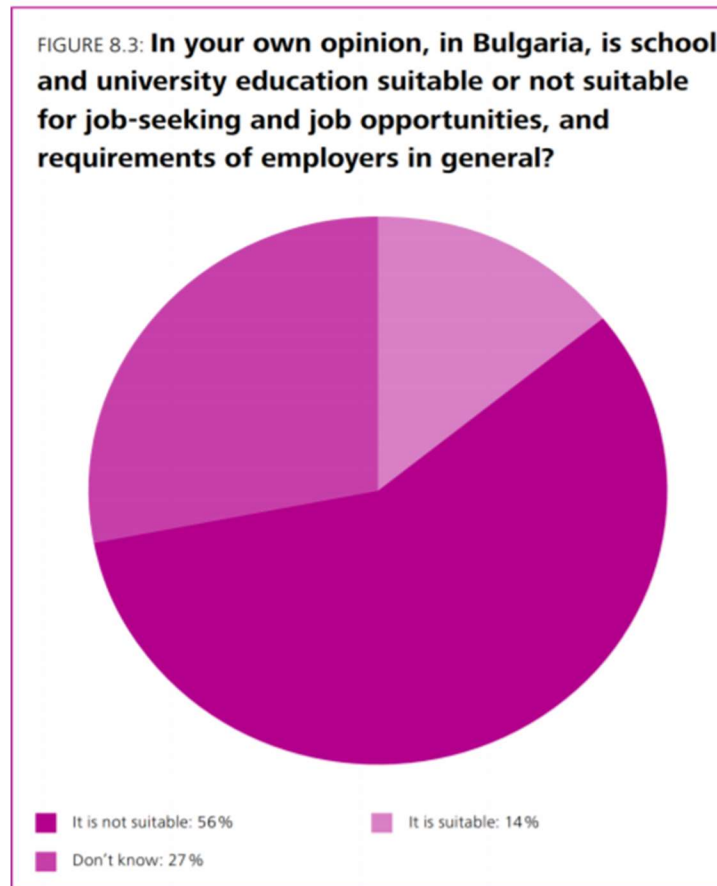
Exhibit 1. Key Indicators

Source: Eurostat, OECD, PISA (2019)

			Bulgaria		EU-27	
			2009	2019	2009	2019
Education and training 2020 benchmarks						
Early leavers from education and training (age 18-24)			14.7%	13.9%	14.0%	10.2%
Tertiary educational attainment (age 30-34)			27.9%	32.5%	31.1%	40.3%
Early childhood education (from age 4 to starting age of compulsory primary education)			84.2%	82.4% ¹⁸	90.3%	94.8% ¹⁸
Proportion of 15 year-olds underachieving in:	Reading		41.0%	47.1% ¹⁸	19.3%	22.5% ¹⁸
	Maths		47.1%	44.4% ¹⁸	22.2%	22.9% ¹⁸
	Science		38.8%	46.5% ¹⁸	17.8%	22.3% ¹⁸
Employment rate of recent graduates by educational attainment (age 20-34 having left education 1-3 years before reference year)	ISCED 3-8 (total)		73.6%	80.7%	78.0%	80.9%
	ISCED 0-8 (total)		1.6%	2.0%	7.9%	10.8% ^b
Learning mobility	Degree mobile graduates (ISCED 5-8)		:	8.8% ¹⁸	:	4.3% ¹⁸
	Credit mobile graduates (ISCED 5-8)		:	1.4% ¹⁸	:	9.1% ¹⁸
Other contextual indicators						
Public expenditure on education as a percentage of GDP			4.1%	3.5% ¹⁸	5.1%	4.6% ¹⁸
Education investment	Expenditure on public and private institutions per student in € PPS	ISCED 1-2	€2 034 ¹²	€2 521 ¹⁷	€6 072 ^{d, 12}	€6 240 ^{d, 16}
		ISCED 3-4	€2 106 ¹²	€2 577 ¹⁷	: ¹²	€7 757 ^{d, 16}
		ISCED 5-8	€3 818 ¹²	€5 197 ¹⁷	€9 679 ^{d, 12}	€9 977 ^{d, 16}

Exhibit 2. Is Formal Education Suitable for Job Seeking or Job Opportunities?

Source: Youth study Bulgaria (2018/2019)



Solutions

Leader Academy conceived of some solutions to the challenges it saw by establishing connections between companies and young talent, thus creating opportunities for both sides.

The Academy emphasized internship programs, and was working on seven projects:

- 1 **“Talent Pull”** - focused on establishing a connection between talented young people and companies looking for their “rising stars.”
- 2 **“Talent Factory” boot camps** – were events for a purpose-driven career based on the strengths of an individual.
- 3 **1-year Career Acceleration Program** – was a program that included online workshops, 1-to-1 coaching, and mentoring sessions.

- 4 **Digital Master Classes and Master Courses** – were recorded master classes and master courses for the personal and career development of young people.
- 5 **Live Training Courses and Workshops** – were workshops and courses on talent development.
- 6 **Master of Business Administration and Entrepreneurship program** – was a program in collaboration with Sofia University, starting Fall 2021.
- 7 **1-to-1 Coaching and Mentoring sessions** – were individual sessions with young people about their academic and career development.

“Talent Pull”

At Leader Academy, the bridge between companies and talented young people was called “*Talent Pull*.” The “*Talent Pull*” project gave young people a comprehensive solution – it provided 1-to-1 sessions, career guidance, workshops on soft skills, motivation for lifelong learning, and helped find internships. Any young person between 16 and 29 could access the project and apply for a scholarship. Leader Academy extended the range for youth from the UN (16-25) to include 4 more years, in order to address the early career development of a young person (which usually took place in the second half of his or her 20's). Moreover, age differences in the sessions brought diversity and an exchange of knowledge and experiences between participants. Internship programs and career opportunities came at different ages. Three crucial stages of young people's development were within the scope of Leader Academy's services: finishing high school, graduating from university, and entry into a career.

At the “*Talent Factory*” Camp – an 8-day leadership boot camp – a *career profile* of the participant was created, covering the person's talents, strengths, values, vision, and feedback from the trainers. The Leader Academy career profile was based on an interview as well as time spent getting to know the participants personally. After the first level of the “*Talent Factory*” Camp, each young person received a career profile with the following information: Top 5 Strengths (according to the Clifton StrengthsFinder); Top 3 leading types of Intelligence

(Experiential workshop based on the theory of Howard Gardner of Multiple Intelligence); Values and Mission (workshop based on determining their values, and mission); Moto; and Recommendations from the trainers. The *“Talent Factory”* included personal development workshops aimed at identifying talents and developing them into strengths, training to discover purpose, goal setting, and establishing a vision for the future.

Once accepted to the *“Talent Factory,”* the young person needed to cover the fee (either out of pocket or through a company-sponsored scholarship). In the beginning, Leader Academy had provided assistance free of charge, but a lack of financial resources led to the sponsorship model that *“Talent Pull”* used. The business model of *“Talent Pull”* relied on a company sponsorships. If a company sponsored the entire fee of the boot camp (1,000 BGN or approximately \$590 U.S. Dollars), it got an intern for two months (with a 4-hour workweek). If the company covered 50% of the fee, it got an intern for one month. In addition, the company gained access to the full *“Talent Pool”* – a cohort of carefully pre-selected, motivated young people.

Leader Academy relied on personal equity funding provided by the founders; they had not sought any debt financing, and thus far had not pitched to potential investors. If the model proved to be successful and scalable, it might be attractive to investors, but the number one priority for the founders was making Leader Academy financially sustainable.

Based on the last five years of experience in organizing *“Talent Factory”* Camps, Leader Academy has prepared a Profit and Loss projection for the five-year period 2021 to 2025. In 2021, the goal was to organize four camps. Due to COVID-19, there were three scenarios - minimum participants (16), average (24), and maximum capacity (32). Based on previous calculations, 24 students seemed optimal in terms of management and finances. In 2022, the goal was to have eight camps for 192 young people (8 x 24). For the next three years, the goal was ten *“Talent Factory”* boot camps each with 240 participants annually, on average (10 x 24). More than ten camps were not viable because the boot camps were time- and resource-

consuming. The price of the camp rose by a steady percentage until 2023, starting from 1,000 BGN in 2021, increasing to 1,300 BGN in 2022, and reaching 1,500 BGN (about 877 USD) in 2023, where it remained the same until 2025. The cumulative projected revenue for the five years was a little over a million BGN (about \$585,000 USD). Revenue was projected to be 96,000 in 2021, reaching 240,000 in 2023 where it would remain for the next two years (see Exhibit 3).

“Talent Pull” would be profitable, with a net profit from between 21,575 to 73,068 BGN. Naturally, the largest profit would result from running the camps at full capacity (32 participants) and having all camps full. That said, the 50,000 BGN profit projection was considered reasonable. Expenses for an 8-day “Talent Factory” camp were based on the last five years (see Exhibit 4). Total expenses for one camp were 9,736 BGN, indicating a break-even point of 10 paying participants. The cost per participant, given the average scenario of 24 participants, would be 405 BGN. The financial projection suggested that “Talent Pull” could be profitable.

Exhibit 3. Profit & Loss Projections, 2021 - 2025

Source: Leader Academy

P&L	FY2021	FY2022	FY2023	FY2024	FY2025	Cumulative results
Revenue	96,000	192,000	240,000	240,000	240,000	1,008,000
<i>Number of students</i>	96	192	240	240	240	1,008
Office Rent	5,400	7,200	7,200	7,200	7,200	34,200
Full Time employees	17,838	42,811	42,811	64,217	64,217	231,894
Part time employees	8,535	10,242	10,242	10,242	10,242	49,503
<i>Number of employees</i>	2	3	3	4	4	4
Marketing	1,200	1,200	1,200	1,200	1,200	6,000
Training Camps cost @ 24 average capacity	38,944	77,888	97,360	97,360	97,360	408,912
<i>Number of camps</i>	4	8	10	10	10	42
Total OPEX	71,917	139,341	158,813	180,219	180,219	730,509
EBIT	24,083	52,659	81,187	59,781	59,781	277,491
Income Tax@10%	2,408	5,266	8,119	5,978	5,978	27,749
Net Income	21,675	47,393	73,068	53,803	53,803	249,742

Exhibit 4. Talent Factory Camp expenses*Source: Leader Academy*

Talent Factory Camp I & 2 level	price	number of days	cost per day	cost BGN	Average	Cost BGN
Accoomodation	28 lv per night per person	7	28	196	24	4704
Food	4253 USD per pack (105 pieces -25 big T-shirt, notebook, bottle	1	23	23	24	552
Materials		1	20	20	24	480
Expenses per person				239		5736
Trainers Fees per camp						4,000
Total Expenses for 1 Event						9,736
Number of camps						4
Maximum capacity						96
Income per person						1000
Full Time employers		1	1500			
Salaries tax		18.92%	283.8			
Part time employees		1	750			
Salaries tax		13.80%	103.5			

Vision and Next Steps

Leader Academy's business model went through its proof-of-concept challenge in 2020. In that year, 10 scholarships were given out and 10 internships were completed. Six of the 10 interns were hired after the end of the internship program. The founders believed that the Academy could continue to be as successful in future years. In 2021 they planned to provide at least 50 internships, and to attract more companies willing to invest in young people's development. By 2025, they aimed for 1,000 scholarships and internship programs, and hoped to maintain the 60% hire rate. Each year, Leader Academy team would gradually grow as the number of boot camps increased; future employees would be recruited from Leader Academy graduates. The founders envisioned a functional division structure with various teams set up according to their functions. The main goal of the organization was to grow sustainably in order to guarantee quality service, while preserving the organization's culture and values.

Conclusion

The founders had gathered to discuss the launch of the second stage of the “Talent Pull.” How could Leader Academy optimize the “*Talent Pull*” program? How could it assess the effectiveness of the program in terms of inputs (time and resources) and outcomes (learning, development, internships, and jobs)? Should Leader Academy consider charging a placement fee to companies? At what stage should they think about grant funding and key partnerships (schools, universities, companies)? What about pitching to external investors? Was Leader Academy’s business model sustainable in the long term?



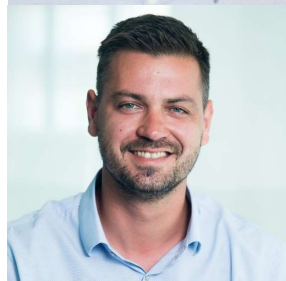
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