



***2004 ANNUAL REPORT***

## **LETTER FROM THE EXECUTIVE DIRECTORS**

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It has been a very exciting year at the LEADER Project! We have worked with a fantastic team of people, and we have been able to pursue many initiatives this year thanks to their insights, passion and time. We are very proud of how the Project operated as an organization and a team this year, and want to thank our volunteers and supporters for making it all possible.

Initiatives we are working on for 2004/2005 include:

**Fundraising:** The LEADER Toronto Fund Raising committee met for the first time. It established the ground work for a sustainable committee which will sit beside the LEADER advisory board. It will ensure a retention of fundraising efforts at a corporate, community and government level. We will be officializing processes for this committee in over the course of the year in order to make it sustainable in the future.

**Toronto Event:** The fourth annual fundraising event in Toronto will be held on April 16<sup>th</sup>. The main event is a fantastic silent auction with many exciting prizes that were donated by a variety of sponsors. Once again we would like to thank all of the people and organizations who have donated items to the silent auction and who supported us by coming out to the event.

**Risk management:** A more thorough code of conduct training will be conducted for LEADER teachers. As well, more formalized processes for risk management have been established to ensure that our students safety is of utmost priority. These procedures have been created in conjunction with the university.

**Replacing Cuba Sites:** After the dropping gout of the Cuba sites last year we have added three new LEADER sites in Togliatti Russia, Balti Moldova and Irkutsk Russia. Are teams are set to travel to these new destinations and we expect to build strong relationships with these sites.

Additionally, our focus this year was on putting new processes in place and strengthening old ones to ensure the continuing success of several initiatives started by our predecessors. In short, we feel LEADER has truly been the result of a team effort this year and we thank everyone for their work. We wish Everton and Andrew the best of luck as they take over the reigns in June 2005!

Carl Perron and Tineke Keesmaat  
Executive Directors, 2004-2005

## **HISTORY OF THE LEADER PROJECT**

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May 1991 marked the beginning of the LEADER Project. Scott Helloffs and Paul Fitzgerald, two graduating MBA students at the Western Business School (now the Richard Ivey School of Business) recognized that the new market economy emerging under Gorbachev's Perestroika would require fresh managerial skill. These two graduates responded by organizing a group of 27 volunteers from the MBA program, creating Project USSR. These volunteer instructors, paying their own way, taught the basic skills of finance and accounting, marketing, and general management to selected Soviet officials and hopeful entrepreneurs at various institutions in Moscow and Leningrad.

A year later much had changed. The Soviet Union had dissolved, and Project USSR (renamed the LEADER Project: Leading Education in Eastern Europe) sent 51 Western MBAs to teach business in former Soviet republics. Two years of full funding from the Canadian Department of External Affairs helped the Project grow rapidly. By 1993, there were 61 Canadian participants, including instructors and case writers, and the number of students being taught exceeded 600. The scope of the Project had expanded to include cities in Russia, Ukraine, Belarus, Lithuania and Latvia. An extension of the Project took several LEADER instructors to Mongolia to deliver a similar course with support from the World Bank.

In 1994, a change in government policy eliminated full funding and the LEADER Project returned to a more modest size of 44 participants, while maintaining a number of the partnerships established in the previous year.

In subsequent years, the Project has maintained a similar size and scope, each year sending teaching teams to approximately eight to ten partner sites. In 1998, LEADER officially changed its name to 'Leading Education and Development in Emerging Regions' and developed a working draft of its Constitution. In 1999, the LEADER Constitution was officially ratified.

Since 2001, LEADER has faced challenges securing sustainable government funding, and has shifted its focus to developing long term public sources of financing. While stabilizing our funding has been a major goal since 2001, we have not lost sight of our mission, and have continued to seek to increase LEADER's reach.

LEADER has continued to work in Eastern Europe, while working to identify other regions that align with the program's mission. This led to a successful pilot project in 3 Cuban cities in 2002. The Cuban pilot project led to a full expansion in all three sites (Holguin, Las Tunas, and Bayamo) for 2003, with new sites being explored. While in 2004 we made the difficult decision to postpone operations in Cuba as a result of operational risk issues, we are confident that we will continue to evaluate opportunities to expand the program outside of its current Eastern European base, and into regions where LEADER's mission and program will have a high impact.

Looking ahead, the LEADER Project is committed to internal growth and development, while focusing on the spirit in which the program was created 13 years ago.

## **2004 PROGRAM DETAILS**

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### *LEADER Teaching Curriculum*

The LEADER Project is modeled on the Richard Ivey School of Business case-study method, which places emphasis on effective action-oriented business practices and decision-making. Learning occurs through interactive discussion of real business problems derived from North American, Eastern European, and Cuban experiences. The course is conducted over three weeks in the month of May. The three weeks focus on the principles of finance, marketing, general management and entrepreneurship . As a final assignment, each student prepares a comprehensive and practical business plan for a venture they intend to begin, or one that fulfills an equivalent requirement.

### *LEADER Instructors*

LEADER instructors are drawn from Ivey's MBA program, and are carefully selected through a rigorous application and interview process. Throughout the school year, they typically spend four to ten hours per week on LEADER preparations, as all aspects of the Project are student-initiated, developed and executed. Upon arrival at their sites, instructors spend six to eight hours per day on teaching duties and preparation for the following day's classes. Instructors are not paid for their work with the LEADER Project, and ultimately forego a month's earnings in order to participate each spring. The instructors pay any costs not covered by sponsorship.

### *LEADER Students*

The students are diverse in terms of age and experience. The regular LEADER Project teaches primarily to undergraduate students only. Where as the LEADER Program for Entrepreneurs (LPFE) range in age from 20 to 65 years old. They are undergraduate students, entrepreneurs, managers of former state enterprises, university professors, PhD students, with a variety of backgrounds including engineering, economics and business administration.

### *LEADER Sites and Partners*

The LEADER Project is run in partnership with business associations and academic institutions in Eastern Europe and Russia They cover the cost of meals and accommodation for LEADER instructors, as well as the cost of interpreters.

In 2004 the LEADER Project consisted of 6 sites in 3 countries in Eastern Europe. We were also in the fortunate position of being able to send a team of 4 case writers to Kiev, Ukraine to write proprietary LEADER / Ivey cases in partnership with local businesses.

*Summary of LEADER Sites and Programs – 2004*

Site Name	Country	Institution	Initial Partnership	# of classes	# of Students
<b>LEADER - General Management Program</b>					
Odessa	Ukraine	Odessa State Economic University	2004	2	36
Dneipropetrovsk	Ukraine	Agrarian State University	2003	2	44
Lviv	Ukraine	Lviv Institute of Management	1994	2	48
Ekaterinburg	Russia	Ural State University	1993	2	26
Nizhniy Tagil	Russia	Nizhniy Tagil Technical Institute	N/A	2	29
Minsk	Belarus	Minsk State Linguistic University	N/A	2	49
<b>LEADER -Entrepreneurship Program</b>					
Dneipropetrovsk	Ukraine	Agro Soyouz	2003	1	12
Togliatti	Russia	Togliatti Academy of Management	2004	1	16
<b>LEADER - Case Writing Team</b>					
Kiev	Ukraine	Companies included: Kids Market Consulting; MFK Investment Bank; Mary Kay, Ukraine	N/A	N/A	N/A

*Ukraine*

**Odessa** – 2004 was LEADER’s inaugural year at the **Odessa State Economic University**. Odessa is one of the Ukraine’s major economic hubs, and is a major port city. We look forward to continuing to grow our presence in this regions. The program in Odessa was delivered to 2 classes, totalling 36 students; all of whom were drawn from the University’s Economics program. The calibre of the students was excellent, and all passed the program, while their proficiency in English was such that we were able to conduct all classes and discussions in English.

**Dnepropetrovsk** – 2004 was LEADER’s second year at the **Agrarian State University** after a long hiatus. We had the opportunity to teach 2 undergraduate classes totalling 44 students, and are looking forward to an ongoing partnership with this institution. Our students had the unique perspective of being economics students at one of the region’s leading agricultural universities, and LEADER was fortunate to build it’s knowledge in this industry as a result of our interactions.

**Lviv** – LEADER taught two classes of students at the **Lviv Institute of Management** in 2004, one undergraduate level class, and one MBA (graduate) level class. Both classes were taught with the aid of translators, although the student's proficiency with English required only minimal translator assistance.

### Russia

**Ekaterinburg** – 2004 was LEADER's 11<sup>th</sup> year teaching business classes at the **Urals State Technical University**. All 2004 classes were conducted in English, however we believe that by offering our curriculum through translators we can continue to expand the base of students at this site who are able to partake in the program.

**Nizhny Tagil** – LEADER taught 2 undergraduate classes at the **Nizhny Tagil Technical Institute** in 2004. While all classes were conducted in English in 2004, we will begin using translators for one of our classes next year so as to open the program to a broader audience.

### Belarus

**Minsk** – LEADER taught two sections totalling 49 undergraduate students at the **Minsk State Linguistic University** in 2004. The participating students primarily studied linguistics full time, with the majority of them working towards becoming translators, working for trans-national companies, and thus benefited from LEADER as an introduction to business concepts and terminology through Ivey's case method. We are in discussions with the University's administration to expand the scope of our classes to include business and economics students in coming years.

### Entrepreneurship Program

**Dniepropetrovsk** – 2004 marked the second year of LEADER's entrepreneurship program in the Ukraine. We partnered with Agro Soyouz agricultural institute to host our program. The program was a great success, and LEADER was able to assist a group of 16 students on a wide range of entrepreneurial ventures from starting a magazine, to developing a wireless networking service provider.

**Togliatti** –The Togliatti Academy of Management hosted LEADER's entrepreneurial module for its first time in Russia. Our instructors had the opportunity to work with local entrepreneurs on a range of exceptionally well developed, advanced business ventures including Venture Capital Fund, and Investment Brokerage startups. We were extremely impressed with the level of engagement at this site, and look forward to continuing our partnership in the future.

### Case Writing Team

**Kiev, Ukraine** – In 2004, LEADER was fortunate to be able to send a team of 4 case writers to Kiev to write proprietary case materials for the benefit of LEADER students, and the Richard Ivey School of Business. The team partnered with a number of local and multinational businesses to write proprietary case material. Partners included MFK, a leading Ukrainian Investment Bank; The worldwide consumer goods distributor Mary Kay; and a professional services startup, focused on consulting to companies marketing to kids.

## **REVIEW OF 2004, PLANS FOR 2005, AND LOOKING INTO THE FUTURE**

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### *Evolution of the LEADER Curriculum*

LEADER has always maintained a strong curriculum focused on developing the critical building blocks of managerial decision making. Our focus over the past few years has been to constantly improve the quality and consistency of our teaching, while at the same time addressing relevant, timely, regionalized business issues. 2003 and 2004 built on our foundation of curriculum improvement and saw the rollout and growth of both our entrepreneurial teaching materials, and our library of regionally tailored cases. Highlights of curriculum development initiatives in 2003-2004 include:

- 2003 LEADER underwent a thorough analysis and revamping of the current curriculum. This helped ensure our instructors are well equipped to offer comprehensive lectures and to facilitate relevant case discussions. In addition, LEADER continued work begun the previous year on the revamping of the teaching notes.
- 2004 2004 built upon 2003's thorough curriculum upgrade. Teaching notes and discussion points have further evolved and allowed us to further increase the quality and consistency of our delivery. The most exciting development over 2004 has been the development of a more regionally focused curriculum. Our team of case writers partnered with a number of Ukrainian businesses during the summer of 2004, and we now have a series of cases included in our curriculum that deal with relevant, timely, regional business issues.

In addition to the growth of our regional case library, we have also sought to bring a more entrepreneurial spirit to all of our curriculum, and have brought entrepreneurship focused content to all of our LEADER teaching material for 2005

We look forward to seeing the positive impact of these curriculum changes as we introduce them in 2005

### *LEADER Events Committee in 2004*

Events continue to be an important source of funding and exposure for the LEADER Project, and our committee has continued to develop innovative events to access funding sources both within London, and at our flagship Toronto event. Over the past few years, the events committee has built more and more momentum among the Ivey MBA student base, our local community, and our strong network of alumni. Highlights from the past 2 years of events include:

- 2003 Continued to host a number of events both on and off campus, with the second annual "Wines of Ivey" in Toronto on March 22. This annual event is a cornerstone of the events committee's efforts, and served as a foundation for further building on LEADER's history of strong alumni relationships
- 2004 Many traditions begun in the past few years were built upon in 2004 including an MBA-wide fundraising party, welcome dinner, and site Olympics events. Events were a

tremendous means of team building and fundraising. The largest fundraising event, on March 20<sup>th</sup> at the Steam Whistle Brewery in Toronto, was LEADER's third annual event, aimed to attract alumni working in Toronto, family, and friends. The 2004 event did not include a wine tasting component, but included a very successful fundraising auction.

Looking forward to the 2004/2005 events season, the team is already off to a strong start, and with strong initiative from leader team members, a number of MBA events have already taken place, generating strong momentum for the year. Our fourth annual Toronto event will be held on March 23<sup>rd</sup>, 2005, and we look forward to seeing the trend of growing alumni and business community involvement continue over the coming year.

#### *LEADER Communications Activities in 2004*

LEADER's communications activities have always focused on raising awareness of the mission of the LEADER project, as well as the positive impact that LEADER has on the regions in which we operate. Each year we have focused on building awareness not only within the local and regional media, but also across Canada. We believe that this not only helps LEADER build its brand, but also helps build awareness of Ivey's dedication to economic development and social responsibility on a global basis. Highlights of our recent communications activities include:

- 2003 We continued to build media relations and enhance both external and internal communications. Specific initiatives included:
- The development of the Intranet LEADER site within eZone with the focus of enhancing internal communications among LEADER participants. The site contains Executive Directors' Greetings, progress on committee activities, coming events, as well as links to external web sites such as corporate sponsors, and news on FSU.
  - Improving the external LEADER web site ([www.leaderproject.com](http://www.leaderproject.com)), specifically by enhancing the content and format.

Building media relationships and continuing to attract media attention externally.

- 2004 2004's communications efforts focused on attracting both on and off-campus exposure for LEADER in the media. Press releases and special interest stories highlighting LEADER and its participants have been channelled primarily to print media. Ivey's PR department also became a more important resource for LEADER in 2003.

In the coming year we hope to strengthen our ties and partnerships within the media. We will continue to leverage both the resources available to us through Ivey, as well as our own relationships to raise awareness in the local and national business community around the activities and impact of the LEADER project

#### *LEADER Sponsors and Fundraising Activities in 2002*

- 2002 Though fundraising was not able to raise the full project requirements, funds were raised through a combination of resources, including the MBAA and Ivey – a big thank you for their support.

- 2003 Focused on the significant challenge of sourcing new sponsors and creating a more stable fundraising base for LEADER going forward. This year we have focussed our efforts on defining LEADER's value proposition to four potential target sources of funds: Corporations recruiting at Ivey, Foundations with an interest in international development and entrepreneurial support, LEADER Alumni, and Events. While the economic climate has impacted our efforts, we are working hard to build support within Ivey, to strengthen our fundraising network, and to develop high quality events. Our hope is that these efforts will yield necessary funds for this year's project, and make significant progress towards transitioning the project to a stable funding base going forward. In addition, we have been fortunate to receive three years of confirmed funding from CIDA of \$35,000 per year, for a total of \$105,000. Also, the Ivey Institute for Entrepreneurship has committed \$20,000 for May 2003 travel. A.T. Kearney returned as a fantastic partner – donating all of our photocopying (\$8,000 in value).
- 2004 Fundraising in 2004 focused on consolidating the gains made in the 2002/2003 fundraising year. A.T. Kearney remained a strong corporate sponsor of LEADER, again donating valuable resources towards our curriculum development and production.

#### *Advisory Board*

- 2003 Developed an Advisory Board including Kevin O'Brien, Murray Bryant, Larry Hallatt, Roman Matkiwsky and Alexa Nick as Chair. The Advisory Board met twice and provided numerous suggestions that will help LEADER today and into the future.
- 2004 The Advisory Board was a great source of support, ideas, and strategic direction for the LEADER Project in 2004. A separate fund raising committee was created and chaired to address the need to tap into the Toronto fundraising market to build a sustainable funding platform for LEADER. Finally, both LEADER and the advisory board began discussions on the development and ownership of a long term strategic plan to help build stability and serve as an overall guide for the program over the coming years

#### **2004 / 2005 NEW INITIATIVES**

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##### *Stability and Sustainability*

Looking ahead to the 2004/2005 LEADER year, we are focused on developing a stable, sustainable platform for the program. We are extremely excited to have entered into a partnership with Ivey Connects, the pro-bono consulting group associated with the Richard Ivey School of Business. We have engaged Ivey Connects to help LEADER study opportunities to grow a long term partnership and sponsorship base, as well help us build out a balanced growth plan for the program.

Our main focus for the 2004/05 year is to focus on stability of the LEADER program. While we were unfortunate in 2003 / 2004 to lose our Cuban site partners, this also served as an excellent test of LEADER's risk management and mitigation plans. In 2004 we will continue to enhance

our risk management and site monitoring capabilities and will incorporate all of our learnings from Cuba into LEADER's corporate body of knowledge

2004 will also mark another year we seek to again improve on our fund raising capabilities. We have already embarked on a program to identify both public and private partnerships to secure sustainable funding, as well as to further define how LEADER can better work with its corporate partners to deliver value to them through its activities around the world

### *Site Expansion*

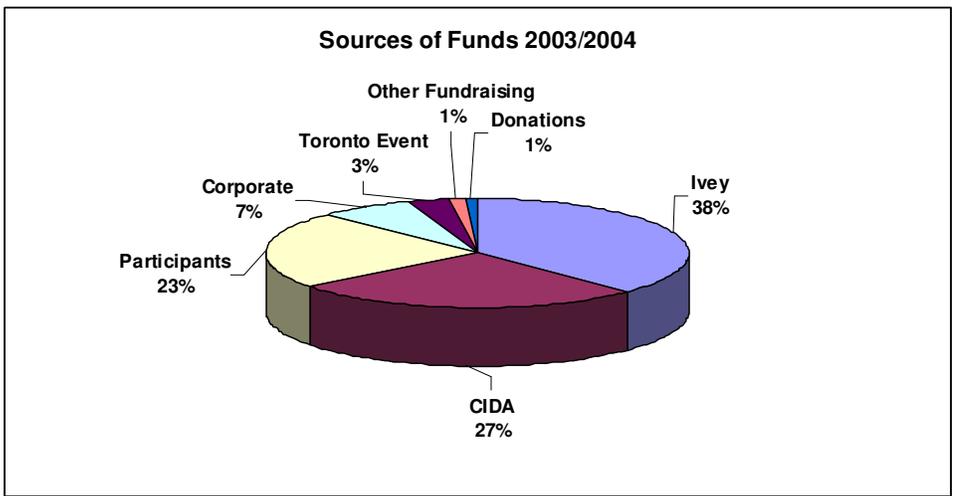
Every year marks another opportunity for LEADER to continue to grow its reach to new sites around the world. In addition to our platform of sustainability and crystallizing what we as an organization have learned over 13 years of operations, LEADER in 2004 will embark on a detailed site expansion study. As part of our partnership with the Ivey Connects group, we will be studying regions around the world where we believe LEADER's mission and activities can have a significant impact.

To support this initiative as well as to better understand LEADER's ability to make an impact, we have begun a redesign of our student feedback and tracking processes. This will allow LEADER to truly understand the impact that each of our overseas students is having as they emerge from the program, and as they progress in regions in which they operate.

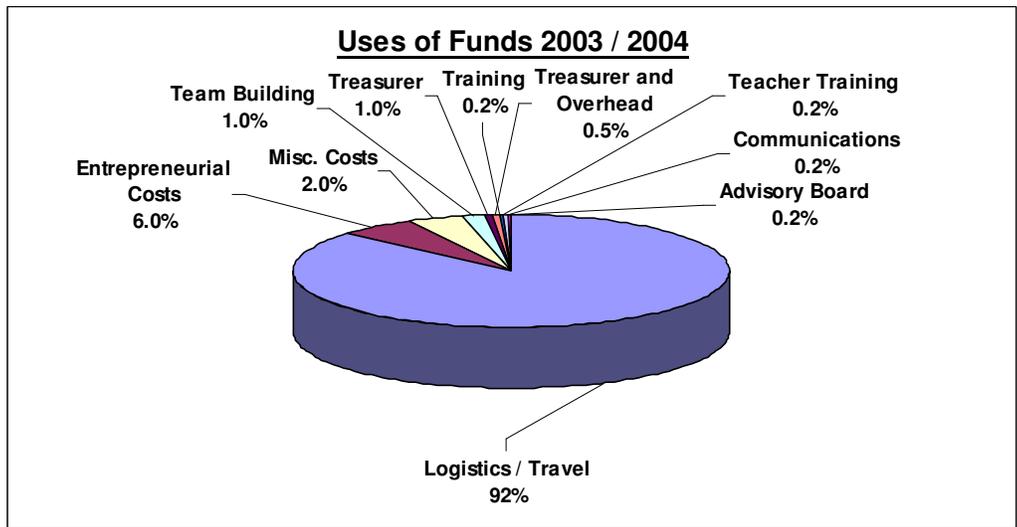
We look forward to the completion of these projects and believe that each will help LEADER continue to grow and prosper in the coming years

**SOURCES AND USES OF FUNDS**

The LEADER Project’s fiscal year begins on October 1<sup>st</sup> of every year and ends at the end of September of the following year. For the 2003/04 fiscal year, the Project experienced costs of just under \$95,000 compared to around \$118,000 in 2002/03. Most of this difference can be accounted for by the fact that the 2003/2004 class did not have to incur the costs of sending teams to Cuba as a result of the last minute withdrawal of the Cuban sites. Since LEADER’s largest costs are transportation related (travel, visas, etc), our cost structure depends highly on number of sites and participants sent. These expenses were covered by monies from a variety of sources including corporate and private donors, government sponsorship, LEADER alumni and the Project’s participants who traveled to Eastern Europe. The pie chart below illustrates the relative proportion of various funding sources for the 2003/04 fiscal year.



As illustrated below, most of the Project’s expenses involved travel to and from the teaching sites, visas and teaching materials. It is important to note that these figures do not reflect the case material copyright fees (approximately \$80,000), which are generously waived by the Richard Ivey School of Business in support of LEADER. In addition, our partner institutions are responsible for the provision of food, accommodation and local travel to the teaching sites.



## PROJECT PARTICIPANTS 2003-2004

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### MBA2's

Mr. Adam Posman  
Mr. Adam Rosenfeld  
Mr. Alex Kovatchev  
Mr. Ali Lila  
Mr. Amit Sachdev  
Mr. Cory Ready  
Mr. Dan Benoit  
Mr. Gary Kooznetsoff  
Mr. Geoff Richards  
Mr. Janus Barzilay  
Mr. Jeff Fenwick  
Mr. Joseph Lo  
Mr. Kamal Gautam  
Mr. Mark Krause  
Mr. Mark Souvenir  
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